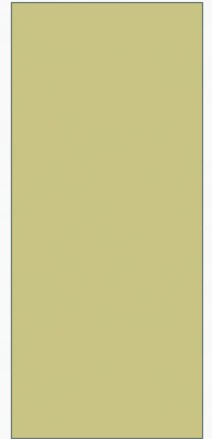


Davis and Associates Certified Public
Accountants, PLLC

THE CITY OF FRANKLIN, VIRGINIA
2013 FINANCIAL STATEMENT AUDIT

JANUARY 13, 2014 • PRESENTATION TO THE
GOVERNING BODY



AGENDA

- Meeting Objective
- Overall Audit Scope
- Audit Findings
- FY2013 Highlights
- Recommendations
- Conclusion

MEETING OBJECTIVE

The purpose of this meeting is to Conduct the Formal Exit Conference for the City of Franklin, Virginia's FY 2013 Audit; Present the Audit Findings; and Discuss Relevant Issues.

OVERALL AUDIT SCOPE

- Perform an audit to determine whether the City's financial statements and related footnotes, taken as a whole, are fairly presented in all material respects, and in conformity with GAAP
- Review the City's system of internal controls and compliance with laws and regulations related to the financial statements
- Issue Management Representation Letter
- Perform certain procedures and issue Schedule of Expenditures of Federal Awards (SEFA)

AUDIT FINDINGS

- There were no Findings or Reportable Conditions.
- The Firm issued an Unqualified Audit Opinion.
- There were no Findings related to Compliance with Applicable Laws and Regulations.
- There were no Findings related to the SEFA.

NET POSITION

- The assets of the Primary Government exceeded its liabilities at June 30, 2013 by \$30.3 million
 - \$11.5 million (38 percent) unrestricted
- Net position for governmental activities of \$22.0 million
 - Decrease of \$391,000 from prior year
 - Unrestricted net position of \$9.8 million
- The net position of the City's business-type activities were \$8.4 million
 - Decrease of \$181,000
 - Unrestricted net position of \$1.7 million

NET POSITION (CONTINUED)

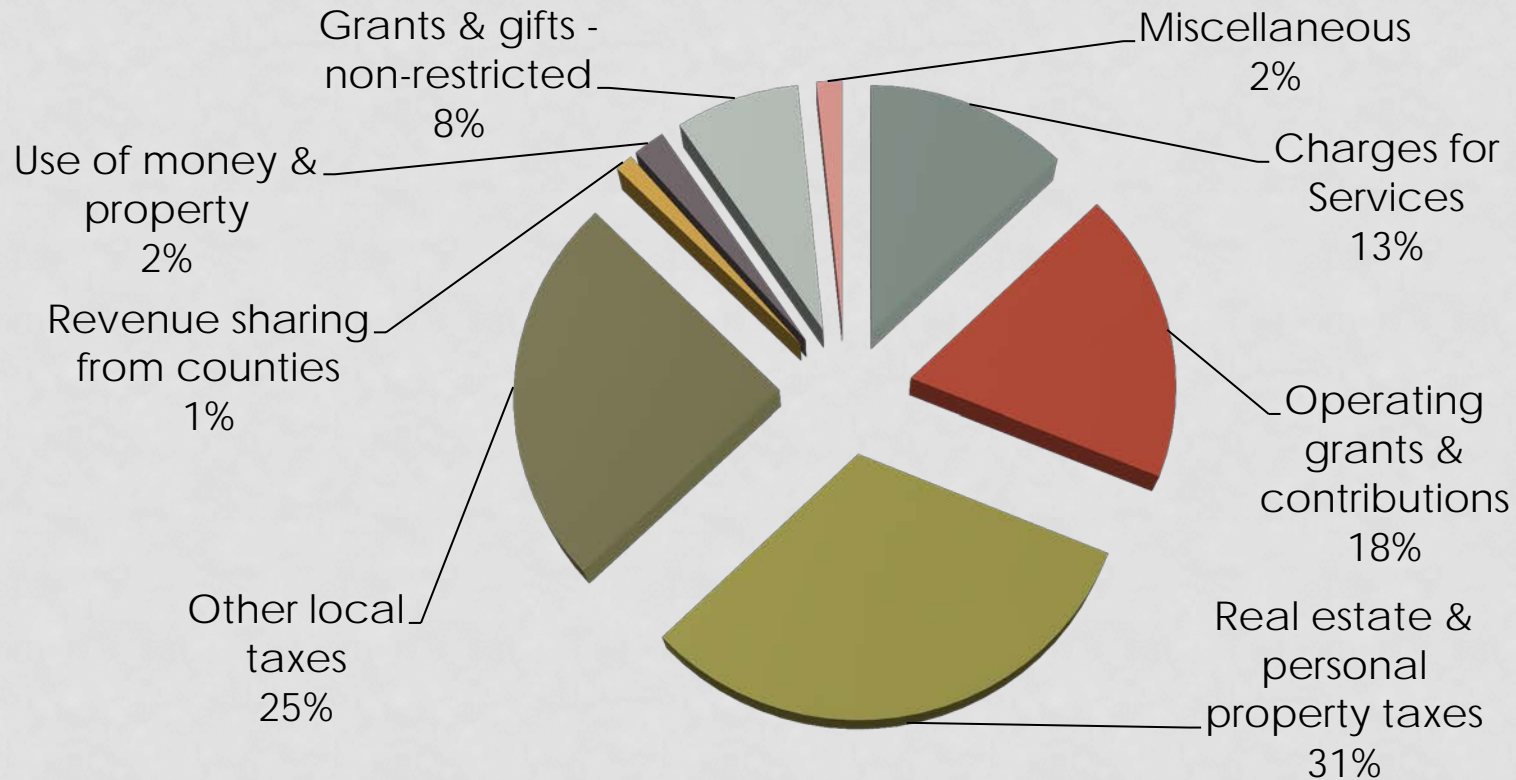
- The School Board's net position was \$8.8 million
 - \$9.0 million reported as invested in capital assets
 - Remaining (\$177,000) unrestricted.
 - Net position decreased by \$728,000 from previous year

REVENUES

- Revenues from governmental activities totaled \$21.4 million
 - General Revenues, specifically Property Taxes and Other Local Taxes, are the largest components of revenues (56 percent)
 - Overall increase in revenue from Real Estate and Personal Property Taxes from \$6.5 million in 2012 to \$6.8 million in 2013

REVENUES (CONTINUED)

Revenues by Source – Governmental Activities

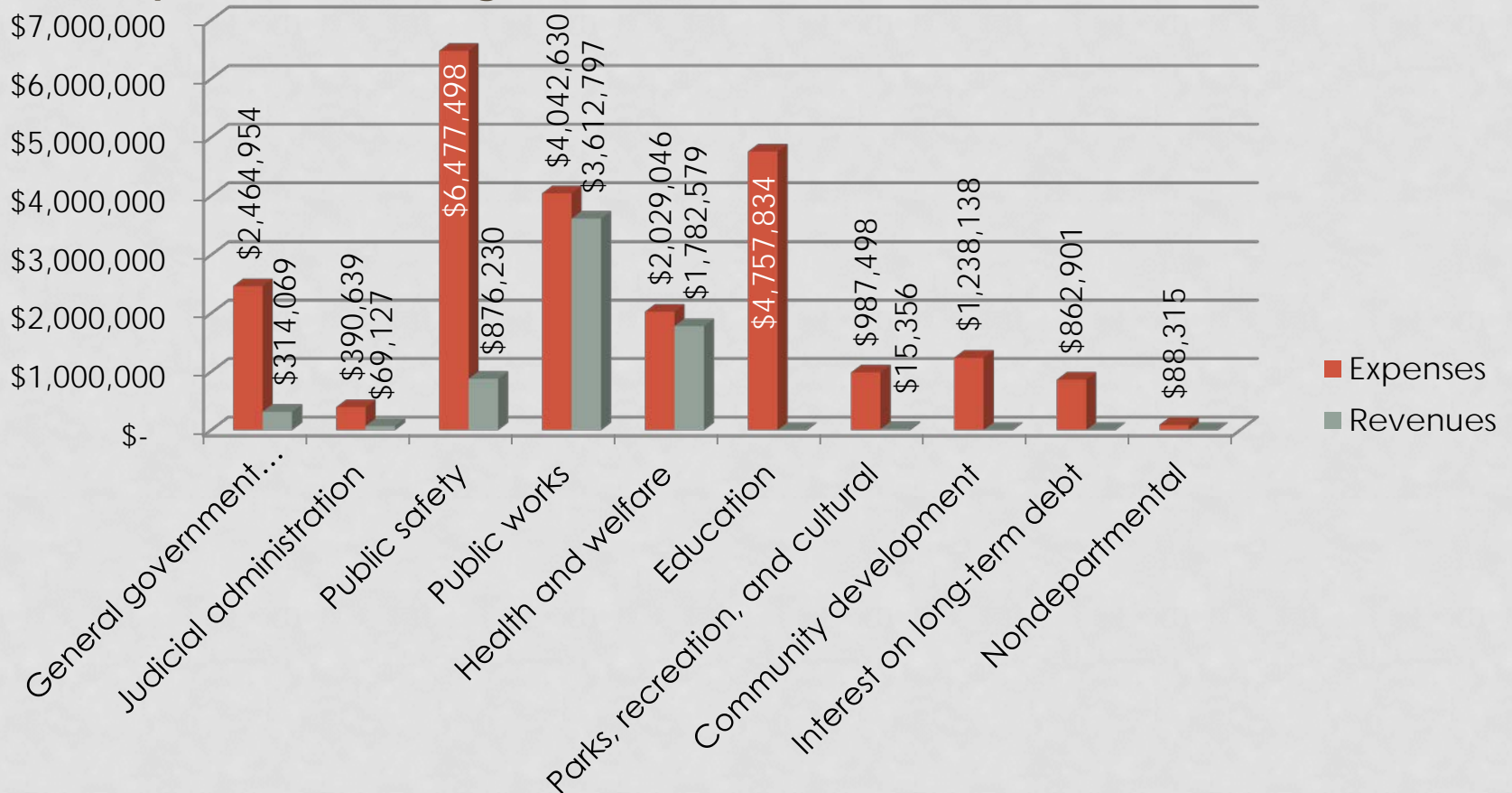


EXPENSES

- Expenses for governmental activities totaled \$23.3 million
 - Decrease of \$118,000 from previous year
 - Public Safety largest expense function (same as previous year)

EXPENSES (CONTINUED)

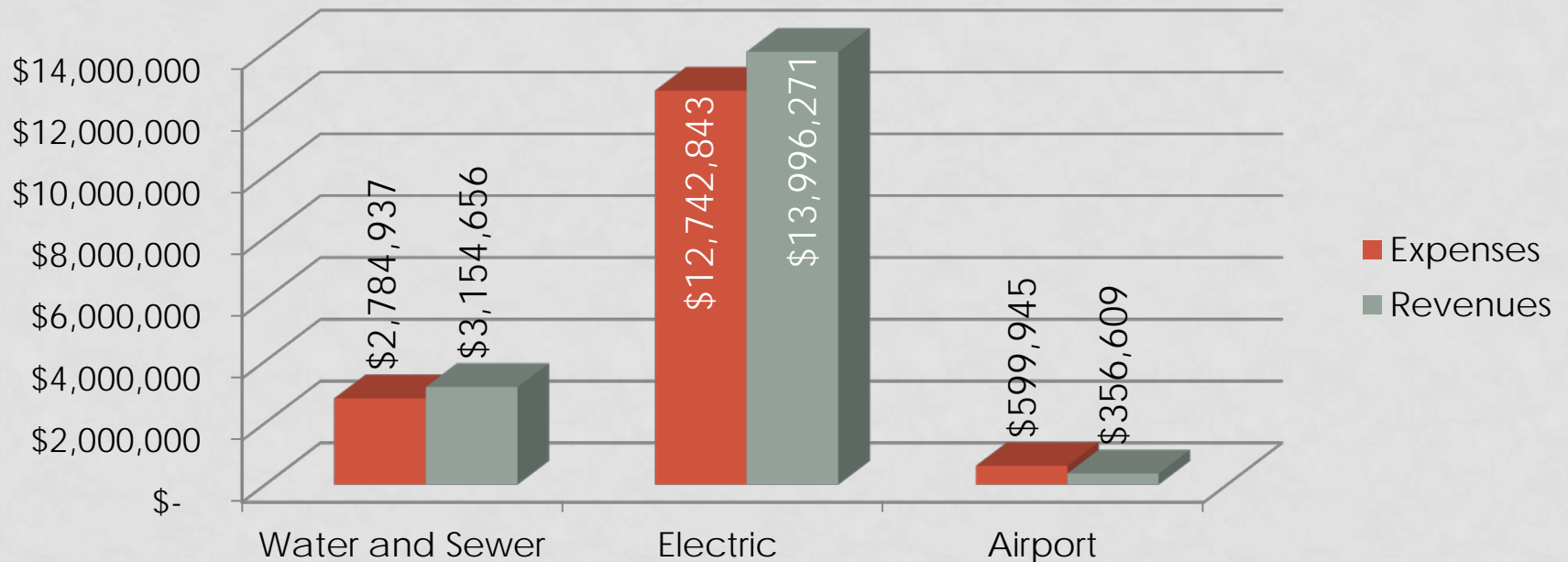
Expenses and Program Revenues – Governmental Activities



BUSINESS-TYPE ACTIVITIES

- Total revenues of \$17.5 million
- Total expenses of \$16.1 million

Expenses and Program Revenues



GENERAL FUND

- Fund balance of \$8.7 million
- Actual revenues and other financing sources, including transfers, were less than amended budget revenues by \$1.6 million
- Expenditures, transfers and other uses of funds were \$3.4 million less than amended budget

LONG-TERM DEBT

- The City's total outstanding general obligation debt was \$20.4 million
 - Includes \$5.3 million of business-type activity debt supported by the enterprise fund
 - Of remaining amount, \$7.4 million is school-related and \$7.7 million is general government debt
 - Total outstanding general obligation grew by \$3.7 million from previous year

RECOMMENDATIONS

- The City has a good focus on Internal Controls, which is essential to ensuring that any potential misstatements or errors are detected; keep these practices in place.
- Personnel responsible for the accounting and finance functions within the City are well trained and knowledgeable; this is important for ensuring the proper management of this function.

CONCLUSION

Thank you for allowing Davis and Associates to support this important audit engagement.