

**TOWN OF FRANKLIN, ALABAMA**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018**

**PATTERSON & DUKE, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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To the Mayor and Town Council  
Town of Franklin  
Franklin, Alabama

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Franklin, Alabama as of and for the year ended September 30, 2018, which collectively comprise the Town's basic financial statements, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Service Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Accounting principles generally accepted in the United States of America require that accounts receivable and accounts payable be recorded in the financial statements. Management has not recorded accounts receivable for governmental activities nor accounts payable for the governmental and business-type activities and has not determined the amount by which the departures would affect the assets and revenue of the governmental activities and liabilities and expenses of the governmental and business-type activities.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Patterson & Duke, P.C.  
Tallasse, Alabama  
October 24, 2019

**Town of Franklin, Alabama**  
**Statement of Net Position**  
**September 30, 2018**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 131,024.71	\$ 5,071.48	\$ 136,096.19
Cash-Restricted	17,524.60	-	17,524.60
Accounts Receivable	-	7,309.38	7,309.38
Capital Assets:			
Non-Depreciable	9,000.00	-	9,000.00
Depreciable, net	85,432.87	8,273.56	93,706.43
<b>Total Assets</b>	<u>242,982.18</u>	<u>20,654.42</u>	<u>263,636.60</u>
<b>LIABILITIES</b>			
Payroll Taxes Payable	1,826.69	-	1,826.69
<b>Total Liabilities</b>	<u>1,826.69</u>	<u>-</u>	<u>1,826.69</u>
<b>NET POSITION</b>			
Invested in Capital Assets, net of related debt	94,432.87	8,273.56	102,706.43
Restricted for:			
Capital Projects and Maintenance	17,524.60	-	17,524.60
Unrestricted	129,198.02	12,380.86	141,578.88
<b>Total Net Position</b>	<u>\$ 241,155.49</u>	<u>\$ 20,654.42</u>	<u>\$ 261,809.91</u>

See accountants' report.

**Town of Franklin, Alabama  
Statement of Activities  
for the Year Ended September 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
General Government	\$ 106,644.93	\$ 73,017.02	\$ -	\$ -	\$ (33,627.91)
Public Safety	14,707.35	2,178.33			(12,529.02)
Public Works	9,367.32		2,285.69		(7,081.63)
Total Governmental Activities	<u>130,719.60</u>	<u>75,195.35</u>	<u>2,285.69</u>	<u>-</u>	<u>(53,238.56)</u>
<b>Business-type Activities:</b>					
Water System	35,576.85	32,013.55			(3,563.30)
Total Business-type Activities	<u>35,576.85</u>	<u>32,013.55</u>	<u>-</u>	<u>-</u>	<u>(3,563.30)</u>
<b>Total</b>	<u>\$ 166,296.45</u>	<u>\$ 107,208.90</u>	<u>\$ 2,285.69</u>	<u>\$ -</u>	<u>\$ (56,801.86)</u>

**Changes in Net Position:**

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (53,238.56)	\$ (3,563.30)	\$ (56,801.86)
<b>General Revenues:</b>			
<b>Taxes:</b>			
Sales Tax	39,133.54	-	39,133.54
Gas Tax	27,996.16	-	27,996.16
Property Tax	13,707.98	-	13,707.98
Beer Tax	12,565.63	-	12,565.63
Other Income	4,478.59	-	4,478.59
Transfer In(Out)	(6,031.27)	6,031.27	-
Total General Revenues	<u>91,850.63</u>	<u>6,031.27</u>	<u>97,881.90</u>
Change in Net Position	38,612.07	2,467.97	41,080.04
Net Position-beginning	<u>202,543.42</u>	<u>18,186.45</u>	<u>220,729.87</u>
Net Position-ending	<u>\$ 241,155.49</u>	<u>\$ 20,654.42</u>	<u>\$ 261,809.91</u>

See accountants' report.

**Town of Franklin, Alabama**  
**Balance Sheet**  
**Governmental Funds**  
**September 30, 2018**

	General Fund	Street Fund	Capital Improvements Fund	Total Governmental Funds
<b>Assets</b>				
Cash	\$ 131,024.71	\$ 11,212.36	\$ 6,312.24	\$ 148,549.31
Total Assets	<u>131,024.71</u>	<u>11,212.36</u>	<u>6,312.24</u>	<u>148,549.31</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Payroll Taxes Payable	1,826.69	-	-	1,826.69
Total Liabilities	<u>1,826.69</u>	<u>-</u>	<u>-</u>	<u>1,826.69</u>
<b>Fund Balances</b>				
Restricted:				
Capital Projects and Maintenance	-	11,212.36	6,312.24	17,524.60
Unassigned	129,198.02	-	-	129,198.02
Total Fund Balances	<u>129,198.02</u>	<u>11,212.36</u>	<u>6,312.24</u>	<u>146,722.62</u>
Total Liabilities and Fund Balances	<u>\$ 131,024.71</u>	<u>\$ 11,212.36</u>	<u>\$ 6,312.24</u>	<u>\$ 148,549.31</u>

See accountants' report.

**Town of Franklin, Alabama**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**September 30, 2018**

**Total fund balances for governmental funds** \$ 146,722.62

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds. Those assets consist of:

Land	\$ 9,000.00	
Buildings, net of \$38,436.54 accumulated depreciation	<u>85,432.87</u>	
Total capital assets		\$ 94,432.87

**Total net position of governmental activities** \$ 241,155.49

See accountants' report.



**Town of Franklin, Alabama**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2018**

	General Fund	Street Fund	Capital Improvements Fund	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 90,853.43	\$ 2,549.88	\$ -	\$ 93,403.31
Licenses and Permits	73,017.02	-	-	73,017.02
Fines and Forfeitures	2,178.33	-	-	2,178.33
Intergovernmental Revenues	22.83	-	2,262.86	2,285.69
Other	4,478.59	-	-	4,478.59
Total Revenues	<u>170,550.20</u>	<u>2,549.88</u>	<u>2,262.86</u>	<u>175,362.94</u>
<b>Expenditures</b>				
Current:				
General Government	104,416.00	-	-	104,416.00
Public Safety	13,839.54	-	-	13,839.54
Public Works	887.65	3,233.75	-	4,121.40
Capital Outlay	2,500.00	-	2,745.92	5,245.92
Total Expenditures	<u>121,643.19</u>	<u>3,233.75</u>	<u>2,745.92</u>	<u>127,622.86</u>
Excess of Revenues Over (Under) Expenditures	<u>48,907.01</u>	<u>(683.87)</u>	<u>(483.06)</u>	<u>47,740.08</u>
<b>Other Financing Sources(Uses)</b>				
Transfers In (Out)	(6,031.27)	-	-	(6,031.27)
Total Other Financing Sources (Uses)	<u>(6,031.27)</u>	<u>-</u>	<u>-</u>	<u>(6,031.27)</u>
Net Change in Fund Balances	<u>42,875.74</u>	<u>(683.87)</u>	<u>(483.06)</u>	<u>41,708.81</u>
Fund Balances, October 1-	86,322.28	11,896.23	6,795.30	105,013.81
Fund Balances, September 30-	<u>\$ 129,198.02</u>	<u>\$ 11,212.36</u>	<u>\$ 6,312.24</u>	<u>\$ 146,722.62</u>

See accountants' report.

**Town of Franklin, Alabama**  
**Reconciliation of the Governmental Funds Statement of**  
**Revenues, Expenditures, and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Year Ended September 30, 2018**

<b>Total net change in fund balances-governmental funds</b>	\$ 41,708.81
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays for the period.	(3,096.74)
In the statement of activities, only the gain(loss)on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the asset sold.	
<b>Change in net position of governmental activities</b>	<u>\$ 38,612.07</u>

See accountants' report.



**Town of Franklin, Alabama**  
**Statement of Net Position**  
**Proprietary Fund**  
**September 30, 2018**

	<u>Water Fund</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 5,071.48
Accounts Receivable	7,309.38
Total Current Assets	12,380.86
<b>Noncurrent Assets</b>	
Capital Assets:	
Water System	151,727.72
Accumulated Depreciation	(143,454.16)
Total Noncurrent Assets	8,273.56
<b>Total Assets</b>	20,654.42
 <b>Liabilities</b>	
<b>Total Liabilities</b>	-
 <b>Net Position</b>	
Net Investment in Capital Assets	8,273.56
Unrestricted	12,380.86
<b>Total Net Position</b>	\$ 20,654.42

See accountants' report.

**Town of Franklin, Alabama**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended September 30, 2018**

	Water Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 32,013.55
Total Operating Revenues	32,013.55
<b>Operating Expenses</b>	
Water Purchases	24,537.47
Salaries	5,490.15
Maintenance and Supplies	4,175.00
Administrative	757.56
Depreciation	616.67
Total Operating Expenses	35,576.85
Net Operating Income (Loss)	(3,563.30)
<b>Contributions and Transfers</b>	
Transfers In	6,031.27
Change in Net Position	2,467.97
Net Position, October 1-	18,186.45
Net Position, September 30 -	\$ 20,654.42

See accountants' report.

**Town of Franklin, Alabama**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended September 30, 2018**

	Water Fund
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 30,635.88
Cash Paid to Employees	(5,490.15)
Cash Paid to Suppliers	(29,470.03)
Net Cash Used By Operating Activities	(4,324.30)
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers In From General Fund	6,031.27
Net Cash Provided By Noncapital Financing Activities	6,031.27
<b>Cash Flows From Capital and Related Financing Activities</b>	
Net Cash Provided By Capital and Related Financing Activities	-
<b>Cash Flows From Investing Activities</b>	
Net Cash Provided By Investing Activities	-
<b>Net Decrease in Cash</b>	1,706.97
<b>Balance - beginning of year</b>	3,364.51
<b>Balance - end of year</b>	\$ 5,071.48
 <b>Reconciliation of operating income(loss) to net cash provided by operating activities</b>	
Operating Income(loss)	\$ (3,563.30)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation Expense	616.67
Increase in Accounts Receivable	(1,377.67)
<b>Net cash used by operating activities</b>	\$ (4,324.30)

See accountants' report.