CITY OF FRANKLIN, IDAHO

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2024

CITY OF FRANKLIN, IDAHO
ANNUAL FINANCIAL REPORT
SEPTEMBER 30, 2024

TABLE OF CONTENTS

	Page
Title Page	1
Table of Contents	2
Independent Auditor's Report	3-5
Financial Statements	6
Statement of Net Position	7
Statement of Activities	8
Balance Sheet - Governmental Funds	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	10-11
Statement of Net Position - Proprietary Funds	12
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	13
Statement of Cash Flows - Proprietary Funds	14
Statement of Fiduciary Net Position - Fiduciary Funds	15
Statement of Changes in Net Fiduciary Position - Fiduciary Funds	16
Notes to Financial Statements	17-29
Required Supplementary Information	30
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund	31
Schedule of Employer's Share of Net Pension Liability	32
Schedule of Employer Contributions	32
Notes to Required Supplementary Information	33
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards	34
Notes to the Schedule of Federal Awards	35
Independent Auditor's 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	36-37
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	38-39
Schedule of Findings and Questioned Costs	40-42

Deaton & Company, Chartered
Certified Public Accountants
215 North 9th, Suite A
Pocatello, ID 83201-5278
(208) 232-5825
Members of the Idaho Society of Certified Public Accountants
Members of the American Institute of Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Franklin, Idaho

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Franklin, Idaho as of and for the year ended September 30, 2024, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Franklin as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Franklin, Idaho and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Franklin's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* , we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Franklin's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Franklin's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and other required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

City of Franklin has omitted the required 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Franklin's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 18, 2025, on our consideration of City of Franklin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 City of Franklin'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 City of Franklin's internal control over financial reporting and compliance.

Deaton & Company

Pocatello, Idaho
June 18, 2025

FINANCIAL STATEMENTS

CITY OF FRANKLIN, IDAHO
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024
WITH COMPARATIVE AMOUNTS AT SEPTEMBER 30, 2023

	Governmental Activities	Business-type Activities	2024	2023
ASSETS				
Cash and cash equivalents	$ 1,060,577	$ 1,730,672	$ 2,791,249	$ 2,331,578
Accounts receivables	59,666	46,250	105,916	108,234
Taxes receivable	1,503	-	1,503	1,604
Grant receivable	-	18,449	18,449	25,000
Restricted cash and cash equivalents	-	95,559	95,559	86,119
Capital assets not being depreciated:				
Land	21,510	400,092	421,602	421,602
Infrastructure	117,318	-	117,318	117,318
Construction in progress	-	4,061,284	4,061,284	2,536,527
Capital assets net of accumulated depreciation:				
Property and equipment	238,844	4,058,469	4,297,313	4,502,679
	1,499,418	10,410,775	11,910,193	10,130,661
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows - pension	14,178	13,622	27,800	53,940
LIABILITIES				
Accounts payable	18,587	165,059	183,646	159,526
Accrued wages and taxes	5,220	2,832	8,052	15,701
Grants received in advance	-	179,605	179,605	179,605
Accrued interest payable	-	51,154	51,154	50,305
Compensated absences	1,207	7,050	8,257	9,737
Bonds and notes payable - current portion	-	107,732	107,732	103,303
Noncurrent liabilities:				
Due in more than one year	69,963	3,571,296	3,641,259	3,519,119
	94,977	4,084,728	4,179,705	4,037,296
DEFERRED INFLOW OF RESOURCES				
Deferred inflows - pension	-	-	-	-
NET POSITION				
Net investment in capital assets	377,672	4,903,396	5,281,068	4,096,596
Restricted for debt services	-	95,559	95,559	86,119
Unrestricted	1,040,947	1,340,714	2,381,661	1,964,590
TOTAL NET POSITION	$ 1,418,619	$ 6,339,669	$ 7,758,288	$ 6,147,305

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	2024 (Expense) Revenue	2023 (Expense) Revenue
GOVERNMENTAL ACTIVITIES					
General government	$ 144,134	$ 70,145	$ 2,500	$ (71,489)	$ (97,231)
Road and bridge	68,493	-	-	(68,493)	(97,003)
Parks and recreation	74,864	-	14,863	(60,001)	(54,507)
	287,491	70,145	17,363	(199,983)	(248,741)
BUSINESS-TYPE ACTIVITIES					
Water	262,571	367,657	1,240,395	1,345,481	569,038
Sewer	350,227	307,167	45,260	2,200	(7,366)
	612,798	674,824	1,285,655	1,347,681	561,672
	$ 900,289	$ 744,969	$ 1,303,018	$ 1,147,698	$ 312,931

CHANGES IN NET POSITION

	Governmental Activities	Business-type Activities	2024	2023
Net (expense) revenue	$ (199,983)	$ 1,347,681	$ 1,147,698	$ 312,931
General revenues				
General property taxes and sales tax	160,905	-	160,905	149,841
Intergovernmental	289,182	-	289,182	253,902
Interest income	3,206	9,992	13,198	7,100
	453,293	9,992	463,285	410,843
CHANGE IN NET POSITION	253,310	1,357,673	1,610,983	723,774
BEGINNING NET POSITION	1,165,309	4,981,996	6,147,305	5,423,531
ENDING NET POSITION	$ 1,418,619	$ 6,339,669	$ 7,758,288	$ 6,147,305

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

CITY OF FRANKLIN, IDAHO
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS AT SEPTEMBER 30, 2023

	General	Non-major Street	Non-Major Idaho Celebration	Total	2023
ASSETS					
Cash and cash equivalents	$ 894,315	$ 140,308	$ 25,954	$ 1,060,577	$ 764,550
Intergovernmental receivables	46,184	13,482	-	59,666	66,660
Taxes receivable	1,503	-	-	1,503	1,604
Total assets	$ 942,002	$ 153,790	$ 25,954	$ 1,121,746	$ 832,814
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 18,587	$ -	$ -	$ 18,587	$ 21,047
Accrued wages and taxes	5,220	-	-	5,220	11,888
Compensated absences	1,207	-	-	1,207	1,271
	25,014	-	-	25,014	34,206
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues					
Property taxes	1,348	-	-	1,348	1,274
FUND BALANCE					
Restricted - Streets	-	153,790	-	153,790	76,319
Restricted - Idaho Celebration	-	-	25,954	25,954	30,345
Unassigned	915,640	-	-	915,640	690,670
	$ 915,640	$ 153,790	$ 25,954	1,095,384	797,334

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS

Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation of $582,339.	377,672	413,538
Long-term compensated absence	(4,829)	(5,084)
Net pension asset (liability)	(65,134)	(69,262)
Unavailable property tax revenue represents amounts that were not available to fund current expenditures and, therefore, are not reported in the governmental funds	1,348	1,274
Deferred outflows - Pension related deferrals	14,178	27,509
Deferred inflows - Pension related deferrals	-	-
Net position of governmental activities	$ 1,418,619	$ 1,165,309

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General	Non-major Street	Non-Major Idaho Celebration	Total	2023
REVENUES					
Local sources:					
Property taxes	$ 145,831	$ 15,000	$ -	$ 160,831	$ 150,482
County road and bridge	-	17,877	-	17,877	16,963
Interest earnings	3,206	-	-	3,206	1,031
Licenses and other charges	32,274	-	-	32,274	19,034
Grants and donations	2,500	-	14,863	17,363	17,327
Fines and other fees	37,871	-	-	37,871	31,383
	221,682	32,877	14,863	269,422	236,220
State sources:					
Intergovernmental revenue	166,526	104,779	-	271,305	236,939
	166,526	104,779	-	271,305	236,939
	388,208	137,656	14,863	540,727	473,159
EXPENDITURES					
General government	111,257	-	19,254	130,511	143,196
Road and bridge	-	60,185	-	60,185	88,695
Parks and recreation	51,981	-	-	51,981	47,114
	163,238	60,185	19,254	242,677	279,005
EXCESS REVENUES (EXPENDITURES)	224,970	77,471	(4,391)	298,050	194,154
BEGINNING FUND BALANCE	690,670	76,319	30,345	797,334	603,180
ENDING FUND BALANCE	$ 915,640	$ 153,790	$ 25,954	$ 1,095,384	$ 797,334

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Total Governmental	2023
Net change in fund balances-total governmental funds	$ 298,050	$194,154
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Depreciation expense	(35,866)	(36,703)
Capital outlay over (under) depreciation expense	(35,866)	(36,703)
Some revenues in the governmental funds are unavailable because they are not collected within the prescribed time period after yearend. On the accrual basis, however, those revenues would be recognized, regardless of when they are collected. Because of the "availability" criterion under the modified accrual basis of accounting the following has been reported as unavailable:		
Property Taxes	74	(641)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Long-term uncompensated absence	255	(1,126)
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension expense in excess of contributions	(9,203)	349
Change in Net Position of Government Activities	$ 253,310	$156,033

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS AT SEPTEMBER 30, 2023

	Water Fund	Sewer Fund	2024 Total	2023 Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 1,158,297	$ 572,375	$ 1,730,672	$ 1,567,028
Accounts receivable	27,710	18,540	46,250	41,574
Grant receivable	18,449	-	18,449	25,000
	1,204,456	590,915	1,795,371	1,633,602
Non-current assets:				
Restricted assets				
Cash and cash equivalents	52,216	43,343	95,559	86,119
Capital assets:				
Land	300	399,792	400,092	400,092
Construction in progress	4,016,024	45,260	4,061,284	2,536,527
Property and equipment	2,842,106	4,129,820	6,971,926	6,961,698
Less accumulated depreciation	(1,843,836)	(1,069,621)	(2,913,457)	(2,733,729)
	5,014,594	3,505,251	8,519,845	7,164,588
	6,271,266	4,139,509	10,410,775	8,884,309
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows - pension	6,672	6,950	13,622	26,431
LIABILITIES				
Current liabilities:				
Accounts payable	148,476	16,583	165,059	138,479
Accrued wages and taxes	1,468	1,364	2,832	3,813
Grants received in advance	-	179,605	179,605	179,605
Interest payable	25,895	25,259	51,154	50,305
Compensated absences	2,275	4,775	7,050	8,466
Notes and bonds payable	42,209	65,523	107,732	103,303
	220,323	293,109	513,432	483,971
Non-current liabilities:				
Net pension liability	30,651	31,928	62,579	66,546
Notes and bonds payable	1,556,532	1,952,185	3,508,717	3,378,227
	1,587,183	1,984,113	3,571,296	3,444,773
	1,807,506	2,277,222	4,084,728	3,928,744
DEFERRED INFLOW OF RESOURCES				
Deferred inflows - pension	-	-	-	-
NET POSITION				
Net investment in capital assets	3,415,853	1,487,543	4,903,396	3,683,058
Restricted for debt service	52,216	43,343	95,559	86,119
Unrestricted	1,002,363	338,351	1,340,714	1,212,819
	$ 4,470,432	$ 1,869,237	$ 6,339,669	$ 4,981,996

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water Fund	Sewer Fund	2024 Total	2023 Total
OPERATING REVENUES				
Revenue used as security for revenue bonds:	$ 367,657	$ 307,167	$ 674,824	$ 731,175
	367,657	307,167	674,824	731,175
OPERATING EXPENSES				
Salaries and benefits	94,514	81,707	176,221	154,263
Telephone and power	9,557	26,285	35,842	17,454
Supplies	6,494	2,801	9,295	10,940
Repairs and maintenance	36,100	53,276	89,376	108,282
Professional services	4,464	16,964	21,428	52,003
Travel	317	377	694	522
Water study and other	7,176	8,389	15,565	29,001
Depreciation	53,590	126,138	179,728	178,445
	212,212	315,937	528,149	550,910
OPERATING INCOME (LOSS)	155,445	(8,770)	146,675	180,265
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental grants	1,240,395	45,260	1,285,655	461,640
Interest revenue	9,992	-	9,992	6,069
Interest expense - debt service	(50,359)	(34,290)	(84,649)	(80,233)
	1,200,028	10,970	1,210,998	387,476
CHANGE IN NET POSITION	1,355,473	2,200	1,357,673	567,741
BEGINNING NET POSITION	3,114,959	1,867,037	4,981,996	4,414,255
ENDING NET POSITION	$ 4,470,432	$ 1,869,237	$ 6,339,669	$ 4,981,996

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Water Fund	Sewer Fund	2024 Total	2023 Total
CASH FLOW FROM OPERATING ACTIVITIES				
Cash received from customers	$ 365,172	$ 304,976	$ 670,148	$ 729,345
Cash paid to employees	(90,838)	(78,938)	(169,776)	(150,444)
Cash paid to suppliers	(66,426)	(97,744)	(164,170)	(221,557)
Net cash provided by operating activities	207,908	128,294	336,202	357,344
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	239,000	-	239,000	900,000
Proceeds from capital grants	1,246,946	45,260	1,292,206	830,245
Purchases of capital assets	(1,471,174)	(45,261)	(1,516,435)	(881,305)
Principal paid on obligations	(38,871)	(65,210)	(104,081)	(988,459)
Interest paid on debt services	(47,689)	(36,111)	(83,800)	(84,547)
Net cash used in capital and related financing activities	(71,788)	(101,322)	(173,110)	(224,066)
CASH FLOWS FORM INVESTING ACTIVITIES				
Interest received	9,992	-	9,992	6,069
Net cash provided by investing activities	9,992	-	9,992	6,069
NET INCREASE IN CASH	146,112	26,972	173,084	139,347
BEGINNING CASH AND CASH EQUIVALENTS	1,064,401	588,746	1,653,147	1,513,800
ENDING CASH AND CASH EQUIVALENTS	$ 1,210,513	$ 615,718	$ 1,826,231	$ 1,653,147
PRESENTED IN FINANCIALS AS				
Cash and cash equivalents	$ 1,158,297	$ 572,375	$ 1,730,672	$ 1,567,028
Restricted assets - cash	52,216	43,343	95,559	86,119
	$ 1,210,513	$ 615,718	$ 1,826,231	$ 1,653,147
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net income (loss)	$ 155,445	$ (8,770)	$ 146,675	$ 180,265
Depreciation	53,590	126,138	179,728	178,445
Pension deferrals-net	4,331	4,511	8,842	(335)
(Increase) decrease in assets				
Accounts receivable	(2,485)	(2,191)	(4,676)	(1,830)
(Decrease) increase in liabilities				
Accounts payable	(2,318)	10,348	8,030	(3,355)
Accrued wages and taxes	(487)	(494)	(981)	2,286
Compensated absences	(168)	(1,248)	(1,416)	1,868
Total adjustments	52,463	137,064	189,527	177,079
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 207,908	$ 128,294	$ 336,202	$ 357,344

NONCASH TRANSACTIONS: The water fund acquired equipment through accounts payable in the amount of $144,590 as well as paid off capital acquisitions in the prior year acquired through accounts payable in the amount of $126,040.

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2024

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ 13,101
	13,101
LIABILITIES	
Current liabilities:	
Accounts payable	9,497
	9,497
NET POSITION	
Held in trust for others - scholarships	3,604
	$ 3,604

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

CITY OF FRANKLIN, IDAHO
STATEMENT OF CHANGES IN NET FIDUCIARY POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Custodial Fund
ADDITIONS	
Donations	$ 1,450
Interest	4
	1,454
DEDUCTIONS	
Other expense	-
	-
CHANGE IN NET POSITION	1,454
BEGINNING NET POSITION	2,150
ENDING NET POSITION	$ 3,604

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the City of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationship, regardless of whether the government is able to exercise oversight responsibilities. The reporting entity has no component units.

B. FUND ACCOUNTING

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. All governmental and proprietary funds are considered to be major funds.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the City. All financial resources, except for those required to be accounted for in another fund, are accounted for in the General Fund.

Street Fund

The Street Fund accounts for the resources accumulated and payments made for street and bridge maintenance. The major revenue sources are property taxes, and highway user fees.

Idaho Celebration Fund

The Idaho Celebration Fund accounts for the resources accumulated and payments made for Idaho Day celebrations. The major revenue sources are donations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. FUND ACCOUNTING (CONTINUED)

Proprietary Fund Types

Water Fund

The Water Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing water services to the general public on a continuing basis are financed through user charges.

Sewer Fund

The Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing sewer services to the general public on a continuing basis are financed through user charges.

Fiduciary Fund Types

Custodial funds

The Custodial Fund is used to account for receipts and disbursements for Miss Idaho Days pageant scholarship awards.

C. BASIS OF PRESENTATION

Government-wide Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: Governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type.

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION (CONTINUED)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

D. BASIS OF ACCOUNTING

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payment to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fine and permit revenues are not susceptible to accrual because they generally are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports unavailable revenue on its governmental balance sheet. Unavailable revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unavailable revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unavailable revenue is removed from the combined balance sheet and revenue is recognized.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, time certificates of deposits and U.S. Treasury Bills. State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements. For purposes of the statement of cash flows, the proprietary fund types considers all highly liquid investments within a maturity of three months or less when purchased, or time certificates of deposit redeemable on demand with no penalty, to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. PROPERTY, PLANT AND EQUIPMENT

The accounting treatment for property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical costs, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to September 30, 2004.

Depreciation of all exhaustible fixed assets is recorded as allocated expenses in the Statement of Activities, with accumulated depreciation reflected in the Statement of Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Structures - Water System and Tanks	50 years
Sewer Plant	50 years
Other Structures	20-50 years
Vehicles	3-10 years
Equipment	5-20 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

Each month the City prepares a financial report that reflects the actual and budgeted financial data. A strict purchase order system is used in controlling and maintaining expenditures within budget categories. This data is reviewed by the City Council. The City does not use the encumbrance method of accounting.

H. COMPENSATED ABSENCES

Full-time, permanent employees receive paid time off (PTO) to a maximum of 575 hours. Paid time off accrues at varying amounts based on years of service with the City. Employees are entitled to be paid for their unused accrued paid time off up to 575 hours upon termination.

The estimated current portion of the liability, for vested paid time off benefits attributable to the City's governmental funds, is recorded as an expenditure and a liability in the respective funds. The amounts attributable to proprietary funds are charged to expense and a corresponding liability in the applicable fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. RECLASSIFICATION

Certain amounts in the prior year financial statements have been reclassified to conform to the current year financial statement presentation.

K. RESTRICTED ASSETS

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified.

L. FUND BALANCE

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable items- This category includes a portion of net resources that cannot be spent because of their form or because they must be maintained intact. This includes inventories and prepaid items.

Restricted items - This category includes resources where limitations are imposed by external entities, such as grantors and creditors, or to comply with laws and regulations of governments.

Committed items- This category includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority for the City. Commitments may be changed or lifted only by the Council taking the same formal action that imposed the constraint originally.

Assigned items- Assigned items represent the City's intent to use certain resources for specific purposes. The City Council may establish the intended use of these funds for a designated purpose.

Unassigned items - Represents the remainder of the City's equity in governmental fund-type balances in excess of the aforementioned classifications.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. PENSIONS

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - TAX RECEIVABLES

Property taxes are billed to taxpayers in November of each year. One half of the taxes became payable on December 20, and one half of the taxes became payable on June 20.

Property taxes attach as an enforceable lien as of December 20 following the levy in August. Therefore, no amount has been set aside for an allowance for doubtful accounts. Property taxes collected after December 1, of the subsequent year, are classified as deferred revenue.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Increase	Decreases	Ending Balance
Governmental Activities				
Capital assets, not depreciated				
Land	$ 21,510	$ -	$ -	$ 21,510
Infrastructure	117,318	-	-	117,318
	138,828	-	-	138,828
Capital assets, depreciated				
Buildings and improvements	472,536	-	-	472,536
Machinery and equipment	348,647	-	-	348,647
Total capital assets, depreciated	821,183	-	-	821,183
Less accumulated depreciation	546,473	35,866	-	582,339
Total capital assets, net of depreciation	274,710	(35,866)	-	238,844
	$ 413,538	$ (35,866)	$ -	$ 377,672

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not depreciated				
Land	$ 395,092	$ -	$ -	$ 395,092
Deposit on land purchase	5,000	-	-	5,000
Construction in progress	2,536,527	1,524,757	-	4,061,284
	2,936,619	1,524,757	-	4,461,376
Capital assets, depreciated				
Buildings and improvements	6,722,148	10,228	-	6,732,376
Machinery and equipment	239,550	-	-	239,550
Total capital assets, depreciated	6,961,698	10,228	-	6,971,926
Less accumulated depreciation	2,733,729	179,728	-	2,913,457
Total capital assets, net of depreciation	4,227,969	(169,500)	-	4,058,469
	$ 7,164,588	$ 1,355,257	$ -	$ 8,519,845

NOTE 4 - LONG TERM DEBT

	Balance
Water Fund The City issued a Water Revenue Bond, Series 2006, with interest on the outstanding principal amount at the rate of 4.375% per annum, in the aggregate principal amount of $800,000. Principal and interest shall be paid in equal annual installments of $48,400, with the first installment of principal and interest being due on November 13, 2007, and annually on the same date of each year thereafter until maturity, with all principal and interest on the Bond being fully paid within thirty (30) years from its date. The final annual installment may be in such greater or lesser amount as is necessary to fully pay the Bond. The bond was issued in order to payoff the City's outstanding water revenue bond anticipation note and interest along with the remaining costs associated with the City's domestic water system improvement project. One year's payment annual payment of principle and interest is reported as restricted cash.	$ 472,026
Water Fund The City closed on a $900,000 Water Revenue Bond, Series 2023 in August of 2023. Interest on the outstanding balance will be at 2.875% per annum. Said principal and interest shall be paid in equal annual installments of $38,160 with the first installment on principal and interest due on August 4, 2024, and annually on the same date of each year thereafter until maturity, with all principal and interest on the bond being fully paid within forty (40) years from its date. The final annual installment may be in such greater or lesser amount as is necessary fully to pay the Bond. The purpose of the bond is for improvements to the domestic water system project. Bond covenants require a Reserve Fund to be funded at the rate of one-tenth of one annual payment on the Bond until the amount in the Reserve Fund equals one annual payment of principal and interest on the bond.	887,715
Water Fund The City received additional loan funding of $239,000 September 22, 2023 related to the Water Revenue Bond, Series 2023. Interest on the outstanding balance will be at 2.875% per annum. Said principal and interest shall be paid in equal annual installments of $10,134 with the first installment on principal and interest due one year after closing, and annually on the same date of each year thereafter until maturity, with all principal and interest on the bond being fully paid within forty (40) years from its date. The final annual installment may be in such greater or lesser amount as is necessary fully to pay the Bond. The purpose of the bond is for improvements to the domestic water system project. Bond covenants require a Reserve Fund to be funded at the rate of one-tenth of one annual payment on the Bond until the amount in the Reserve Fund equals one annual payment of principal and interest on the bond.	239,000
Sewer Fund During the 2010 fiscal year, the City was approved for a line of credit with the State of Idaho Department of Environmental Quality in the amount of $600,000 for sewer improvements. The interest rate on this note is 0%.	369,024
Sewer Fund During the 2016 fiscal year, the City was approved for a line of credit with the State of Idaho Department of Environmental Quality in the amount of $2,772,700 for sewer improvements. The interest rate on the note balance is 1.75%.	322,404

NOTE 4 - LONG TERM DEBT (CONTINUED)

Sewer Fund

The City issued a Sewer Revenue Bond, Series 2007, with interest on the outstanding principal amount at the rate of 2.25% per annum, in the aggregate principal amount of $1,473,000. Principal and interest shall be paid in equal annual installments of $56,240, with the first installment of principal and interest being due on December 20, 2018, and annually on the same date of each year thereafter until maturity, with all principal and interest on the Bond being fully paid within forty (40) years from its date. The final annual installment may be in such greater or lesser amount as is necessary to fully pay the Bond. The bond was issued in order to provide the City a portion of the cost of acquiring, constructing, enlarging, improving and/or extending its wastewater improvements. Bond covenants require a deposit into a reserve fund within one year from the date of issuance of the bond an amount equal to one-tenth of an annual payment of principal and interest on the bond, and a like sum shall be deposited therein from net revenues on each anniversary date of the bond thereafter, until the reserve equals one annual payment of principle and interest. After the one annual payment is reserved, an additional deposit of $9,599 shall be deposited and maintained in the reserve fund for short lived asset replacement.

	1,326,280
	$ 3,616,449

Annual Debt Service Requirements

Year Ending September 30	Principal	Interest	Total
2025	$ 107,732	$ 89,989	$ 197,721
2026	111,267	86,454	197,721
2027	113,780	83,941	197,721
2028	116,377	81,343	197,720
2029	119,064	78,657	197,721
2030-2034	638,971	349,632	988,603
2035-2039	548,372	269,232	817,604
2040-2044	384,173	214,820	598,993
2045-2049	432,283	166,709	598,992
2050-2054	433,137	113,788	546,925
2055-2059	407,447	59,207	466,654
2060-2064	203,846	16,469	220,315
	$3,616,449	$1,610,241	$ 5,226,690

Transactions in note and bond payables for the year were as follows:

Business Type

	Beginning	Additions	Reductions	Ending	Current
Bond Payable Series 2007	$ 498,612	$ -	$ 26,586	$ 472,026	$ 27,749
Bond Payable Series 2017	1,352,098	-	25,818	1,326,280	26,389
Bond Payable Series 2023	900,000	-	12,285	887,715	12,289
Subsequent Series 2023 bond	-	239,000	-	239,000	2,171
Notes Payable	730,819	-	39,391	691,428	39,134
Compensated absences	8,466	5,836	7,253	7,049	7,049
	$3,489,995	$ 244,836	$ 111,333	$3,623,498	$ 114,781

Governmental

	Beginning	Additions	Reductions	Ending	Current
Compensated absences	$ 6,355	$ 2,505	$ 2,824	$ 6,036	$ 1,207
	$ 6,355	$ 2,505	$ 2,824	$ 6,036	$ 1,207

NOTE 5 - DEPOSITS

Deposits at yearend consist of the following:

Deposits	Bank	Book
Cash in bank	$2,897,504	$ 2,899,909

Deposits - Custodial Credit Risk for deposits is the risk that, in the event of bank failure, the government's deposits may not be returned to it. At year end the City had uninsured and uncollateralized deposits of $2,608,389.

Deposit and investment transactions are subject to a variety of risks. The City seeks to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform with legal requirements.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the value of an investment. In accordance with investment policy, the City manages its exposure to declines in fair value by limiting the average maturity of its investments to one year or less.

Credit Risk is the risk that an issuer or a counter party of an investment will not fulfill its obligations. The certificates of deposit is not subject to custodial credit risk.

NOTE 6 - PENSION ACTIVITY - EMPLOYER REPORTING

Concentration of Credit Risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment in any one issuer does not represent a concentrations of total credit risk.

Plan Description

The City contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

Pension Benefits

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

NOTE 6 - PENSION ACTIVITY - EMPLOYER REPORTING - (CONTINUED)

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

Member and Employer Contributions

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 74% for police and firefighters. As of June 30, 2024 it was 6.71% for general employees and 9.83% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.18% general employees and 13.26% for police and firefighters. The City's contributions were $18,968 for the year ended September 30, 2024.

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2024, the City reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2024, the City's proportion was 0.00341419 percent.

For the year ended September 30, 2024, the City recognized pension expense (revenue) of $37,013. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,333	$ -
Changes in assumptions or other inputs	5,059	-
Net difference between projected and actual earnings on pension plan investments	(2,318)	-
City's contributions subsequent to the measurement date	4,726	-
	$ 27,800	$ -

The amount of $4,726 reported as deferred outflows of resources related to pensions resulting from Employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025.

NOTE 6 - PENSION ACTIVITY - EMPLOYER REPORTING - (CONTINUED)

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2024 the beginning of the measurement period ended June 30, 2023 is 4.6 and 4.4 years for the measurement period June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

Year ending September 30,	
2025	$ 6,303
2026	23,812
2027	(4,106)
2028	(2,935)
2029	-

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases including inflation	3.05%
Investment rate of return	6.35%, net of investment expenses
Cost-of-living adjustments	1.00%

Several different sets of mortality rates are used in the valuation for contributing members, members retired for service and beneficiaries. These rates were adopted for the valuation dated July 1, 2021.

Contributing Members, Service Retirement Members, and Beneficiaries

General Employees and All Beneficiaries - Males	Pub-2010 General Tables, increased 11%.
General Employees and All Beneficiaries - Females	Pub-2010 General Tables, increased 21%.
Teachers - Males	Pub-2010 Teacher Tables, increased 12%.
Teachers - Females	Pub-2010 Teacher Tables, increased 21%.
Fire & Police - Males	Pub-2010 Safety Tables, increased 21%.
Fire & Police - Females	Pub-2010 Safety Tables, increased 26%.
Disabled Members - Males	Pub-2010 Disabled Tables, increased 38%.
Disabled Members - Females	Pub-2010 Disabled Tables, increased 36%.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 6 - PENSION ACTIVITY - EMPLOYER REPORTING - (CONTINUED)

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	0%	0.00%
Large Cap	18%	4.50%
Small/Mid Cap	11%	4.70%
International Equity	15%	4.50%
Emerging Markets Equity	10%	4.90%
Domestic Fixed	20%	-0.25%
TIPS	10%	-0.30%
Real Estate	8%	3.75%
Private Equity	8%	6.00%

Discount Rate

The discount rate used to measure the total pension liability was 6.35%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.35 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.35%)	**Current Discount Rate (6.35%)**	**1% Increase (7.35%)**
Employer's proportionate share of the net pension liability (asset)	$ 242,695	$ 127,713	$ 33,802

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERSI financial report.

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at www.persi.idaho.gov.

NOTE 6 - PENSION ACTIVITY - EMPLOYER REPORTING - (CONTINUED)

Payables to the pension plan

At year end, the City reported payables to the defined benefit pension plan of $0 for legally required employer contributions and $0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to PERSI.

NOTE 7 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 18, 2025, the date the financial statements were available to be issued.

NOTE 8 - TAX ABATEMENTS

During the year, the City was not aware of any tax abatements that would affect the City's property tax levy.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRANKLIN, IDAHO
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Original Budget	Final Budget	Actual Amount	Variance
REVENUES				
Local sources:				
Property taxes	$ 137,159	$ 137,159	$ 145,831	$ 8,672
Interest earnings	600	600	3,206	2,606
Licenses and permits	14,000	14,000	32,274	18,274
Fines and other fees	19,900	19,900	37,871	17,971
	171,659	171,659	221,682	50,023
State sources:				
Intergovernmental revenue	173,233	173,233	166,526	(6,707)
	173,233	173,233	166,526	(6,707)
	344,892	344,892	388,208	43,316
EXPENDITURES				
General government	159,520	159,520	111,257	48,263
Parks and recreation	91,074	91,074	51,981	39,093
Capital outlays	30,000	30,000	-	30,000
	280,594	280,594	163,238	117,356
EXCESS REVENUES (EXPENDITURES)	64,298	64,298	224,970	160,672
BEGINNING FUND BALANCES			690,670	
ENDING FUND BALANCES			$ 915,640	

CITY OF FRANKLIN, IDAHO
SEPTEMBER 30, 2024

Schedule of Employer's Share of Net Pension Liability
PERSI - Base Plan
Last 10 - Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's portion of net the pension liability	0.3414190%	0.0034031%	0.0043927%	0.0052518%	0.0060877%	0.0058698%	0.0069901%	0.0064478%	0.0068154%	0.0061254%
Employer's proportionate share of the net pension liability (asset)	$ 127,713	$ 135,808	$ 173,020	$ (4,148)	$ 141,364	$ 67,002	$ 103,106	$ 101,348	$ 138,159	$ 80,661
Employer's covered-employee payroll	$ 167,317	$ 147,158	$ 173,224	$ 151,884	$ 219,204	$ 199,364	$ 224,894	$ 196,093	$ 197,335	$ 170,967
Employer's proportional share of the net pension liability as a percentage of its covered-employee payroll	76.33%	92.29%	99.88%	-2.73%	64.49%	33.61%	45.85%	51.68%	70.01%	47.18%
Plan fiduciary net position as a percentage of the total pension liability	85.54%	83.83%	83.09%	100.36%	88.22%	93.79%	91.69%	90.68%	87.26%	91.38%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of June 30, 2024

Schedule of Employer Contributions
PERSI – Base Plan
Last 10 - Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 18,968	$ 17,543	$ 17,745	$ 17,501	$ 25,860	$ 23,862	$ 25,012	$ 22,909	$ 23,214	$ 21,509
Contributions in relation to the statutorily required contribution	18,968	17,543	17,745	17,501	25,860	23,862	25,012	22,909	23,214	21,509
Contribution (deficiency) excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$ 169,660	$ 149,427	$ 148,618	$ 146,575	$ 216,583	$ 210,795	$ 220,954	$ 202,376	$ 205,071	$ 190,009
Contributions as a percentage of covered-employee payroll	11.18%	11.18%	11.94%	11.94%	11.94%	11.32%	11.32%	11.32%	11.32%	11.32%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those use for which information is available.

Data reported is measured as of September 30, 2024

CITY OF FRANKLIN, IDAHO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2024

NOTE 1 - EXPENDITURES IN EXCESS OF BUDGET

Expenditures in Excess of Budget

None noted.

CITY OF FRANKLIN, IDAHO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

FEDERAL GRANTOR/PASS – THROUGH GRANTOR	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipient
Grant Awards				
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)				
Water and Waste Disposal Systems for Rural Communities	10.760		$ 24,029	-
Water and Waste Disposal Systems for Rural Communities	10.760		341,000	-
Water and Waste Disposal Systems for Rural Communities	10.760		239,000	-
			604,029	-
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the Idaho Department of Commerce				
Community Development Block Grants	14.228	B18DC160001	31,600	-
			31,600	-
DEPARTMENT OF THE TREASURY				
Passed through Idaho Department of Environmental Quality				
Coronavirus State and Local Fiscal Recovery Funds COVID-19	21.027	N23002	843,766	-
Coronavirus State and Local Fiscal Recovery Funds COVID-19	21.027	N23002	45,260	-
			889,026	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,524,655	$ -

CITY OF Franklin, IDAHO
NOTES TO SCHEDULE OF EXPENDITURES OF FEDRAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of City of Franklin under programs of the federal government for the year ended September 30, 2024. The information in this Schedule 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 Schedule presents only a selected portion of the operations of the City of Franklin, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Franklin.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C—INDIRECT COST RATE

The City of Franklin has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The City did not pass through any grant funds to sub recipients.

Deaton & Company, Chartered
Certified Public Accountants
215 North 9th, Suite A
Pocatello, ID 83201-5278
(208) 232-5825
Members of the Idaho Society of Certified Public Accountants
Members of the American Institute of Certified Public Accountants



INDEPENDENT AUDITOR'S 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 Mayor and City Council of
City of Franklin

We have audited, in accordance with the 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 statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Franklin, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Franklin's basic financial statements and have issued our report thereon dated June 18, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Franklin'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Franklin's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Franklin'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency [2024-001].

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Franklin's financial statements are free from 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.

City of Franklin's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Franklin's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Franklin's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pocatello, Idaho
June 18, 2025

Deaton & Company, Chartered
Certified Public Accountants
215 North 9th, Suite A
Pocatello, ID 83201-5278
(208) 232-5825
Members of the Idaho Society of Certified Public Accountants
Members of the American Institute of Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Franklin, Idaho

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Franklin's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of City of Franklin's major federal programs for the year ended September 30, 2024. City of Franklin's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Franklin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Franklin and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Franklin's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Franklin's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Franklin's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Franklin's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Franklin's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Franklin's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 City of Franklin's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Deaton & Company

Pocatello, Idaho
June 18, 2025

CITY OF FRANKLIN, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

SUMMARY OF AUDITOR RESULTS

1) The auditor's report expresses an unmodified opinion on whether the financial statements of City of Franklin were prepared in accordance with GAAP.

2) One significant deficiency disclosed during the audit of the financial statements is reported in the report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No material weaknesses are reported.

3) No instances of noncompliance material to the financial statements of City of Franklin, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

4) No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.

5) The auditor's report on compliance for the major federal award programs for City of Franklin expresses an unmodified opinion on all major federal programs.

6) There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) in this Schedule.

7) The program tested as a major programs was Department of the Treasury 21.027 Coronavirus State and Local Fiscal Recovery Funds COVID-19.

8) The threshold used for distinguishing between Type A and B programs was $750,000.

9) City of Franklin was determined to be a high-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

2024-001

Conditions and Criteria: Government Auditing Standards require the reporting entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

Effect: The auditing firm was requested to draft the financial statements, notes, and required supplementary information to the financial statements.

Cause: City of Franklin's internal control system does not currently require the entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

FINDINGS - FINANCIAL STATEMENTS AUDIT - CONTINUED

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials and Planned Corrective Actions: Management has determined that it is not cost effective to employ such a person or third party solely to prepare the financial statements and related notes for the audit. The City has elected to have the auditor prepare the financial statements.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

CITY OF FRANKLIN, IDAHO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

FINDINGS - FINANCIAL STATEMENTS AUDIT

2023-001

Conditions and Criteria: Government Auditing Standards require the reporting entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

Effect: The auditing firm was requested to draft the financial statements, notes, and required supplementary information to the financial statements.

Cause: City of Franklin's internal control system does not currently require the entity to employ a person with the qualifications and training necessary to prepare the Organization's financial statements, notes and required supplementary information in accordance with generally accepted accounting principles.

Auditor's Recommendation: This circumstance is not unusual in an organization of this size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Views of Responsible Officials and Planned Corrective Actions: Management has determined that it is not cost effective to employ such a person or third party solely to prepare the financial statements and related notes for the audit. The City has elected to have the auditor prepare the financial statements.

2023-002 Filing Requirements

Condition: City of Franklin did not file the audited financial statements in a timely manner with the State of Idaho's legislative services office. The City was also late filing the Schedule of Expenditures of Federal Awards with the Federal Audit Clearinghouse.

Criteria: Idaho Title 67-450B requires all cities subject to audit requirements to file audited financial statements with the State of Idaho's legislative services office within nine months after the end of the audit period. The Schedule of Expenditures of Federal Awards is required to be submitted 30 days after receipt of the auditor's report or 9 months after the end of the fiscal year – whichever comes first.

Cause: Additional time was needed for the Auditee to prepare the Schedule of Expenditures of Federal Awards. Also, additional time was needed for the Auditor to audit the Schedule of Expenditures of Federal Awards.

Effect: Because the audited financial statements were not filed timely the State may withhold property tax revenues until the financial statements are filed. When the Schedule of Expenditures of Federal Award reporting is delinquent, federal agencies can limit amounts of federal awards.

Recommendation: We recommend the City submit the audited financial statements as soon as possible.

View of Responsible Officials and Planned Corrective Actions: City of Franklin will file the audited financial statements as soon as they are available to be issued.