

City of Franklin

Comprehensive Annual Financial Report

For the Year Ended December 31, 2002



**Auditor of State
Betty Montgomery**

Mayor and Members of City Council
City of Franklin
Street Franklin, Ohio

We have reviewed the Independent Auditor's Report of the City of Franklin, Warren County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Franklin is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 6, 2003

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Introductory Section

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City of Franklin
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002

Issued by:
Office of the Finance Director
Sandra L. Morgan
Finance Director

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2002

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CITY OF FRANKLIN

35 E. Fourth Street • Franklin, Ohio 45005 (937) 746-9921 FAX (937) 746-1136

April 18, 2003

Citizens of Franklin
Mayor and Members of City Council

We are pleased to submit the City of Franklin's (the City) Comprehensive Annual Financial Report for the year ended December 31, 2002. The CAFR is presented in three sections:

1. The Introductory section includes a title page, the table of contents, this letter of transmittal, a list of principal officials, the organizational chart, and the Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of independent accountants on the general purpose financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the City for the past ten years, as well as information on subjects such as overlapping governments and demographics.

This report is the culmination of the efforts of many people. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to set forth fairly the financial position of the City's operations, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

THE CITY OF FRANKLIN

Located in Warren County, Franklin is situated midway between Dayton and Cincinnati in Southwestern Ohio, along the Great Miami River. In 1983, voters approved a home rule charter, effective January 1, 1984, which provides for a Council/Manager form of government. Council members are elected on a non-partisan basis.

CITY ORGANIZATION AND REPORTING ENTITY

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government consists of all funds and departments that are not legally separate from the City. They include a police force, a fire fighting force, a street maintenance and repair force, planning and zoning departments, a parks and recreation system, water and sewer systems, a community development department, and staff to provide essential support to these service providers. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provided financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of the debt or the levying of taxes. The City has one blended component unit (the Franklin Municipal Building Corporation) included in its reporting entity.

Franklin Public Library and the Franklin City School District have been excluded from the City's financial statements because the City is not financially accountable for them nor are the entities fiscally dependent on the City.

The Joint Recreation Facility was determined to be a joint venture. The Warren County General Health District, the Joint Emergency Medical Service and the Ohio-Kentucky-Indiana Regional Council of Governments were determined to be jointly governed organizations (See Note 19).

FORMATION OF THE CITY

Franklin was founded by General William C. Schenck in 1796 as part of a land grant from the Revolutionary War. General Schenck was a great admirer of Ben Franklin, and to honor the famous inventor and statesman, he named the new city after him.

Because of its ideal location, Franklin was always a major link in the transportation chain. During the 1800's it served as a stage coach stop between Dayton and Cincinnati, in addition to being serviced by all the major railroads of that era. A system of canals was built to aid in transporting agricultural goods to and from the market. Mules would pull the flat bottomed boats through the shallow waters of the canals out to the Great Miami River that flows into the Ohio River.

From the early 1900's to the post World War II era, Franklin became known as a paper mill town. Newly founded industries such as Franklin Boxboard, Cheney Pulp and Paper, and Maxwell Paper flourished. As these industries grew and created greater demands for labor, the City's population doubled. This growth continued through the 1970's.

Many changes have occurred in the past two hundred years. Today, Franklin's industrial base is becoming increasingly diversified due to its strategic position along Interstate 75, its easy access to other major transportation arteries, and the diligence of the City Council, Mayor, and Chamber of Commerce.

ECONOMIC CONDITION AND MAJOR INITIATIVES

The continued high level of economic activity in the Miami Valley over the last few years has assisted the efforts of Franklin in increasing its economic base. Since the earned income tax is the City's largest source of income, the creation of new jobs is essential for the City's revenue base.

The City has four excellent industrial/office parks with planned extensions for the future. The year 2002, although a slow year for the economy, saw the construction of 73 new homes with a value of \$8.5 million, a new indoor sports facility and the retention of a major industry that expects to expand in 2003.

The City has also invested in roadway improvement projects. Although additional streets were improved, the two most important projects within the last couple of years involved major thoroughfares within the City – the widening of 2nd Street and improvements to Riley Boulevard from 6th to Main. The City received substantial amounts of grant money for both of these projects. The Riley Boulevard project won two engineering industry awards – an Honor Award in the American Consulting Engineers Council Ohio 2002 Engineering Excellence Awards program and the 2001 Donald C. Schramm Transportation

Improvement Award given by the American Society of Highway Engineers, Triko Valley Section. With the assistance of additional grant money, another important street project, the widening of Riley Boulevard from 2nd Street to 6th Street, is currently under construction and will be completed in late 2003. Another project, the City's portion of "The Great Connection" bike-path system, is also in the planning stage (by the Miami Conservancy District) and should begin construction in the fall quarter with completion in mid 2004.

Another major initiative by Franklin involved the City's water system. Franklin has received national acclaim for its public-private partnerships. The privatization of the wastewater treatment plant with US Filter/Environmental Operating Service was the first full privatization of an EPA grant-funded wastewater treatment plant in the nation. The City followed that venture with another public-private partnership with Earth Tech regarding the City's water treatment facility.

The above projects are indicative of the proactive and aggressive nature of the Franklin City Council.

The City's water system allows Franklin to sell water to surrounding communities. In effect, the City's water system has become a regional one with Franklin currently having water sales contracts with the City of Carlisle and Warren County. The water sales contracts along with the treatment plants ensure the continued efficient use of this valuable natural resource.

A further initiative began in 2000 when, due to the City's space needs, a facility improvement Master Plan was initiated for the City's Public Works Department, the Police and Fire Departments, the Municipal Court, and the City's Administration offices. The facility improvement process began with a partnership with the Franklin Public Library. The Library was also investigating facility improvement options due to space limitations. The City and the Library entered into an agreement such that the City acquired the existing Library building at a reduced cost in exchange for City property. The Library's new building, built on former City property, was fully operational in August 2002. The second phase of the City's facilities plan, the building of a new Public Works building, was approved in early 2001 and became fully operational in November 2001. Further facility upgrades may evolve from the Master Plan.

The reconstruction and widening of Riley Boulevard, a major traffic artery through the downtown, required the removal of the City of Franklin Service Building that housed the police, fire and public works departments. The City aggressively pursued the financing and construction of new public facilities to provide new housing for these departments. A new 25,360 square foot building costing \$1,982,000 was constructed for the public works department and completed in November 2001. This was immediately followed by the construction of a new 12,145 square foot fire Department Headquarters for \$1,752,000. This facility was available for occupancy in October 2002. The Police Department moved into the remodeled library in January 2003. The remodeling effort for the 11,250 square foot facility cost an additional \$655,477.

FINANCIAL INFORMATION

Accounting System and Budgetary Control

The City's records are maintained on a cash basis for all fund types. Following the year-end closing, necessary adjustments are made to the cash basis records to produce this CAFR. For Governmental and related Fiduciary Funds, the modified accrual basis of accounting is used for reporting purposes. This means that revenues are recognized when both measurable and available and expenditures are recognized when the fund liability is incurred.

The accrual basis of accounting is used for Proprietary Funds, which recognizes revenues when earned and expenses when incurred. A more detailed explanation of the basis of accounting for various funds is included in the Notes to the General Purpose Financial Statements, located in the Financial section of this report.

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase. Each department head is furnished a monthly budget report showing the status of the budget accounts for which he or she is responsible. The budget reports detail monthly transactions and summarize the balances available to be spent from the allocated appropriations.

Fund Structure

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The type of funds used is determined by the Ohio Revised Code, by Ordinances and Resolutions of City Council, and by accounting principles generally accepted in the United States of America. The number of individual funds established is determined by prudent financial administration.

General Fixed Assets

The general fixed assets of the City include all City owned land, buildings, improvements other than buildings, vehicles, furniture and equipment, and construction in progress used in the performance of general governmental functions. The general fixed assets exclude the fixed assets of the Proprietary Funds. Infrastructure improvements, such as roads, storm sewers, curbs and sidewalks, are not included in the fixed assets of either the General Fixed Assets Accounts Group or the Proprietary Funds. Water and sewer lines are included in the Proprietary Funds. As of December 31, 2002, the general fixed assets of the City amounted to \$10,134,990. This amount represents actual cost or estimated actual cost, if actual cost was not available.

General Government Functions

The Governmental Funds include the General, Special Revenue, Debt Service, and Capital Projects fund types. All financial data for Proprietary and Fiduciary Funds is excluded from the following analysis. Governmental Fund's revenues and variances when compared to last year are summarized below:

Revenues	2001	2002	Increase (Decrease)	Percent of Increase (Decrease)
Property and Other Local Taxes	\$553,312	\$586,426	\$33,114	5.98%
Income Taxes	4,185,384	4,308,743	123,359	2.95%
Charges for Services	123,252	163,242	39,990	32.45%
Fines, Licenses and Permits	698,088	888,535	190,447	27.28%
Intergovernmental	2,137,645	1,724,847	(412,798)	(19.31%)
Special Assessments	491,293	470,678	(20,615)	(4.20%)
Interest	264,572	175,233	(89,339)	(33.77%)
Other	392,324	223,913	(168,411)	(42.93%)
Total	<u>\$8,845,870</u>	<u>\$8,541,617</u>	<u>(\$304,253)</u>	(3.40%)

Charges for Services increased due to an increase in court improvement charges assessed in the City Municipal Court and recorded in the Court Improvement fund.

Fines, Licenses and Permits increased due to an increase in sales of building and liquor permits in the General fund. In addition, the City began billing insurance companies for fire runs made by the City fire department.

Intergovernmental revenues decreased due to a decrease in grant monies received for street improvements in the Issue Two Capital Projects fund.

Investment income decreased due to a decrease in funds available for investment during the year.

Other revenue decreased due to a decrease in donations in the General fund and a decrease in the amount received as a refund from the Bureau of Workers' Compensation in the General fund and Street fund.

The following schedule presents a summary of Governmental fund expenditures and variances as compared to last year.

Expenditures	2001	2002	Increase (Decrease)	Percent of Increase (Decrease)
General Government	\$1,916,202	\$1,924,764	\$8,562	0.45%
Security of Persons and Property	3,534,114	3,630,531	96,417	0.26%
Public Health and Welfare	18,503	9,241	(9,262)	(50.06%)
Transportation	618,165	773,026	154,861	25.05%
Leisure Time Activities	232,485	230,120	(2,365)	(1.02%)
Community Environment	141,755	287,215	145,460	102.61%
Basic Utility Services	96,090	90,078	(6,012)	(6.26%)
Capital Outlay	4,072,598	3,210,715	(861,883)	(21.16%)
Debt Service:				
Principal Retirement	332,780	376,349	43,569	13.09%
Interest and Fiscal Charges	422,142	562,843	140,701	33.33%
Total	<u>\$11,384,834</u>	<u>\$11,094,882</u>	<u>(\$289,952)</u>	(2.55%)

Public Health and Welfare expenditures decreased due to a decrease in expenditures for computer equipment in the Computer Research fund.

Transportation expenditures increased mainly due to the purchase of a new street sweeper.

Community environment increased due to an increase in expenditures for street improvements related to the City's Community Development Block Grant in the Community Development fund..

Capital Outlay decreased due to a decrease in expenditures related to Issue Two street improvement projects.

Interest and fiscal charges increased mainly due to the payment of interest on the new Public Works Facility General Obligation Bonds.

General Fund Balance

In 2002, revenues and other financing sources of \$6,862,513 were greater than expenditures and other financing uses by \$464,564, resulting in a fund balance of \$2,845,103 at December 31, 2002.

Special Revenue Funds

The Special Revenue Funds are created to account for funds from specifically identified sources that must be maintained and accounted for separately. The City's major Special Revenue Funds consist of the Community Development Fund, the Fire Pension Fund, the Police Pension Fund, the Recreation Fund, the Street Fund, and the Street Lighting Fund.

All Special Revenue Funds, on a combined basis, operated with \$1,647,941 in revenues and other financing sources and \$1,749,842 in expenditures and other financing uses. The December 31, 2002, fund balances totaled \$1,218,611.

Capital Projects Funds

All Capital Projects Funds, on a combined basis, operated with \$5,401,268 in revenues and other financing sources and \$3,256,535 in expenditures in 2002 that resulted in a increase in fund balances of \$2,144,733. Capital Projects Funds will continue to be used to provide resources for capital improvements and renovations, and to acquire fixed assets as the City Council authorizes expenditures of bond and note proceeds.

Proprietary Funds

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Enterprise Operations

The City has three Enterprise Funds: Water, Sewer and Trash. Financial statements for these funds are included in this report. The Enterprise Funds are user fee supported.

	Total Assets	Total Equity	Net Income (Loss)	Return on Equity
Water	\$8,419,181	\$1,832,298	(\$132,307)	(7.22%)
Sewer	2,792,811	2,122,574	407,363	19.19%
Trash	186,262	143,679	(11,694)	(8.14%)

During 2002, the City's interest income in the Water fund decreased significantly. In addition, interest and fiscal charges on debt issues increased. In the Trash fund, contractual service expenditures increased significantly due to increased fees charge by the City's trash hauling contractor.

Fiduciary Funds

The City uses Fiduciary Funds to hold assets in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Fiduciary Fund types are Expendable Trust and Agency Funds.

Expendable Trust Fund

The Unclaimed Monies Fund holds and accounts for monies that have yet to be claimed by their rightful owners. This fund had a fund balance of \$2,598 as of December 31, 2002.

Agency Funds

These funds are strictly of a custodial nature and as such do not measure the results of operation. The City has four Agency Funds. The Agency Funds of the City include:

- Municipal Court
- Joint Emergency Medical Services (JEMS)
- Joint Recreation
- Building Standards Fee

DEBT ADMINISTRATION

The Debt Service Fund is used to pay the general obligations of the City and is used to accumulate resources for the payment of general and special assessment debt principal and interest.

At December 31, 2002, general obligation bonded debt outstanding payable from the Debt Service Fund amounted to \$6,430,000 while special assessment bonds totaled \$4,258,000. Special assessment debt is paid from assessments against property owners who benefited from the capital construction financed by the debt issue. In the event property owners fail to make the required payments, the City would be responsible for the debt service.

Debt expected to be paid from Enterprise Fund revenues is reported as a liability of the Enterprise Funds. Enterprise Fund bond and loan obligations at December 31, 2002, totaled \$6,250,442.

Short-term bond anticipation note debt outstanding at December 31, 2002, amounted to \$1,285,600. Long-term bond anticipation note debt outstanding at December 31, 2002 amounted to \$200,000, and consisted of fire equipment bond anticipation notes which were reissued after year end and prior to the release of this report. Consolidated notes were issued for construction of a new police department, street improvements, and a new street sweeper in the amount of \$1,115,600. In addition, notes were issued for the acquisition of new fire equipment and street improvements were issued for \$200,000 and \$170,000, respectively.

The ratio of general bonded debt to assessed valuation and the amount of bonded debt per capita are considered good indicators of the City's debt position to city manager, citizens, and investors in general governmental debt.

The City's debt position as of December 31, 2002, was as follows:

Overall Legal Debt Margin	\$15,861,087
Unvoted Legal Debt Margin	\$4,538,855
Ratio of Net Bonded Debt to Assessed Valuation	2.84%
Net Bonded Debt Per Capita	\$564.23

CASH MANAGEMENT

The Finance Director is in charge of the City's cash management program. All City cash is pooled for investment purposes. During 2002, the City earned \$227,957 in interest. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The City regularly reviews the market value of the pool to ensure that adequate collateral is being provided. The City invests in STAROhio, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, money market mutual funds, and certificates of deposit.

RISK MANAGEMENT

The City is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The City is also covered under the State Workers' Compensation Fund. Every effort is made by the City Administration to monitor insurance costs and related risk to insure proper fiscal management in this area.

A more detailed description of the City's insurance coverage may be found in Note 13 to the financial statements.

OTHER INFORMATION

Independent Audit

This report includes an unqualified audit report regarding the City's general purpose financial statements. This year's audit was conducted by the accounting firm of Trimble, Julian & Grube, Inc. The Independent Accountants' Report on the general purpose financial statements is included in the financial section of this report. The auditor's report related specifically to internal controls and compliance with applicable laws and regulations is presented in a separate report that may be obtained from the City finance office.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin, Ohio, for its 2001 Comprehensive Annual Financial Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement to any governmental unit that publishes an easily readable and efficiently organized CAFR that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.


The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment is a significant accomplishment by a governmental unit.

We believe this report conforms to the reporting standards set forth by the GFOA. We are submitting our current Comprehensive Annual Financial Report for review and determination of eligibility for a certificate for 2002.


Acknowledgments

A note of sincere appreciation is extended to the many conscientious people who have contributed their time and effort to prepare this report. A special thank you is also extended to Betty Montgomery, Auditor of State, and to her Local Government Services staff for their assistance and guidance in the preparation of this CAFR.

Respectfully submitted,



Sandra L. Morgan
Finance Director



James Lukas
City Manager

City of Franklin

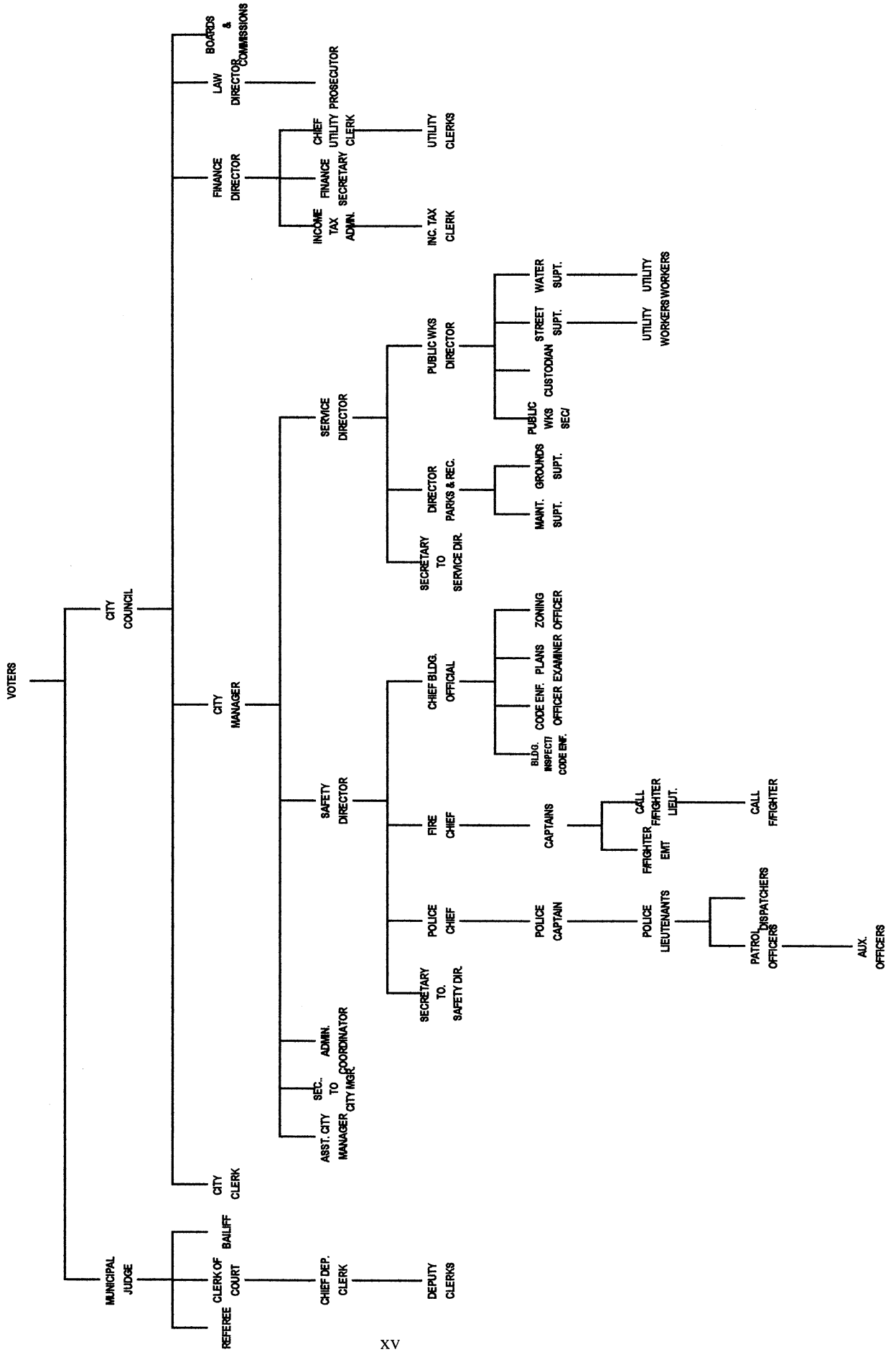
List of Principal Officials

December 31, 2002

<u>OFFICE HELD</u>	<u>NAME OF OFFICIAL</u>
Executive:	
City Manager	James Lucas
Assistant City Manager	Edward Schwaberow
Finance Director	Sandra L. Howell
Law Director	Steven Runge
Legislative:	
Mayor	Greg Sample
Vice Mayor	Wilburn DePew
Council-At-Large	Todd Hall
	Denny Centers
	Jim Mears
	Billy Estes
	Scott Lipps
Judicial:	
Municipal Court Judge	James Ruppert
Municipal Court Clerk	Sherry Mullins
Administrative:	
City Clerk	Jane McGee
Income Tax Administrator	Norma Kennard
Police Chief	Robert Rockwood
Fire Chief	Jonathan Westendorf
Public Works Director	Howard Lewis
Chief Building Official	Don Woods

CITY of FRANKLIN

2002 Organizational Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Franklin,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



William Patrick Bate
President

Jeffrey R. Emer
Executive Director

Financial Section

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report

Mayor and Members of Council
City of Franklin
35 East Fourth Street
Franklin, Ohio 45005

We have audited the accompanying general purpose financial statements of the City of Franklin, Warren County, (the “City”), as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City’s management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Franklin, Warren County, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2003, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Independent Auditor's Report
City of Franklin

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.

Trimble, Julian, & Grube, Inc.

Trimble, Julian & Grube, Inc.
April 18, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the City's financial position at December 31, 2002, and the results of operations and cash flows of its proprietary fund type for the year then ended.

CITY OF FRANKLIN, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,503,268	\$1,254,013	\$0	\$1,624,131
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	13,790	0
Receivables:				
Taxes	1,455,939	785,114	0	0
Accounts	54,945	0	0	0
Interfund	263,812	2,939	48,953	619
Special Assessments	0	85,260	6,290,241	0
Accrued Interest	37,905	0	0	0
Due from Other Funds	84,417	0	0	0
Due from Other Governments	308,066	249,956	0	0
Materials and Supplies Inventory	22,097	118,255	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Trustee	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount to be Provided for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$4,730,449</u>	<u>\$2,495,537</u>	<u>\$6,352,984</u>	<u>\$1,624,750</u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$957,857	\$14,587	\$0	\$0	\$6,353,856
0	175,699	0	0	175,699
0	0	0	0	13,790
0	0	0	0	2,241,053
1,108,303	0	0	0	1,163,248
51,586	0	0	0	367,909
0	0	0	0	6,375,501
0	0	0	0	37,905
0	0	0	0	84,417
4,500	13	0	0	562,535
21,303	0	0	0	161,655
504,956	0	0	0	504,956
373,983	0	0	0	373,983
8,375,766	0	10,134,990	0	18,510,756
0	0	0	4,258,000	4,258,000
0	0	0	7,590,693	7,590,693
<u>\$11,398,254</u>	<u>\$190,299</u>	<u>\$10,134,990</u>	<u>\$11,848,693</u>	<u>\$48,775,956</u>

(continued)

CITY OF FRANKLIN, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2002
(continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$77,326	\$41,032	\$0	\$686
Contracts Payable	1,340	0	0	372,939
Interfund Payable	65,927	0	174,563	119,608
Accrued Wages and Benefits	206,121	20,290	0	0
Compensated Absences Payable	21,133	4,630	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	179,073	18,860	0	0
Deferred Revenue	1,334,426	1,085,806	6,290,241	0
Undistributed Monies	0	0	0	0
Deposits Held and Due to Others	0	0	0	0
Matured Bonds Payable	0	0	10,500	0
Matured Interest Payable	0	0	2,330	0
Accrued Interest Payable	0	408	0	3,886
Notes Payable	0	105,900	0	1,179,700
Payable from Restricted Assets:				
Mortgage Revenue Bonds Payable	0	0	0	0
Refundable Deposits	0	0	0	0
Accrued Interest Payable	0	0	0	0
Police and Fire Pension	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0
Total Liabilities	<u>1,885,346</u>	<u>1,276,926</u>	<u>6,477,634</u>	<u>1,676,819</u>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Revenue Bond Replacement and Improvement	0	0	0	0
Reserved for Revenue Bond Future Debt Service	0	0	0	0
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	116,235	21,010	0	14,132
Reserved for Inventory	22,097	118,255	0	0
Unreserved: Undesignated (Deficit)	<u>2,706,771</u>	<u>1,079,346</u>	<u>(124,650)</u>	<u>(66,201)</u>
Total Fund Equity (Deficit) and Other Credits	<u>2,845,103</u>	<u>1,218,611</u>	<u>(124,650)</u>	<u>(52,069)</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$4,730,449</u>	<u>\$2,495,537</u>	<u>\$6,352,984</u>	<u>\$1,624,750</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$342,197	\$0	\$0	\$0	\$461,241
349,943	0	0	0	724,222
7,798	13	0	0	367,909
34,119	0	0	0	260,530
186,785	0	0	566,570	779,118
0	84,417	0	0	84,417
29,369	74,406	0	249,207	550,915
0	0	0	0	8,710,473
0	18,792	0	0	18,792
0	10,073	0	0	10,073
0	0	0	0	10,500
0	0	0	0	2,330
0	0	0	0	4,294
0	0	0	200,000	1,485,600
100,000	0	0	0	100,000
63,130	0	0	0	63,130
35,920	0	0	0	35,920
0	0	0	75,337	75,337
3,610,000	0	0	0	3,610,000
0	0	0	69,579	69,579
2,540,442	0	0	0	2,540,442
0	0	0	6,430,000	6,430,000
0	0	0	4,258,000	4,258,000
<u>7,299,703</u>	<u>187,701</u>	<u>0</u>	<u>11,848,693</u>	<u>30,652,822</u>
0	0	10,134,990	0	10,134,990
472,596	0	0	0	472,596
347,706	0	0	0	347,706
373,983	0	0	0	373,983
2,904,266	0	0	0	2,904,266
0	0	0	0	151,377
0	0	0	0	140,352
0	2,598	0	0	3,597,864
<u>4,098,551</u>	<u>2,598</u>	<u>10,134,990</u>	<u>0</u>	<u>18,123,134</u>
<u>\$11,398,254</u>	<u>\$190,299</u>	<u>\$10,134,990</u>	<u>\$11,848,693</u>	<u>\$48,775,956</u>

CITY OF FRANKLIN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	(Memorandum Only)
Revenues:						
Property and Other Local Taxes	\$433,057	\$153,369	\$0	\$0	\$0	\$586,426
Income Taxes	4,240,948	67,795	0	0	0	4,308,743
Charges for Services	49,660	113,582	0	0	0	163,242
Fines, Licenses and Permits	867,683	20,852	0	0	0	888,535
Intergovernmental	688,466	633,514	0	402,867	0	1,724,847
Special Assessments	0	86,616	384,062	0	0	470,678
Investment Income	173,361	1,872	0	0	0	175,233
Other	209,338	5,353	9,222	0	0	223,913
Total Revenues	6,662,513	1,082,953	393,284	402,867	0	8,541,617
Expenditures:						
Current:						
General Government	1,921,684	3,080	0	0	0	1,924,764
Security of Persons and Property	3,244,927	385,604	0	0	0	3,630,531
Public Health and Welfare	0	9,241	0	0	0	9,241
Transportation	0	773,026	0	0	0	773,026
Leisure Time Activities	45,000	185,120	0	0	0	230,120
Community Environment	0	287,215	0	0	0	287,215
Basic Utility Services	90,078	0	0	0	0	90,078
Capital Outlay	0	10,458	0	3,200,257	0	3,210,715
Debt Service:						
Principal Retirement	20,349	0	356,000	0	0	376,349
Interest and Fiscal Charges	7,816	408	498,341	56,278	0	562,843
Total Expenditures	5,329,854	1,654,152	854,341	3,256,535	0	11,094,882
Excess of Revenues Over (Under) Expenditures	1,332,659	(571,199)	(461,057)	(2,853,668)	0	(2,553,265)
Other Financing Sources (Uses):						
Proceeds of Bonds	0	0	0	4,625,000	0	4,625,000
Proceeds of Notes	200,000	0	0	0	0	200,000
Operating Transfers - In	0	564,988	269,396	373,401	0	1,207,785
Operating Transfers - Out	(1,068,095)	(95,690)	0	0	0	(1,163,785)
Total Other Financing Sources (Uses)	(868,095)	469,298	269,396	4,998,401	0	4,869,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	464,564	(101,901)	(191,661)	2,144,733	0	2,315,735
Fund Balances (Deficit) at Beginning of Year	2,382,433	1,307,267	67,011	(2,196,802)	2,598	1,562,507
Increase (Decrease) in Reserve for Inventory	(1,894)	13,245	0	0	0	11,351
Fund Balances (Deficit) at End of Year	\$2,845,103	\$1,218,611	(\$124,650)	(\$52,069)	\$2,598	\$3,889,593

See accompanying notes to the general purpose financial statements

CITY OF FRANKLIN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Local Taxes	\$463,598	\$437,025	(\$26,573)	\$160,101	\$153,370	(\$6,731)
Income Taxes	4,041,129	4,386,306	345,177	77,876	67,795	(10,081)
Charges for Services	41,912	49,660	7,748	86,071	113,582	27,511
Fines, Licenses, and Permits	693,185	821,252	128,067	13,500	20,852	7,352
Intergovernmental	650,585	669,772	19,187	700,940	636,585	(64,355)
Special Assessments	0	0	0	87,000	86,616	(384)
Interest	459,121	277,105	(182,016)	292	1,932	1,640
Other	245,279	307,509	62,230	1,181	5,353	4,172
Total Revenues	6,594,809	6,948,629	353,820	1,126,961	1,086,085	(40,876)
Expenditures:						
Current:						
General Government	2,005,137	1,896,827	108,310	5,000	2,100	2,900
Security of Persons and Property	3,669,270	3,355,784	313,486	438,632	393,674	44,958
Public Health and Welfare	0	0	0	140,000	15,589	124,411
Transportation	0	0	0	899,217	780,706	118,511
Leisure Time Activities	45,000	45,000	0	235,932	185,528	50,404
Community Environment	0	0	0	391,240	301,326	89,914
Basic Utility Services	119,300	107,852	11,448	0	0	0
Capital Outlay	0	0	0	50,000	10,458	39,542
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	5,838,707	5,405,463	433,244	2,160,021	1,689,381	470,640
Excess of Revenues Over (Under) Expenditures	756,102	1,543,166	787,064	(1,033,060)	(603,296)	429,764
Other Financing Sources (Uses):						
Proceeds of Bonds	0	0	0	0	0	0
Proceeds of Notes	0	0	0	0	105,900	105,900
Sale of Fixed Assets	2,000	0	(2,000)	0	0	0
Advances - In	0	50,000	50,000	0	0	0
Advances - Out	0	(262,563)	(262,563)	0	0	0
Operating Transfers - In	0	0	0	386,540	564,988	178,448
Operating Transfers - Out	(936,900)	(1,197,078)	(260,178)	(94,000)	(95,690)	(1,690)
Total Other Financing Sources (Uses)	(934,900)	(1,409,641)	(474,741)	292,540	575,198	282,658
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(178,798)	133,525	312,323	(740,520)	(28,098)	712,422
Fund Balances at Beginning of Year	2,001,973	2,001,973	0	1,223,946	1,223,946	0
Prior Year Encumbrances Appropriated	164,886	164,886	0	19,581	19,581	0
Fund Balances (Deficits) at End of Year	\$1,988,061	\$2,300,384	\$312,323	\$503,007	\$1,215,429	\$712,422

(continued)

CITY OF FRANKLIN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002
(continued)

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Local Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Income Taxes	0	0	0	0	0	0
Charges for Services	0	0	0	0	0	0
Fines, Licenses, and Permits	0	0	0	0	0	0
Intergovernmental	0	0	0	253,143	523,989	270,846
Special Assessments	373,545	384,062	10,517	0	0	0
Interest	0	0	0	0	0	0
Other	0	9,222	9,222	0	0	0
Total Revenues	373,545	393,284	19,739	253,143	523,989	270,846
Expenditures:						
Current:						
General Government	0	0	0	0	0	0
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Capital Outlay	0	0	0	3,863,421	3,769,391	94,030
Debt Service:						
Principal Retirement	3,053,432	3,092,000	(38,568)	0	0	0
Interest and Fiscal Charges	362,568	587,965	(225,397)	0	12,387	(12,387)
Total Expenditures	3,416,000	3,679,965	(263,965)	3,863,421	3,781,778	81,643
Excess of Revenues Over (Under) Expenditures	(3,042,455)	(3,286,681)	(244,226)	(3,610,278)	(3,257,789)	352,489
Other Financing Sources (Uses):						
Proceeds of Bonds	2,000,000	2,000,000	0	2,341,391	2,625,000	283,609
Proceeds of Notes	1,126,472	411,000	(715,472)	175,000	968,700	793,700
Sale of Fixed Assets	0	0	0	0	0	0
Advances - In	0	262,563	262,563	0	0	0
Advances - Out	0	0	0	0	(50,000)	(50,000)
Operating Transfers - In	777,003	596,639	(180,364)	0	203,751	203,751
Operating Transfers - Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	3,903,475	3,270,202	(633,273)	2,516,391	3,747,451	1,231,060
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	861,020	(16,479)	(877,499)	(1,093,887)	489,662	1,583,549
Fund Balances at Beginning of Year	16,479	16,479	0	913,532	913,532	0
Prior Year Encumbrances Appropriated	0	0	0	0	0	0
Fund Balances (Deficits) at End of Year	\$877,499	\$0	(\$877,499)	(\$180,355)	\$1,403,194	\$1,583,549

See accompanying notes to the general purpose financial statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$623,699	\$590,395	(\$33,304)
0	0	0	4,119,005	4,454,101	335,096
0	0	0	127,983	163,242	35,259
0	0	0	706,685	842,104	135,419
0	0	0	1,604,668	1,830,346	225,678
0	0	0	460,545	470,678	10,133
0	0	0	459,413	279,037	(180,376)
1,200	0	(1,200)	247,660	322,084	74,424
1,200	0	(1,200)	8,349,658	8,951,987	602,329
0	0	0	2,010,137	1,898,927	111,210
0	0	0	4,107,902	3,749,458	358,444
0	0	0	140,000	15,589	124,411
0	0	0	899,217	780,706	118,511
0	0	0	280,932	230,528	50,404
0	0	0	391,240	301,326	89,914
0	0	0	119,300	107,852	11,448
0	0	0	3,913,421	3,779,849	133,572
0	0	0	3,053,432	3,092,000	(38,568)
0	0	0	362,568	600,352	(237,784)
0	0	0	15,278,149	14,556,587	721,562
1,200	0	(1,200)	(6,928,491)	(5,604,600)	1,323,891
0	0	0	4,341,391	4,625,000	283,609
0	0	0	1,301,472	1,485,600	184,128
0	0	0	2,000	0	(2,000)
0	0	0	0	312,563	312,563
0	0	0	0	(312,563)	(312,563)
0	0	0	1,163,543	1,365,378	201,835
(2,200)	0	2,200	(1,033,100)	(1,292,768)	(259,668)
(2,200)	0	2,200	5,775,306	6,183,210	407,904
(1,000)	0	1,000	(1,153,185)	578,610	1,731,795
2,598	2,598	0	4,158,528	4,158,528	0
0	0	0	184,467	184,467	0
\$1,598	\$2,598	\$1,000	\$3,189,810	\$4,921,605	\$1,731,795

***CITY OF FRANKLIN, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND EQUITY
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 2002***

	<u>Enterprise</u>
Operating Revenues:	
Charges for Services	\$5,108,764
Other Operating Revenues	<u>104,652</u>
Total Operating Revenues	<u>5,213,416</u>
Operating Expenses:	
Personal Services	826,946
Contractual Services	3,205,206
Materials and Supplies	150,781
Depreciation	<u>374,235</u>
Total Operating Expenses	<u>4,557,168</u>
Operating Income	<u>656,248</u>
Non-Operating Revenues (Expenses):	
Loss on the Disposal of Fixed Assets	(5,340)
Interest and Fiscal Charges	(396,270)
Interest Revenue	<u>52,724</u>
Total Non-Operating Revenues (Expenses)	<u>(348,886)</u>
Income Before Operating Transfers	307,362
Operating Transfers - In	51,825
Operating Transfers - Out	<u>(95,825)</u>
Net Income	263,362
Retained Earnings at Beginning of Year	<u>3,362,593</u>
Retained Earnings at End of Year	3,625,955
Contributed Capital at Beginning and End of Year	<u>472,596</u>
Fund Equity at End of Year	<u><u>\$4,098,551</u></u>

See accompanying notes to the general purpose financial statements

CITY OF FRANKLIN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Charges for Services	\$4,697,821	\$4,807,704	\$109,883
Intergovernmental	0	0	0
Special Assessments	370	0	(370)
Deposits Received	25,806	40,200	14,394
Interest	47,849	50,453	2,604
Other	654	104,652	103,998
Total Revenues	<u>4,772,500</u>	<u>5,003,009</u>	<u>230,509</u>
Expenses:			
Current:			
Personal Services	879,722	800,322	79,400
Contractual Services	3,562,415	3,524,889	37,526
Claims and Judgements	0	0	0
Materials and Supplies	193,021	179,164	13,857
Deposit Refunds	26,951	26,870	81
Capital Outlay	700,000	374,268	325,732
Debt Service:			
Principal Retirement	170,498	170,498	0
Interest and Fiscal Charges	396,416	396,219	197
Total Expenses	<u>5,929,023</u>	<u>5,472,230</u>	<u>456,793</u>
Excess of Revenues Under Expenses	(1,156,523)	(469,221)	687,302
Other Financing Uses:			
Operating Transfers - Out	<u>(121,692)</u>	<u>(95,825)</u>	<u>25,867</u>
Excess of Revenues Under Expenses and Operating Transfers	(1,278,215)	(565,046)	713,169
Fund Equity at Beginning of Year	1,957,688	1,957,688	0
Prior Year Encumbrances Appropriated	<u>32,916</u>	<u>32,916</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$712,389</u></u>	<u><u>\$1,425,558</u></u>	<u><u>\$713,169</u></u>

See accompanying notes to the general purpose financial statements

CITY OF FRANKLIN, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Enterprise</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$4,807,704
Cash Paid for Employee Services and Benefits	(800,322)
Cash Paid to Suppliers for Goods and Services	(3,637,258)
Utility Deposits Received	40,200
Utility Deposits Returned	(26,870)
Other Operating Revenues	<u>104,652</u>
Net Cash Provided by Operating Activities	<u>488,106</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Transfers - Out to Other Funds	<u>(95,825)</u>
Net Cash Used For Noncapital Financing Activities	<u>(95,825)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(403,808)
Interest Paid on OWDA Loans	(180,416)
Principal Paid on OWDA Loans	(70,498)
Interest Paid on Mortgage Revenue Bonds	(215,803)
Principal Paid on Mortgage Revenue Bonds	<u>(100,000)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(970,525)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends	<u>2,446</u>
Net Cash Provided by Investing Activities	<u>2,446</u>
Net Decrease in Cash and Cash Equivalents	(575,798)
Cash and Cash Equivalents at Beginning of Year	<u>2,412,594</u>
Cash and Cash Equivalents at End of Year	<u><u>\$1,836,796</u></u>
	(continued)

CITY OF FRANKLIN, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002
(continued)

	<u>Enterprise</u>
Reconciliation of Operating Income to <u>Net Cash Provided by Operating Activities:</u>	
Operating Income	<u>\$656,248</u>
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>	
Depreciation Expense	374,235
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(215,596)
Increase in Due from Other Governments	(1,161)
Increase in Materials and Supplies Inventory	(966)
Decrease in Accounts Payable	(77,369)
Decrease in Contracts Payable	(288,201)
Increase in Accrued Wages and Benefits	8,183
Increase in Compensated Absences Payable	11,130
Increase in Due to Other Governments	8,273
Increase in Refundable Deposits	<u>13,330</u>
Total Adjustments	<u>(168,142)</u>
Net Cash Provided by Operating Activities	<u><u>\$488,106</u></u>

See accompanying notes to the general purpose financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Franklin (the "City") is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1984. The seven-member Council is elected to four - year terms. Annually, Council selects one of its members to serve as Mayor. Council appoints the City Manager, Finance Director and Law Director.

THE REPORTING ENTITY

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds and departments which are not legally separate from the City. They provide various services including a police force, a fire fighting force, street maintenance and repair force, planning and zoning departments, a park and recreation system, a water and sewer system, a contracting service for trash collection, a community development department, and a staff to provide essential support to these service providers. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. The City has one blended component unit included in its reporting entity.

The Franklin Municipal Building Corporation was created under State statute as a corporation whose only purpose is to provide funding for the construction of the City's administration and service buildings. The City appoints a majority of the governing board and is liable for the debt of the organization. Because this service entirely benefits the City, the Franklin Municipal Building Corporation is presented as a blended component unit of the City and has been included as part of the primary government. There was no financial activity in the Corporation in 2002.

The City is associated with one organization which is defined as a joint venture and three organizations which are defined as jointly governed organizations. These organizations are presented in Note 19 of the General Purpose Financial Statements. These organizations are:

Joint Venture:

Joint Recreation Facility

Jointly Governed Organizations:

Warren County General Health District

Joint Emergency Medical Service (JEMS)

Ohio - Kentucky - Indiana Regional Council of Governments (OKI)

The Franklin Municipal Court has been included in the City's financial statements as an agency fund. The clerk of courts has a fiduciary responsibility for the collection and distribution of the court fees and fines.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

BASIS OF PRESENTATION - FUND ACCOUNTING

The City 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 City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group 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.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund - This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to the expendable trust or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)

PROPRIETARY FUNDS

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following is the City's proprietary fund type:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The City's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of the general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured general long-term indebtedness of the City that is not a specific liability of the proprietary funds, including special assessment debt for which the City is obligated in some manner.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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.

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 total assets) 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 total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year the income was earned (See Note 7); revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: income taxes, interest on investments, intergovernmental revenues (including motor vehicle license fees, gasoline tax, local government assistance and grants), fines and forfeitures.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of December 31, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The Street Improvement Capital Projects Fund is created for GAAP purposes for repayment of short-term debt issues and is not part of the City's appropriated budget. The City did not anticipate any activity in the River Corridor Capital Projects Fund and the Fire Levy Special Revenue Fund, and none occurred. Therefore, no budgetary statements are presented for these funds. There is also trustee activity in the Water Enterprise Fund that is not budgeted. Transfers in do not equal transfers out due to an encumbrance for transfers out of \$23,215. The legal level of budgetary control is at the object level (personal services and other expenditures) within each department. Budgetary modifications at this level may only be made by ordinance of the City Council.

Tax Budget

A tax budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized taxes and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue to be collected is greater or less than the current estimates. The amounts set forth in the financial statements represent estimates from the amended certificate in force at the time final appropriations were passed by Council.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level (personal services and other expenditures). The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. During the year several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures and encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental and expendable trust funds and are reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

CASH AND CASH EQUIVALENTS

Cash balances of the City's funds, except cash held by a trustee or fiscal agent, are pooled and invested in short-term investments in order to provide improved cash management. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures which are presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts." The City utilizes financial institutions to service bonded debt as principal and interest payments come due and is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent." The City's deposits on hand for future principal and interest payments on mortgage revenue bonds are presented on the combined balance sheet as "Restricted Assets: Cash and Cash Equivalents with Trustee."

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS (continued)

During fiscal year 2002, investments were limited to STAROhio, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, money market mutual funds and certificates of deposit. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. Non-participating investment contracts such as non-negotiable certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2002.

Interest revenue credited to the general fund during fiscal year 2002 amounted to \$173,361, which includes \$103,572 assigned from other funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and funds within the cash management pool are considered to be cash and cash equivalents.

INVENTORY OF SUPPLIES

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

RESTRICTED ASSETS

Restricted assets in the enterprise funds represent cash and cash equivalents held by trustee, which have been set aside to satisfy bond indenture requirements for future debt payments, and cash and cash equivalents set aside for replacement and improvement of fixed assets originally acquired with bond proceeds. In addition, water and sewer customer deposits are presented as restricted assets.

INTERFUND ASSETS/LIABILITIES

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables" or "Interfund Payables."

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIXED ASSETS AND DEPRECIATION

General fixed assets (assets used in the general operations of the City) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets are assets used in providing services accounted for in proprietary funds. They are accounted for within the proprietary funds.

All purchased fixed assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. An improvement to a fund fixed asset is depreciated over the remaining useful life of the related asset.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of fund fixed assets is computed using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	5-10 years
Sewer and Water Lines	40 years

COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. This amount is recorded as a fund liability, while the balance of the liability is recorded in the general long-term obligations account group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than thirty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, long-term notes and the police and fire pension liability are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds. Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	Debt Service Fund
Special Assessment Bonds	Debt Service Fund
Fire Equipment Bond Anticipation Note	Debt Service Fund
Police Pension Liability	Police Pension Special Revenue Fund
Fire Pension Liability	Fire Pension Special Revenue Fund
Compensated Absences and Pension Obligation	Will be paid by the fund from which the employee's salary is paid.
Capital Leases	General Fund (the fund which is utilizing the asset being acquired).
OWDA Loans	Water Fund (the fund which utilized the proceeds of loans).
Mortgage Revenue Bonds	Water Fund (the fund which utilized the proceeds of loans).

Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds or will repay the debt. To comply with GAAP reporting requirements, the City's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

CAPITALIZATION OF INTEREST

The City's policy is to capitalize net interest on proprietary fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax exempt borrowing used to finance the project and the interest earned from temporary investment of the debt proceeds. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTED CAPITAL

Contributed capital represents resources from other funds, federal and state grants, other governments, and private sources provided to the City's proprietary funds which are not subject to repayment. There were no changes in contributed capital during the fiscal year.

Because the City had not prepared its financial statements in accordance with generally accepted accounting principles in years prior to 1988, the exact amount of contributed capital at December 31, 2002, cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements.

Capital contributions received after 2001 from other governments and private sources have been recorded as revenues and are reported as retained earnings. Contributions from other funds are still recorded as contributed capital.

RESERVATIONS OF FUND EQUITY

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances and inventory. Retained earnings are reserved for replacement and improvement and for future debt service for revenue bonds.

ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

Total columns on the General Purpose Financial Statements - Overview are captioned "Totals - Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 3 - BUDGET TO GAAP RECONCILIATION

BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance and retained earnings on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The City does not budget for the activities of the trustee who collects and holds the restricted assets used for the retirement mortgage revenue bonds of the water enterprise fund. However, the activities of the trustee are included in their respective funds for GAAP reporting purposes.
7. The City repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 3 - BUDGET TO GAAP RECONCILIATION (continued)

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$464,564	(\$101,901)	(\$191,661)	\$2,144,733
Revenue Accruals	286,116	3,132	0	121,122
Expenditure Accruals	69,113	3,355	266,376	(304,589)
Encumbrances	(144,722)	(38,584)	0	(221,556)
Debt Principal Payments	0	0	(3,092,000)	0
Note Proceeds	(200,000)	105,900	411,000	968,700
Reallocation of Bond Proceeds	0	0	2,000,000	(2,000,000)
Non-Budgeted Funds	0	0	0	(102,748)
Advances	(212,563)	0	262,563	(50,000)
Transfers	(128,983)	0	327,243	(66,000)
Budget Basis	<u>\$133,525</u>	<u>(\$28,098)</u>	<u>(\$16,479)</u>	<u>\$489,662</u>

Net Income/Excess of Revenues Under
Expenses and Operating Transfers
All Enterprise Funds

	<u>Enterprise</u>
GAAP Basis	\$263,362
Revenue Accruals	(300,887)
Deposits	13,330
Expense Accruals	(254,596)
Encumbrances	(37,255)
Debt Principal Payment	(170,498)
Operating Transfers	(51,825)
Capital Outlay	(403,808)
Loss on Disposal of Fixed Assets	5,340
Non-Budgeted Activity	(2,444)
Depreciation	374,235
Budget Basis	<u>(\$565,046)</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

COMPLIANCE

The following appropriation accounts had an excess of expenditures over appropriations for the year-ended December 31, 2002:

<u>Fund Type/Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
General Government			
Clerk Treasurer			
Other	\$16,150	\$17,767	(\$1,617)
Income Tax Administration			
Other	142,300	150,194	(7,894)
Solicitor			
Other	67,500	68,176	(676)
Operating Transfers - Out	936,900	1,197,078	(260,178)
Special Revenue Fund			
Street Fund			
Operating Transfers - Out	94,000	95,690	(1,690)
Capital Projects Funds:			
Municipal Building Fund			
Capital Outlay			
Other	2,763,000	2,805,757	(42,757)
Debt Service			
Interest and Fiscal Charges	0	12,387	(12,387)
Debt Service Fund			
Debt Service			
Principal Retirement	3,053,432	3,092,000	(38,568)
Interest and Fiscal Charges	362,568	587,965	(225,397)
Enterprise Funds			
Sewer Fund			
Contractual Services	2,150,400	2,178,430	(28,030)
Trash Fund			
Personal Services	13,000	14,129	(1,129)
Contractual Services	427,000	465,050	(38,050)

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (continued)

The following fund had appropriations which exceeded estimated resources for the year-ended December 31, 2002, in violation of Ohio Revised Code, section 5705.39:

Special Revenue Funds:	
Community Development	\$170,862
Fire Pension	673
Capital Projects Funds:	
Issue Two	10,758
Municipal Buildings	420,761

ACCOUNTABILITY

At year-end, the debt service fund had a deficit balance of \$124,650. The deficit in this fund resulted from the adjustments for accrued liabilities. The deficit will be eliminated when the assessment is collected. In addition, the issue two, municipal buildings, shotwell drive and street improvement capital projects funds have deficit fund balances of \$68,022, \$33,555, \$198,609 and \$767 respectively. The deficits in all of the capital projects funds listed above, except the street improvement fund, result from the issuance of short-term bond anticipation notes which are used to finance projects until bonds are issued. These deficits will be eliminated when long-term bonds are issued. The deficit in the street improvement fund and a portion of the deficit in the shotwell drive fund are due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The general fund is liable for the deficit and provides operating transfers when cash is required, not when accruals occur.

NOTE 5 - DEPOSITS AND INVESTMENTS

POLICIES AND PROCEDURES

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

The City may deposit or invest interim monies in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bond, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this section are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

DEPOSITS

At year-end, the carrying amount of the City's deposits was \$4,305,534 and the bank balance was \$4,461,577. Of the bank balance, \$513,759 was covered by federal deposit insurance. The remainder of the deposits were not insured or collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

INVESTMENTS

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified in categories of risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Money market mutual funds and Star Ohio investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 3</u>	<u>Fair Value</u>
STAROhio	\$0	\$939,993
Federal Home Loan Mortgage Corporation Notes	1,560,906	1,560,906
Federal National Mortgage Association Notes	307,125	307,125
Money Market Mutual Funds	0	308,792
Total	<u>\$1,868,031</u>	<u>\$3,116,816</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$7,422,284	\$0
Investments:		
STAROhio	(939,993)	939,993
Federal Home Loan Mortgage Corporation Notes	(1,560,906)	1,560,906
Federal National Mortgage Association Notes	(307,125)	307,125
Money Market Mutual Funds	(308,792)	308,792
GASB Statement No. 3	\$4,305,468	\$3,116,816

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2002 for real and public utility property taxes represents collections of 2001 taxes. Property tax payments received during 2002 for tangible personal property (other than public utility property) are for 2002 taxes.

2002 real property taxes are levied after October 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2002 real property taxes are collected in and intended to finance 2003.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after October 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after October 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

The full tax rate for all City operations for the year-ended December 31, 2002, was \$5.73 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2002 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$154,745,790
Personal Property	60,364,620
Public Utility Personal Property	11,334,230
Totals	\$226,444,640

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 6 - PROPERTY TAXES (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Franklin. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2002 operations. The receivable is therefore offset by deferred revenue.

NOTE 7 - INCOME TAX

The City levies a municipal income tax of 1.5 percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2002, the proceeds were allocated to the general fund and street special revenue fund. Income tax revenue for 2002 was \$4,308,743.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2002 consisted of taxes, accounts (including utility), interfund, special assessments, interest on investments, and intergovernmental receivables, including grants, entitlements and shared revenues. All receivables are considered fully collectible.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 8 – RECEIVABLES (continued)

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<u>General Fund</u>	
Local Government Assistance	\$265,043
Estate Tax	6,009
Homestead, Rollback and Exemption	22,652
Fines, Licences, and Permits	2,100
Community Oriented Policing Services Grant	10,500
Charges for Services	1,762
Total General Fund	308,066
<u>Special Revenue Funds</u>	
<u>Street Fund</u>	
Gas Tax	144,364
Motor Vehicle Tax	79,561
<u>State Highway Fund</u>	
Gas Tax	11,706
Motor Vehicle Tax	6,448
<u>U.S. Filter Fund</u>	
Homestead, Rollback and Exemption	1,403
<u>Police Pension Fund</u>	
Homestead, Rollback and Exemption	3,237
<u>Fire Pension Fund</u>	
Homestead, Rollback and Exemption	3,237
Total Special Revenue Funds	249,956
<u>Proprietary Funds</u>	
<u>Water Fund</u>	
Miscellaneous	4,500
<u>Agency Funds</u>	
<u>Municipal Court Fund</u>	
Miscellaneous	13
Total All Funds	\$562,535

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 9 - FIXED ASSETS

Changes in general fixed assets during the year-ended December 31, 2002, were as follows:

Class	Balance December 31, 2001	Additions	Deletions	Balance December 31, 2002
Land	\$554,692	\$0	\$0	\$554,692
Buildings	2,787,125	1,594,929	0	4,382,054
Improvements other than Buildings	444,826	12,942	0	457,768
Vehicles, Furniture and Equipment	3,560,186	317,918	100,300	3,777,804
Construction in Progress	32,740	962,672	32,740	962,672
Totals	\$7,379,569	\$2,888,461	\$133,040	\$10,134,990

Fixed asset balances for enterprise funds as of December 31, 2002, were as follows:

Class	Water	Sewer	Total
Land	\$901,497	\$5,153	\$906,650
Buildings	713,149	74,584	787,733
Equipment	482,250	325,556	807,806
Sewer and Water Lines	8,222,174	3,106,159	11,328,333
Total	10,319,070	3,511,452	13,830,522
Less: Accumulated Depreciation	(3,177,797)	(2,276,959)	(5,454,756)
Net Fixed Assets	\$7,141,273	\$1,234,493	\$8,375,766

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Ohio Public Employees Retirement Board. OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2002 employer pension contribution rate for the City was 8.55 percent of covered payroll, a decrease from 9.25 percent in 2001. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2002, 2001, and 2000 were \$195,311, \$182,598, and \$115,496, respectively. The full amount has been contributed for 2001 and 2000. The amount contributed for 2002 was 95.51 percent with the remainder being reported as a fund liability and within the General Long-Term Obligations Account Group.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police and 16.25 percent for firefighters. For 2001, the City's contributions were 12.00 percent for police and 16.50 for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2002, 2001, and 2000 were \$197,098, \$172,236, and \$176,652, respectively, equal to the required contributions for each year. The full amount has been contributed for 2001 and 2000. The amount contributed for 2002 was 77.94 percent with the remainder being reported as a fund liability within the General Long-Term Obligations Account Group.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2002, the unfunded liability of the City was \$75,337 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the General Long-Term Obligations Account Group.

NOTE 11 - OTHER EMPLOYEE BENEFITS

COMPENSATED ABSENCES

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. Upon departure from City employment, an employee (or his or her estate) will be paid for unused vacation leave.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of 4.62 hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, every employee will be paid for a maximum of 150 days of sick leave hours. Those employees that leave City employment for reasons other than death or retirement will be paid 50 percent of accumulated sick leave up to a maximum of 150 days (600 hours).

The total obligation for compensated absences for the City as a whole as of December 31, 2002, was \$779,118.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 11 - OTHER EMPLOYEE BENEFITS (continued)

HEALTH CARE BENEFITS

The City has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield. The City provides life insurance and accidental death and dismemberment insurance to most employees as part of the health care plan. The employees share the cost of the monthly premium with the City. The premium varies with employee depending on the terms of the union contract. Dental insurance is provided by the City to all employees through Anthem Blue Cross/Blue Shield.

DEFERRED COMPENSATION

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2002 employer contribution rate was 13.55 percent of covered payroll; 5.00 percent was the portion that was used to fund health care for 2002. For 2001, the contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2001, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

The number of active contributing participants was 402,041. The City's actual contributions for 2002 which were used to fund postemployment benefits were \$114,217. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2001, (the latest information available) were \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$16.4 billion and \$4.8 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2002. For 2001, the percent used to fund healthcare was 7.5 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2002 that were used to fund postemployment benefits were \$90,426 for police and \$28,616 for fire. The OP&F's total health care expense for the year-ended December 31, 2001, (the latest information available) was \$122,298,771, which was net of member contributions of \$6,874,699. The number of OP&F participants eligible to receive health care benefits as of December 31, 2001, was 13,174 for police and 10,239 for firefighters.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2002, the City contracted with The Hartford Insurance Company for vehicle, property and general liability insurance. Hartford Steam Boiler Company covers boiler and machinery, while police and professional liability are protected by the City Insurance Company.

Boiler and machinery hold a \$1,000 deductible. Vehicle deductible levels vary with vehicles while property and general liability deductibles range from \$250-\$1,000. The City carries a \$1,000 deductible for both police and professional liability insurance. A local claims agent, Simpkins Insurance, is contracted by the City and reviews all claims.

Coverage provided by the insurance follows:

Public Official Liability	\$2,000,000
Police Professional Liability	2,000,000
EDP Equipment Policy	100,000
Boiler and Machinery	1,000,000
Public Employees Blanket Bond	50,000
Comprehensive General Liability	
Each Occurrence	2,000,000
General Aggregate	2,000,000
Excess Liability	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant decline in the level of coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative cost.

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE

In previous years, the City has entered into capital leases for vehicles and equipment. By the terms of each agreement, ownership of the equipment is transferred to the City by the end of the 3-5 year lease terms. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. The equipment, machinery and vehicles acquired by lease have been capitalized in the general fixed assets account group in the amount of \$251,927 which equals the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in 2002 totaled \$20,349.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE (continued)

The following is a schedule of the future long-term minimum lease payments required for capital leases reported in the General Long-Term Obligations Account Group and the present value of the minimum lease payments as of December 31, 2002.

Year Ending December 31,	General Long-Term Obligations
2003	\$25,503
2004	25,503
2005	26,636
Subtotal	77,642
Less: Amount Representing Interest	(8,063)
Present Value of Minimum Lease Payments	<u>\$69,579</u>

NOTE 15 - LONG-TERM OBLIGATIONS

Long-term obligations at December 31, 2002, were as follows:

Types/Issues	Balance January 1, 2002	Increase	Decrease	Balance December 31, 2002
Enterprise Fund Obligations				
6.70% OWDA Loans - \$2,947,907	\$2,610,940	\$0	\$70,498	\$2,540,442
4.00% - 5.80% Mortgage Revenue Bonds - \$4,215,000	3,810,000	0	100,000	3,710,000
Compensated Absences	175,655	11,130	0	186,785
TOTAL - All Enterprise Fund Obligations	<u>6,596,595</u>	<u>11,130</u>	<u>170,498</u>	<u>6,437,227</u>
General Long-Term Obligations Special Assessment Bonds				
6.85% - 1991 Franklin Commerce Improvement - \$1,340,000	925,000	0	65,000	860,000
8.78% - 1985 Streetscape - \$107,000	\$25,000	\$0	\$5,000	\$20,000

(continued)

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

<u>Types/Issues</u>	<u>Balance January 1, 2002</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2002</u>
Special Assessments Bonds (continued)				
7.125% - 1989 Shady Glenn - \$170,000	\$81,000	\$0	\$9,000	\$72,000
6.00% - 1995 Miller Stub Street - \$78,513	63,000	0	3,000	60,000
5.75% - 1995 Shotwell Drive - \$227,000	185,000	0	9,000	176,000
5.80% - 1997 Franklin Commerce Center - \$577,400	495,000	0	20,000	475,000
5.00% - 1998 Scholl Road - \$514,177	455,000	0	15,000	440,000
5.00% - 1998 Fourth Street Improvement - \$337,705	295,000	0	10,000	285,000
5.00% - 1998 Schumaker-Franklin - \$1,322,708	1,195,000	0	45,000	1,150,000
5.00% - 1998 Deardoff Phase II - \$158,410	140,000	0	5,000	135,000
5.70% - 1999 Eastlawn Sewer Line Extension - \$119,779	110,000	0	5,000	105,000
5.125% - 2001 Shotwell Drive Phase III - \$490,000	490,000	0	10,000	480,000
TOTAL-Special Assessment Bonds	<u>\$4,459,000</u>	<u>\$0</u>	<u>\$201,000</u>	<u>\$4,258,000</u>
General Obligation Bonds (Unvoted)				
4.25% - 6.10% 1994 Road Extension - \$1,730,000	\$1,040,000	\$0	\$130,000	\$910,000
4.625% - 5.125% 2001 Street Improvement - \$920,000	920,000	0	25,000	895,000
3.00% - 5.25% 2002 Public Works Facility - \$4,625,000	0	4,625,000	0	4,625,000
TOTAL-General Obligation Bonds	<u>1,960,000</u>	<u>4,625,000</u>	<u>155,000</u>	<u>6,430,000</u>

(continued)

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Types/Issues	Balance January 1, 2002	Increase	Decrease	Balance December 31, 2002
<u>Other Long-Term Obligations</u>				
2.30% - 2002				
Fire Equipment Note - \$200,000	\$0	\$200,000	\$0	\$200,000
Compensated Absences	507,979	78,448	19,857	566,570
Police and Fire Pension	76,401	0	1,064	75,337
Pension Obligation	223,976	249,207	223,976	249,207
Capital Leases Payable	89,928	0	20,349	69,579
TOTAL-Other Long-Term Obligations	<u>898,284</u>	<u>527,655</u>	<u>265,246</u>	<u>1,160,693</u>
TOTAL- All General Long-Term Obligations	<u>7,317,284</u>	<u>5,152,655</u>	<u>621,246</u>	<u>11,848,693</u>
TOTAL - All Types	<u><u>\$13,913,879</u></u>	<u><u>\$5,163,785</u></u>	<u><u>\$791,744</u></u>	<u><u>\$18,285,920</u></u>

The special assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The unvoted general obligation bond issues for the Road Extension, Street Improvement and Public Works Facility will be paid from property taxes. The general obligation bonds in the enterprise funds will be repaid from operating revenues.

The Road Extension general obligation bonds are callable at the option of the City at the following redemption premiums on the dates indicated:

Redemption Dates	Premium - % of Par Value
September 1, 2004 through August 31, 2005	102%
September 1, 2005 through August 31, 2006	101%
September 1, 2006 and thereafter	100%

On October 1, 2001, the City issued \$490,000 in Special Assessment Bonds for the purpose of making improvements to Shotwell Drive. The bonds are being paid from special assessment revenues. The interest rate on the bonds is 5.125%, and final maturity is December 1, 2021.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

On October 1, 2001, the City issued \$920,000 in General Obligation Bonds for the purpose of retiring Bond Anticipation Notes that were issued for making improvements to Second Street. The bonds will be paid from the Capital Improvement Fund (22%) and the Ohio Public Works Commission Fund (78%). The interest rate on the bonds ranges from 4.625% to 5.125%.

On May 1, 2002, the City issued \$4,625,000 in General Obligation Bonds for the purpose of constructing a new Administration building, a new police building, and a new fire department building. The bonds will be paid from the Municipal Building Capital Projects Fund.

The Ohio Water Development Authority (OWDA) loans are for the construction of water mains. The loans will be paid from water fund operating revenues.

The Mortgage Revenue Bonds will be paid from water fund operating revenues. The bonds will mature in the year 2022.

The enterprise fund's related bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition.

On March 28, 2002, the City issued a \$200,000 Bond Anticipation Note for the purpose of purchasing new fire equipment. The note will be paid from the General Fund with no specifically identifiable revenue source.

The Police and Fire Pension liability is paid from special revenue fund taxes, and is recorded as an expenditure of Security of Persons and Property.

As of December 31, 2002, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,861,087 with an unvoted debt margin of \$4,538,855. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2002 are:

Year	Special Assessments Bonds	General Obligation Bonds	Police and Fire Pension	Mortgage Revenue Bonds	OWDA Loans	Long-Term Notes	Total
2003	\$456,664	\$524,618	\$4,300	\$311,003	\$250,914	\$204,600	\$1,752,099
2004	459,794	529,551	4,300	316,103	250,914	0	1,560,662
2005	466,976	528,544	4,300	315,603	250,914	0	1,566,337
2006	452,717	521,656	4,300	319,738	250,914	0	1,549,325
2007	463,778	524,345	4,300	318,238	250,914	0	1,561,575
2008-12	2,169,464	2,246,229	21,500	1,585,725	1,254,570	0	7,277,488
2013-17	1,592,558	2,173,365	21,500	1,588,763	1,254,570	0	6,630,756
2018-35	191,442	3,896,494	75,058	1,593,600	752,742	0	6,509,336
	<u>\$6,253,393</u>	<u>\$10,944,802</u>	<u>\$139,558</u>	<u>\$6,348,773</u>	<u>\$4,516,452</u>	<u>\$204,600</u>	<u>\$28,407,578</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 15 - LONG-TERM OBLIGATION1111S (continued)

REVENUE HOUSING BONDS

The City served as the issuer of \$7,220,000 in revenue housing bonds in 1997. The proceeds were used by Emerald Edge/Warren, Limited Partnership to finance the acquisition, construction and equipping of a multi-family residential rental housing facility. The housing revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment. As of December 31, 2002, the outstanding principal balance was \$6,845,000.

NOTE 16 - SHORT-TERM OBLIGATION1111S

A summary of the short-term note transactions for the year-ended December 31, 2002 follows:

Fund Type	Balance December 31, 2001	Increase	Decrease	Balance December 31, 2002
General	\$295,000	\$0	\$295,000	\$0
Special Revenue	0	105,900	0	105,900
Capital Projects	2,391,000	1,179,700	2,391,000	1,179,700
Enterprise	50,000	0	50,000	0
Total	\$2,736,000	\$1,285,600	\$2,736,000	\$1,285,600

Short-term notes outstanding at year-end consisted of the following issues:

Issue	Principal Outstanding	Annualized Rate
Shotwell Drive	\$170,000	1.68 %
Street Improvement	211,000	1.69
Riley Boulevard	548,700	1.69
Street Sweeper	105,900	1.69
Police Department Building	250,000	1.69
Total	\$1,285,600	

These notes are generally issued in anticipation of long-term bond financing and will be refinanced annually until such bonds are issued. They are backed by the full faith and credit of the City and mature within one year.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 17 - INTERFUND RECEIVABLES AND PAYABLES

Interfund asset and liability balances at December 31, 2002, were as follows:

DUE FROM/TO OTHER FUNDS

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$84,417	\$0
Municipal Court Agency Fund	0	84,417
	<u>\$84,417</u>	<u>\$84,417</u>

INTERFUND RECEIVABLES/PAYABLES

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$263,812</u>	<u>\$65,927</u>
<u>Special Revenue Funds</u>		
Street	1,550	0
U.S. Filter	247	0
Police Pension	571	0
Fire Pension	571	0
Total Special Revenue Funds	<u>2,939</u>	<u>0</u>
<u>Debt Service Fund</u>	<u>48,953</u>	<u>174,563</u>
<u>Capital Projects Funds</u>		
Issue Two	619	111,680
Capital Improvement	0	6,263
Shotwell Drive	0	898
Street Improvement	0	767
Total Capital Projects Funds	<u>619</u>	<u>119,608</u>
<u>Enterprise Funds</u>		
Water	15,114	4,784
Sewer	36,472	3,014
Total Enterprise Funds	<u>51,586</u>	<u>7,798</u>
<u>Fiduciary Funds</u>		
Building Standards Fee	0	13
Total All Funds	<u>\$367,909</u>	<u>\$367,909</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 18 - SEGMENT INFORMATION

The City's enterprise funds account for the provision of sewer, water and trash services. Key financial information as of and for the year-ended December 31, 2002, for each enterprise fund is as follows:

	Water	Sewer	Trash	Total
Operating Revenues	\$1,989,942	\$2,706,719	\$516,755	\$5,213,416
Depreciation Expense	288,345	85,890	0	374,235
Operating Income (Loss)	271,464	396,478	(11,694)	656,248
Operating Transfers - In	51,825	0	0	51,825
Operating Transfers - Out	(73,825)	(22,000)	0	(95,825)
Net Income (Loss)	(132,307)	407,363	(11,694)	263,362
Fixed Asset Additions	374,957	28,851	0	403,808
Fixed Asset Deletions	(77,215)	(11,701)	0	(88,916)
Net Working Capital	275,435	870,794	144,474	1,290,703
Total Assets	8,419,181	2,792,811	186,262	11,398,254
Bonds and Other Long-Term Liabilities Payable from				
Revenues	6,169,685	77,327	795	6,247,807
Total Equity	1,832,298	2,122,574	143,679	4,098,551

NOTE 19 - JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS

The City participates in a joint venture with Franklin Township pertaining to a Joint Recreation Facility. The joint venture was formed for the purpose of constructing and operating a swimming pool for the citizens of the City and Township. The recreation facility is governed by a Board of Trustees consisting of ten members, five appointed by each entity. The funding for the operations of the pool is charges for services, with the remainder of the budget being financed equally by the City and Township. There is no explicit and measurable equity interest in the Joint Recreation Facility. The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's contribution, which totaled \$45,000 in 2002. The City of Franklin is the fiscal agent. The financial statements of the Joint Recreation facility can be obtained at the Finance Department, City of Franklin, 35 East Fourth Street, Franklin, Ohio, 45005.

The following is a summary of the financial information for the joint venture for the year-ended December 31, 2002 prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	\$137,272
Operating Expenditures	128,620
Excess of Operating Revenues Over Expenditures	8,652
Fund Balance Beginning of Year	2,583
Fund Balance at End of Year	\$11,235

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 19 - JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS (continued)

The Warren County General Health District (the District), a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The City contributed \$1,198 during 2002 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. Financial information may be obtained from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

The Joint Emergency Medical Service (JEMS), a jointly governed organization, provides ambulance services to the City of Franklin, the City of Carlisle and Franklin Township. Each of the three political subdivisions appoints one member of the three member Board of Trustees. The Board has the authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the organization, charges for services and a tax levy. The City does not retain an ongoing financial interest in or responsibility for the organization. The City acts as fiscal agent for the organization. The financial activity of the organization is reported as an agency fund within the City's financial statements.

The City participates in the Ohio-Kentucky-Indiana Regional Council of Governments (OKI), a jointly governed organization. OKI members include Butler, Clermont and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky and Dearborn and Ohio Counties in Indiana. The purpose of OKI is to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the OKI Region. OKI also serves as an area wide review agency in conjunction with comprehensive planning within the OKI Region.

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each county and municipal corporation, one individual selected by each county planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member county. This Board of Trustees then selects not more than ten residents of the OKI Region.

The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI.

Payments to OKI are made from the general fund. To obtain financial information, write to the Ohio-Kentucky-Indiana Regional Council of Governments at 801-B W. Eighth St. - Suite 400, Cincinnati, Ohio, 45203.

CITY OF FRANKLIN, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2002

NOTE 20 – CONSTRUCTION COMMITMENTS

The City contracted for the design and construction of a new police department headquarters. Work on the building was completed in early 2003. The total contract amount for the project was \$719,419. As of December 31, 2002, \$502,379 had been expended on the contract and the outstanding commitment was \$217,040.

NOTE 21 - CONTINGENT LIABILITIES

LITIGATION

The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

FEDERAL AND STATE GRANTS

For the period January 1, 2002, to December 31, 2002, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 22 – SUBSEQUENT EVENT

On March 28, 2003, the City re-issued the Fire Equipment Acquisition Bond Anticipation Note for the amount of \$150,000. The note will mature on March 28, 2004.

FINANCIAL STATEMENTS AND SCHEDULES OF
INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

To account for governmental resources which are not accounted for in any other fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter and/or the general laws of Ohio.

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$463,598	\$437,025	(\$26,573)
Income Taxes	4,041,129	4,386,306	345,177
Charges for Services	41,912	49,660	7,748
Fines, Licenses, and Permits	693,185	821,252	128,067
Intergovernmental	650,585	669,772	19,187
Interest	459,121	277,105	(182,016)
Other	245,279	307,509	62,230
Total Revenues	6,594,809	6,948,629	353,820
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Clerk and Council			
Personal Services	66,586	66,459	127
Other	73,599	56,853	16,746
Total Clerk and Council	140,185	123,312	16,873
Municipal Court			
Personal Services	434,725	414,001	20,724
Other	223,699	201,229	22,470
Total Municipal Court	658,424	615,230	43,194
Mayor's and Administrative Office			
Personal Services	279,347	270,247	9,100
Other	14,368	12,727	1,641
Total Mayor's and Administrative Office	293,715	282,974	10,741
Clerk Treasurer			
Personal Services	134,625	133,476	1,149
Other	16,150	17,767	(1,617)
Total Clerk Treasurer	150,775	151,243	(468)
Income Tax Administration			
Personal Services	147,171	146,214	957
Other	142,300	150,194	(7,894)
Total Income Tax Administration	\$289,471	\$296,408	(\$6,937)

(continued)

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Solicitor			
Personal Services	\$55,059	\$53,466	\$1,593
Other	67,500	68,176	(676)
Total Solicitor	122,559	121,642	917
Civil Service Commission			
Other	10,000	8,733	1,267
Total Civil Service Commission	10,000	8,733	1,267
Planning Commission			
Other	58,300	50,216	8,084
Total Planning Commission	58,300	50,216	8,084
Board of Zoning, Bldg and Housing			
Other	500	0	500
Total Board of Zoning, Bldg and Housing	500	0	500
Building and Grounds			
Personal Services	40,569	39,231	1,338
Other	74,700	49,861	24,839
Total Building and Grounds	115,269	89,092	26,177
Special Appropriations			
Other	126,000	118,038	7,962
Total Special Appropriations	126,000	118,038	7,962
Economic Development			
Other	39,939	39,939	0
Total Economic Development	39,939	39,939	0
Total General Government	2,005,137	1,896,827	108,310
Security of Persons and Property			
Police Law Enforcement			
Personal Services	1,880,041	1,764,793	115,248
Other	507,720	380,672	127,048
Total Police Law Enforcement	2,387,761	2,145,465	242,296
Fire Department			
Personal Services	744,407	725,949	18,458
Other	248,331	239,782	8,549
Total Fire Department	\$992,738	\$965,731	\$27,007

(continued)

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Building Inspection			
Personal Services	\$235,571	\$215,408	\$20,163
Other	53,200	29,180	24,020
Total Building Inspection	288,771	244,588	44,183
Total Security of Persons and Property	3,669,270	3,355,784	313,486
Leisure Time Activities			
Other	45,000	45,000	0
Total Leisure Time Activities	45,000	45,000	0
Basic Utility Services			
Waste Disposal			
Other	300	240	60
Total Waste Disposal	300	240	60
Engineering			
Other	89,000	77,877	11,123
Total Engineering	89,000	77,877	11,123
Storm Drains			
Other	30,000	29,735	265
Total Storm Drains	30,000	29,735	265
Total Basic Utility Services	119,300	107,852	11,448
Total Expenditures	5,838,707	5,405,463	433,244
Excess of Revenues Over Expenditures	756,102	1,543,166	787,064
Other Financing Sources (Uses):			
Sale of Fixed Assets	2,000	0	(2,000)
Advances - In	0	50,000	50,000
Advances - Out	0	(262,563)	(262,563)
Operating Transfers - Out	(936,900)	(1,197,078)	(260,178)
Total Other Financing Sources (Uses)	(934,900)	(1,409,641)	(474,741)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(178,798)	133,525	312,323
Fund Balance at Beginning of Year	2,001,973	2,001,973	0
Prior Year Encumbrances Appropriated	164,886	164,886	0
Fund Balance at End of Year	\$1,988,061	\$2,300,384	\$312,323

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditure for specified purposes.

Street

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

State Highway

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

Fire Levy

To account for property taxes levied by the City to pay for operating expenses related to the fire department. The City did not budget any activity in this fund, and none occurred. Therefore, no budgetary statement is presented.

Community Development

To account for loans to small businesses obtained through Community Development Block Grant programs.

Recreation

To account for recreation fees and transfers from the General Fund. Expenditures pertain to recreational activities and upkeep of park facilities.

Street Lighting

To account for an assessment levied by the City to pay for street lighting.

U.S. Filter

To account for a property tax levied for the purpose of paying the City's annual assessment to U.S. Filter for wastewater treatment.

Police Pension

To accumulate property taxes levied for the payment of the current and accrued liability for police disability and pension benefits.

Fire Pension

To accumulate property taxes levied for the payment of the current and accrued liability for fire disability and pension benefits.

All Other

Computer Research

To account for monies received from fines for the payment of a computer used for court purposes and to maintain and update the computer as necessary.

Court Improvement

To account for monies received from additional fines to be used for any court activity such as training, equipment, or improvements to the building related to the court.

County Vehicle Tax

To account for additional motor vehicle license taxes levied for routine street maintenance and repairs.

SPECIAL REVENUE FUNDS

(continued)

All Other (continued)

Drug Law Enforcement

To account for monies received from fines and costs collected from felonious drug trafficking convictions used to pay for the security of persons and property.

Law Enforcement

To account for monies received from the sale of forfeited goods and property that is spent on law enforcement.

Indigent Drivers' Education Fund

To account for a portion of fines collected in DUI cases used to pay for the treatment of indigent persons convicted of DUI offenses.

Enforcement and Education

To account for a portion of fines collected in DUI cases used to enforce DUI laws and teach the public about the dangers of driving under the influence.

In-House Monitoring

To account for monies received from persons participating in the in-house incarceration program.

Downtown Improvement

To account for monies transferred in from the general fund that are paid out to businesses for use in improving their store fronts.

Firemen's Indemnity

To account for money transferred from the General Fund for the purpose of making low or no-interest loans to injured or disabled volunteer firemen.

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
DECEMBER 31, 2002

	<u>STREET</u>	<u>STATE HIGHWAY</u>	<u>FIRE LEVY</u>	<u>COMMUNITY DEVELOPMENT</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$357,225	\$53,513	\$0	\$16,878
Receivables:				
Taxes	0	0	618,450	0
Interfund	1,550	0	0	0
Special Assessments	0	0	0	0
Due from Other Governments	223,925	18,154	0	0
Materials and Supplies Inventory	117,258	0	0	0
Total Assets	<u>\$699,958</u>	<u>\$71,667</u>	<u>\$618,450</u>	<u>\$16,878</u>
<u>Liabilities</u>				
Accounts Payable	4,816	32,289	0	0
Accrued Wages and Benefits	16,531	0	0	0
Compensated Absences Payable	2,086	0	0	0
Due to Other Governments	14,163	0	0	0
Deferred Revenue	193,014	15,648	618,450	0
Accrued Interest Payable	408	0	0	0
Notes Payable	105,900	0	0	0
Total Liabilities	<u>336,918</u>	<u>47,937</u>	<u>618,450</u>	<u>0</u>
<u>Fund Equity</u>				
Fund Balance:				
Reserved for Encumbrances	13,899	3,891	0	0
Reserved for Inventory	117,258	0	0	0
Unreserved:				
Undesignated	231,883	19,839	0	16,878
Total Fund Equity	<u>363,040</u>	<u>23,730</u>	<u>0</u>	<u>16,878</u>
Total Liabilities and Fund Equity	<u>\$699,958</u>	<u>\$71,667</u>	<u>\$618,450</u>	<u>\$16,878</u>

<u>RECREATION</u>	<u>STREET LIGHTING</u>	<u>U.S. FILTER</u>	<u>POLICE PENSION</u>	<u>FIRE PENSION</u>	<u>ALL OTHER</u>	<u>TOTALS</u>
\$149,653	\$88,432	\$6,594	\$0	\$4,137	\$577,581	\$1,254,013
0	0	26,060	70,302	70,302	0	785,114
0	0	247	571	571	0	2,939
0	85,260	0	0	0	0	85,260
0	0	1,403	3,237	3,237	0	249,956
997	0	0	0	0	0	118,255
<u>\$150,650</u>	<u>\$173,692</u>	<u>\$34,304</u>	<u>\$74,110</u>	<u>\$78,247</u>	<u>\$577,581</u>	<u>\$2,495,537</u>
2,947	0	0	0	0	980	41,032
3,759	0	0	0	0	0	20,290
2,544	0	0	0	0	0	4,630
4,697	0	0	0	0	0	18,860
0	85,260	27,266	73,084	73,084	0	1,085,806
0	0	0	0	0	0	408
0	0	0	0	0	0	105,900
<u>13,947</u>	<u>85,260</u>	<u>27,266</u>	<u>73,084</u>	<u>73,084</u>	<u>980</u>	<u>1,276,926</u>
3,220	0	0	0	0	0	21,010
997	0	0	0	0	0	118,255
<u>132,486</u>	<u>88,432</u>	<u>7,038</u>	<u>1,026</u>	<u>5,163</u>	<u>576,601</u>	<u>1,079,346</u>
<u>136,703</u>	<u>88,432</u>	<u>7,038</u>	<u>1,026</u>	<u>5,163</u>	<u>576,601</u>	<u>1,218,611</u>
<u>\$150,650</u>	<u>\$173,692</u>	<u>\$34,304</u>	<u>\$74,110</u>	<u>\$78,247</u>	<u>\$577,581</u>	<u>\$2,495,537</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>STREET</u>	<u>STATE HIGHWAY</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>RECREATION</u>
Revenues:				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Income Taxes	67,795	0	0	0
Charges for Services	100	0	0	0
Fines, Licenses and Permits	0	0	0	0
Intergovernmental	469,395	34,421	64,600	0
Special Assessments	0	0	0	0
Interest	151	0	1,721	0
Other	0	0	0	353
Total Revenues	<u>537,441</u>	<u>34,421</u>	<u>66,321</u>	<u>353</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Transportation	640,488	72,538	0	0
Leisure Time Activities	0	0	0	185,120
Community Environment	0	0	257,481	0
Capital Outlay	0	0	0	0
Debt Service:				
Interest and Fiscal Charges	408	0	0	0
Total Expenditures	<u>640,896</u>	<u>72,538</u>	<u>257,481</u>	<u>185,120</u>
Excess of Revenues Over (Under) Expenditures	<u>(103,455)</u>	<u>(38,117)</u>	<u>(191,160)</u>	<u>(184,767)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	175,000	0	105,945	75,000
Operating Transfers - Out	<u>(95,690)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>79,310</u>	<u>0</u>	<u>105,945</u>	<u>75,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(24,145)	(38,117)	(85,215)	(109,767)
Fund Balances (Deficits) at Beginning of Year	374,496	61,847	102,093	245,914
Increase in Reserve for Inventory	<u>12,689</u>	<u>0</u>	<u>0</u>	<u>556</u>
Fund Balances at End of Year	<u>\$363,040</u>	<u>\$23,730</u>	<u>\$16,878</u>	<u>\$136,703</u>

<u>STREET LIGHTING</u>	<u>U.S. FILTER</u>	<u>POLICE PENSION</u>	<u>FIRE PENSION</u>	<u>ALL OTHER</u>	<u>TOTALS</u>
\$0	\$26,315	\$60,730	\$66,324	\$0	\$153,369
0	0	0	0	0	67,795
0	0	0	0	113,482	113,582
0	0	0	0	20,852	20,852
0	1,904	1,597	1,597	60,000	633,514
86,616	0	0	0	0	86,616
0	0	0	0	0	1,872
0	0	0	0	5,000	5,353
<u>86,616</u>	<u>28,219</u>	<u>62,327</u>	<u>67,921</u>	<u>199,334</u>	<u>1,082,953</u>
0	0	0	0	3,080	3,080
74,940	0	221,105	82,565	6,994	385,604
0	0	0	0	9,241	9,241
0	0	0	0	60,000	773,026
0	0	0	0	0	185,120
0	13,684	0	0	16,050	287,215
0	0	0	0	10,458	10,458
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>408</u>
<u>74,940</u>	<u>13,684</u>	<u>221,105</u>	<u>82,565</u>	<u>105,823</u>	<u>1,654,152</u>
<u>11,676</u>	<u>14,535</u>	<u>(158,778)</u>	<u>(14,644)</u>	<u>93,511</u>	<u>(571,199)</u>
0	0	159,804	19,239	30,000	564,988
0	0	0	0	0	(95,690)
<u>0</u>	<u>0</u>	<u>159,804</u>	<u>19,239</u>	<u>30,000</u>	<u>469,298</u>
11,676	14,535	1,026	4,595	123,511	(101,901)
76,756	(7,497)	0	568	453,090	1,307,267
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,245</u>
<u>\$88,432</u>	<u>\$7,038</u>	<u>\$1,026</u>	<u>\$5,163</u>	<u>\$576,601</u>	<u>\$1,218,611</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Income Taxes	\$77,876	\$67,795	(\$10,081)
Charges for Services	1,071	100	(971)
Intergovernmental	547,080	475,075	(72,005)
Interest	292	211	(81)
Other	681	0	(681)
Total Revenues	627,000	543,181	(83,819)
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	322,138	274,429	47,709
Other	216,525	202,522	14,003
Snow and Ice Removal			
Personal Services	20,900	6,541	14,359
Other	20,500	1,780	18,720
Street Cleaning			
Personal Services	3,000	2,382	618
Other	121,854	121,854	0
Traffic Controls and Marking			
Other	61,300	50,067	11,233
Total Transportation	766,217	659,575	106,642
Debt Service:			
Principal Retirement	0	0	0
Total Expenditures	766,217	659,575	106,642
Excess of Revenues Under Expenditures	(139,217)	(116,394)	22,823
Other Financing Sources (Uses):			
Proceeds of Notes	0	105,900	105,900
Operating Transfers - In	100,000	175,000	75,000
Operating Transfers - Out	(94,000)	(95,690)	(1,690)
Total Other Financing Sources (Uses)	6,000	185,210	179,210
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(133,217)	68,816	202,033
Fund Balance at Beginning of Year	260,721	260,721	0
Prior Year Encumbrances Appropriated	13,209	13,209	0
Fund Balance at End of Year	\$140,713	\$342,746	\$202,033

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
STATE HIGHWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	<u>\$33,000</u>	<u>\$34,309</u>	<u>\$1,309</u>
Total Revenues	<u>33,000</u>	<u>34,309</u>	<u>1,309</u>
Expenditures:			
Current:			
Transportation			
State Highway Maintenance			
Other	<u>73,000</u>	<u>61,131</u>	<u>11,869</u>
Total Expenditures	<u>73,000</u>	<u>61,131</u>	<u>11,869</u>
Excess of Revenues Under Expenditures	(40,000)	(26,822)	13,178
Fund Balance at Beginning of Year	<u>59,453</u>	<u>59,453</u>	<u>0</u>
Fund Balance at End of Year	<u>\$19,453</u>	<u>\$32,631</u>	<u>\$13,178</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$59,400	\$64,600	\$5,200
Interest	0	1,721	1,721
	<u>59,400</u>	<u>66,321</u>	<u>6,921</u>
Total Revenues			
Expenditures:			
Current:			
Community Environment			
Public Housing Projects			
Other	332,780	257,906	74,874
	<u>332,780</u>	<u>257,906</u>	<u>74,874</u>
Total Expenditures			
Excess of Revenues Under Expenditures	(273,380)	(191,585)	81,795
Other Financing Sources:			
Operating Transfers - In	0	105,945	105,945
	<u>0</u>	<u>105,945</u>	<u>105,945</u>
Total Other Financing Sources			
Excess of Revenues and Other Financing Sources Under Expenditures	(273,380)	(85,640)	187,740
Fund Balance at Beginning of Year	<u>102,518</u>	<u>102,518</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u>(\$170,862)</u>	<u>\$16,878</u>	<u>\$187,740</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Other	<u>\$0</u>	<u>\$353</u>	<u>\$353</u>
Total Revenues	<u>0</u>	<u>353</u>	<u>353</u>
Expenditures:			
Current:			
Leisure Time Activities			
Provide and Maintain Parks			
Personal Services	126,931	121,543	5,388
Other	<u>109,001</u>	<u>63,985</u>	<u>45,016</u>
Total Expenditures	<u>235,932</u>	<u>185,528</u>	<u>50,404</u>
Excess of Revenues Under Expenditures	<u>(235,932)</u>	<u>(185,175)</u>	<u>50,757</u>
Other Financing Sources:			
Operating Transfers - In	<u>75,300</u>	<u>75,000</u>	<u>(300)</u>
Total Other Financing Sources	<u>75,300</u>	<u>75,000</u>	<u>(300)</u>
Excess of Revenues and Other Financing Sources Under Expenditures	(160,632)	(110,175)	50,457
Fund Balance at Beginning of Year	254,865	254,865	0
Prior Year Encumbrances Appropriated	<u>1,744</u>	<u>1,744</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$95,977</u></u>	<u><u>\$146,434</u></u>	<u><u>\$50,457</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
STREET LIGHTING FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Special Assessments	<u>\$87,000</u>	<u>\$86,616</u>	<u>(\$384)</u>
Total Revenues	<u>87,000</u>	<u>86,616</u>	<u>(384)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	<u>90,000</u>	<u>83,007</u>	<u>6,993</u>
Total Expenditures	<u>90,000</u>	<u>83,007</u>	<u>6,993</u>
Excess of Revenues Over (Under) Expenditures	(3,000)	3,609	6,609
Fund Balance at Beginning of Year	<u>84,821</u>	<u>84,821</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$81,821</u></u>	<u><u>\$88,430</u></u>	<u><u>\$6,609</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
U.S. FILTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$27,451	\$26,315	(\$1,136)
Intergovernmental	<u>1,460</u>	<u>1,460</u>	<u>0</u>
Total Revenues	<u>28,911</u>	<u>27,775</u>	<u>(1,136)</u>
Expenditures:			
Current:			
Community Environment			
Other Community Environment			
Other	<u>27,370</u>	<u>27,370</u>	<u>0</u>
Total Expenditures	<u>27,370</u>	<u>27,370</u>	<u>0</u>
Excess of Revenues Over Expenditures	1,541	405	(1,136)
Fund Balance at Beginning of Year	<u>6,188</u>	<u>6,188</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$7,729</u></u>	<u><u>\$6,593</u></u>	<u><u>(\$1,136)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
POLICE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$66,325	\$60,730	(\$5,595)
Intergovernmental	<u>0</u>	<u>571</u>	<u>571</u>
Total Revenues	<u>66,325</u>	<u>61,301</u>	<u>(5,024)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	<u>221,105</u>	<u>221,105</u>	<u>0</u>
Total Expenditures	<u>221,105</u>	<u>221,105</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(154,780)</u>	<u>(159,804)</u>	<u>(5,024)</u>
Other Financing Sources:			
Operating Transfers - In	<u>169,830</u>	<u>159,804</u>	<u>(10,026)</u>
Total Other Financing Sources	<u>169,830</u>	<u>159,804</u>	<u>(10,026)</u>
Excess of Revenues and Other Financing Sources Over Expenditures	15,050	0	(15,050)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$15,050</u></u>	<u><u>\$0</u></u>	<u><u>(\$15,050)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$66,325	\$66,325	\$0
Intergovernmental	<u>0</u>	<u>570</u>	<u>570</u>
Total Revenues	<u>66,325</u>	<u>66,895</u>	<u>570</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire Department			
Other	<u>84,566</u>	<u>82,565</u>	<u>2,001</u>
Total Expenditures	<u>84,566</u>	<u>82,565</u>	<u>2,001</u>
Excess of Revenues Under Expenditures	<u>(18,241)</u>	<u>(15,670)</u>	<u>2,571</u>
Other Financing Sources:			
Operating Transfers - In	<u>17,000</u>	<u>19,239</u>	<u>2,239</u>
Total Other Financing Sources	<u>17,000</u>	<u>19,239</u>	<u>2,239</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(1,241)	3,569	4,810
Fund Balance at Beginning of Year	<u>568</u>	<u>568</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$673)</u></u>	<u><u>\$4,137</u></u>	<u><u>\$4,810</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COMPUTER RESEARCH FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	<u>\$20,000</u>	<u>\$26,232</u>	<u>\$6,232</u>
Total Revenues	<u>20,000</u>	<u>26,232</u>	<u>6,232</u>
Expenditures:			
Current:			
Public Health and Welfare			
Other	<u>70,000</u>	<u>14,590</u>	<u>55,410</u>
Total Expenditures	<u>70,000</u>	<u>14,590</u>	<u>55,410</u>
Excess of Revenues Over (Under) Expenditures	(50,000)	11,642	61,642
Fund Balance at Beginning of Year	78,398	78,398	0
Prior Year Encumbrances Appropriated	<u>4,628</u>	<u>4,628</u>	<u>0</u>
Fund Balance at End of Year	<u>\$33,026</u>	<u>\$94,668</u>	<u>\$61,642</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COURT IMPROVEMENT
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	<u>\$65,000</u>	<u>\$87,250</u>	<u>\$22,250</u>
Total Revenues	<u>65,000</u>	<u>87,250</u>	<u>22,250</u>
Expenditures:			
Capital Outlay			
Other	<u>50,000</u>	<u>10,458</u>	<u>39,542</u>
Total Expenditures	<u>50,000</u>	<u>10,458</u>	<u>39,542</u>
Excess of Revenues Over Expenditures	15,000	76,792	61,792
Fund Balance at Beginning of Year	<u>212,916</u>	<u>212,916</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$227,916</u></u>	<u><u>\$289,708</u></u>	<u><u>\$61,792</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COUNTY VEHICLE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	<u>\$60,000</u>	<u>\$60,000</u>	<u>\$0</u>
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Other	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Excess of Revenues Over Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Total Expenditures	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Excess of Revenues Over (Under) Expenditures	(8,000)	0	8,000
Fund Balance at Beginning of Year	<u>8,586</u>	<u>8,586</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$586</u></u>	<u><u>\$8,586</u></u>	<u><u>\$8,000</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Other	<u>\$500</u>	<u>\$5,000</u>	<u>\$4,500</u>
Total Revenues	<u>500</u>	<u>5,000</u>	<u>4,500</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	<u>20,000</u>	<u>6,997</u>	<u>13,003</u>
Total Expenditures	<u>20,000</u>	<u>6,997</u>	<u>13,003</u>
Excess of Revenues Under Expenditures	(19,500)	(1,997)	17,503
Fund Balance at Beginning of Year	<u>21,186</u>	<u>21,186</u>	<u>0</u>
Fund Balance at End of Year	<u>\$1,686</u>	<u>\$19,189</u>	<u>\$17,503</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
INDIGENT DRIVERS' EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses and Permits	<u>\$8,000</u>	<u>\$14,112</u>	<u>\$6,112</u>
Total Revenues	<u>8,000</u>	<u>14,112</u>	<u>6,112</u>
Expenditures:			
Current:			
Public Health and Welfare			
Other	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Total Expenditures	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Excess of Revenues Over (Under) Expenditures	(42,000)	14,112	56,112
Fund Balance at Beginning of Year	<u>62,140</u>	<u>62,140</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$20,140</u></u>	<u><u>\$76,252</u></u>	<u><u>\$56,112</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ENFORCEMENT AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses and Permits	<u>\$2,000</u>	<u>\$3,062</u>	<u>\$1,062</u>
Total Revenues	<u>2,000</u>	<u>3,062</u>	<u>1,062</u>
Expenditures:			
Current:			
Public Health and Welfare			
Other	<u>20,000</u>	<u>999</u>	<u>19,001</u>
Total Expenditures	<u>20,000</u>	<u>999</u>	<u>19,001</u>
Excess of Revenues Over (Under) Expenditures	(18,000)	2,063	20,063
Fund Balance at Beginning of Year	<u>22,922</u>	<u>22,922</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$4,922</u></u>	<u><u>\$24,985</u></u>	<u><u>\$20,063</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
IN-HOUSE MONITORING FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses and Permits	<u>\$3,500</u>	<u>\$3,678</u>	<u>\$178</u>
Total Revenues	<u>3,500</u>	<u>3,678</u>	<u>178</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Other	<u>5,000</u>	<u>2,100</u>	<u>2,900</u>
Total Expenditures	<u>5,000</u>	<u>2,100</u>	<u>2,900</u>
Excess of Revenues Over (Under) Expenditures	(1,500)	1,578	3,078
Fund Balance at Beginning of Year	<u>7,023</u>	<u>7,023</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,523</u></u>	<u><u>\$8,601</u></u>	<u><u>\$3,078</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DOWNTOWN IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Current:			
Other Community Environment			
Other	<u>31,090</u>	<u>16,050</u>	<u>15,040</u>
Total Expenditures	<u>31,090</u>	<u>16,050</u>	<u>15,040</u>
Excess of Revenues Under Expenditures	<u>(31,090)</u>	<u>(16,050)</u>	<u>15,040</u>
Other Financing Sources:			
Operating Transfers - In	<u>24,410</u>	<u>30,000</u>	<u>5,590</u>
Total Other Financing Sources	<u>24,410</u>	<u>30,000</u>	<u>5,590</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(6,680)</u>	<u>13,950</u>	<u>20,630</u>
Fund Balance at Beginning of Year	<u>26,680</u>	<u>26,680</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$20,000</u></u>	<u><u>\$40,630</u></u>	<u><u>\$20,630</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIREMEN'S INDEMNITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire Department			
Other	<u>14,961</u>	<u>0</u>	<u>14,961</u>
Total Expenditures	<u>14,961</u>	<u>0</u>	<u>14,961</u>
Excess of Revenues Over (Under) Expenditures	(14,961)	0	14,961
Fund Balance at Beginning of Year	<u>14,961</u>	<u>14,961</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$14,961</u></u>	<u><u>\$14,961</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$160,101	\$153,370	(\$6,731)
Income Taxes	77,876	67,795	(10,081)
Charges for Services	86,071	113,582	27,511
Fines, Licenses and Permits	13,500	20,852	7,352
Intergovernmental	700,940	636,585	(64,355)
Special Assessments	87,000	86,616	(384)
Interest	292	1,932	1,640
Other	1,181	5,353	4,172
Total Revenues	<u>1,126,961</u>	<u>1,086,085</u>	<u>(40,876)</u>
Expenditures:			
Current:			
General Government			
Other	<u>5,000</u>	<u>2,100</u>	<u>2,900</u>
Total General Government	<u>5,000</u>	<u>2,100</u>	<u>2,900</u>
Security of Persons and Property			
Police Law Enforcement			
Other	<u>249,105</u>	<u>228,102</u>	<u>21,003</u>
Fire Department			
Other	<u>99,527</u>	<u>82,565</u>	<u>16,962</u>
Street Lighting			
Other	<u>90,000</u>	<u>83,007</u>	<u>6,993</u>
Total Security of Persons and Property	<u>438,632</u>	<u>393,674</u>	<u>44,958</u>
Public Health and Welfare			
Other	<u>140,000</u>	<u>15,589</u>	<u>124,411</u>
Transportation			
Street Maintenance and Repair			
Personal Services	322,138	274,429	47,709
Other	276,525	262,522	14,003
Snow and Ice Removal			
Personal Services	20,900	6,541	14,359
Other	<u>20,500</u>	<u>1,780</u>	<u>18,720</u>

(continued)

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(continued)

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Street Cleaning			
Personal Services	3,000	2,382	618
Other	<u>121,854</u>	<u>121,854</u>	<u>0</u>
Traffic Controls and Marking			
Other	<u>61,300</u>	<u>50,067</u>	<u>11,233</u>
State Highway Maintenance			
Other	<u>73,000</u>	<u>61,131</u>	<u>11,869</u>
Total Transportation	<u>899,217</u>	<u>780,706</u>	<u>118,511</u>
Leisure Time Activities			
Provide and Maintain Parks			
Personal Services	126,931	121,543	5,388
Other	<u>109,001</u>	<u>63,985</u>	<u>45,016</u>
Total Leisure Time Activities	<u>235,932</u>	<u>185,528</u>	<u>50,404</u>
Community Environment			
Public Housing Projects			
Other	<u>332,780</u>	<u>257,906</u>	<u>74,874</u>
Other Community Environment			
Other	<u>58,460</u>	<u>43,420</u>	<u>15,040</u>
Total Community Environment	<u>391,240</u>	<u>301,326</u>	<u>89,914</u>
Capital Outlay			
Other	<u>50,000</u>	<u>10,458</u>	<u>39,542</u>
Debt Service:			
Principal Retirement	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>2,160,021</u>	<u>1,689,381</u>	<u>470,640</u>
Excess of Revenues Under Expenditures	<u>(1,033,060)</u>	<u>(603,296)</u>	<u>429,764</u>
Other Financing Sources (Uses):			
Proceeds of Notes	0	105,900	105,900
Operating Transfers - In	386,540	564,988	178,448
Operating Transfers - Out	<u>(94,000)</u>	<u>(95,690)</u>	<u>(1,690)</u>
Total Other Financing Sources (Uses)	<u>292,540</u>	<u>575,198</u>	<u>282,658</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(740,520)	(28,098)	712,422
Fund Balance at Beginning of Year	1,223,946	1,223,946	0
Prior Year Encumbrances Appropriated	<u>19,581</u>	<u>19,581</u>	<u>0</u>
Fund Balance at End of Year	<u>\$503,007</u>	<u>\$1,215,429</u>	<u>\$712,422</u>

DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Since there is only one debt service fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

CAPITAL PROJECTS FUNDS

To account for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Issue Two

To account for City infrastructure reconstruction and replacement projects which are financed primarily through the Ohio Public Works Commission.

Capital Improvement

To account for monies received primarily from transfers from the General Fund. Expenditures relate to the retirement of note debt issued for Municipal Building improvements and Riley Boulevard improvements.

Municipal Buildings

To account for monies received from the issuance of debt to pay for improvements to municipal buildings.

Shotwell Drive

To account for monies received primarily from the issuance of debt to pay for improvements to the Shotwell Drive area.

Bikeway

To account for monies designated for engineering fees and construction costs of the City Bikeway.

Street Improvement

To account for monies received from the issuance of debt to pay for engineering costs and improvements to streets within the City limits. This fund is created for GAAP purposes for repayment of short-term debt issues and is not part of the City's appropriated budget. Therefore, no budgetary statement is presented.

River Corridor

To account for grant monies received from the State and expenditures relating to improvements being made to the river corridor. The City did not anticipate any activity in this fund, and none occurred. Therefore, no budgetary statement is presented.

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
DECEMBER 31, 2002

	<u>ISSUE TWO</u>	<u>CAPITAL IMPROVEMENT</u>	<u>MUNICIPAL BUILDINGS</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$808,168	\$23,401	\$433,011
Receivables:			
Interfund	619	0	0
Total Assets	<u>\$808,787</u>	<u>\$23,401</u>	<u>\$433,011</u>
<u>Liabilities</u>			
Accounts Payable	\$250	\$0	\$436
Contracts Payable	2,255	0	215,168
Interfund Payable	111,680	6,263	0
Accrued Interest Payable	2,924	0	962
Notes Payable	759,700	0	250,000
Total Liabilities	<u>876,809</u>	<u>6,263</u>	<u>466,566</u>
<u>Fund Equity</u>			
Fund Balances:			
Reserved for Encumbrances	0	0	14,132
Unreserved:			
Undesignated (Deficit)	(68,022)	17,138	(47,687)
Total Fund Equity (Deficit)	<u>(68,022)</u>	<u>17,138</u>	<u>(33,555)</u>
Total Liabilities and Fund Equity	<u>\$808,787</u>	<u>\$23,401</u>	<u>\$433,011</u>

<u>SHOTWELL DRIVE</u>	<u>BIKEWAY</u>	<u>STREET IMPROVEMENT</u>	<u>RIVER CORRIDOR</u>	<u>TOTALS</u>
\$127,805	\$229,119	\$0	\$2,627	\$1,624,131
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>619</u>
<u>\$127,805</u>	<u>\$229,119</u>	<u>\$0</u>	<u>\$2,627</u>	<u>\$1,624,750</u>
\$0	\$0	\$0	\$0	\$686
155,516	0	0	0	372,939
898	0	767	0	119,608
0	0	0	0	3,886
<u>170,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,179,700</u>
<u>326,414</u>	<u>0</u>	<u>767</u>	<u>0</u>	<u>1,676,819</u>
0	0	0	0	14,132
<u>(198,609)</u>	<u>229,119</u>	<u>(767)</u>	<u>2,627</u>	<u>(66,201)</u>
<u>(198,609)</u>	<u>229,119</u>	<u>(767)</u>	<u>2,627</u>	<u>(52,069)</u>
<u>\$127,805</u>	<u>\$229,119</u>	<u>\$0</u>	<u>\$2,627</u>	<u>\$1,624,750</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>ISSUE TWO</u>	<u>CAPITAL IMPROVEMENT</u>	<u>MUNICIPAL BUILDINGS</u>
Revenues:			
Intergovernmental	\$402,867	\$0	\$0
Total Revenues	<u>402,867</u>	<u>0</u>	<u>0</u>
Expenditures:			
Capital Outlay	157,686	9,662	2,787,204
Debt Service:			
Interest and Fiscal Charges	9,027	0	46,349
Total Expenditures	<u>166,713</u>	<u>9,662</u>	<u>2,833,553</u>
Excess of Revenues Over (Under) Expenditures	<u>236,154</u>	<u>(9,662)</u>	<u>(2,833,553)</u>
Other Financing Sources:			
Proceeds of Bonds	0	0	4,625,000
Operating Transfers - In	0	0	269,751
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>4,894,751</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	236,154	(9,662)	2,061,198
Fund Balances (Deficit) at Beginning of Year	<u>(304,176)</u>	<u>26,800</u>	<u>(2,094,753)</u>
Fund Balances (Deficit) at End of Year	<u><u>(\$68,022)</u></u>	<u><u>\$17,138</u></u>	<u><u>(\$33,555)</u></u>

<u>SHOTWELL DRIVE</u>	<u>BIKEWAY</u>	<u>STREET IMPROVEMENT</u>	<u>RIVER CORRIDOR</u>	<u>TOTALS</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$402,867</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>402,867</u>
170,440	75,265	0	0	3,200,257
<u>0</u>	<u>0</u>	<u>902</u>	<u>0</u>	<u>56,278</u>
<u>170,440</u>	<u>75,265</u>	<u>902</u>	<u>0</u>	<u>3,256,535</u>
<u>(170,440)</u>	<u>(75,265)</u>	<u>(902)</u>	<u>0</u>	<u>(2,853,668)</u>
0	0	0	0	4,625,000
<u>0</u>	<u>0</u>	<u>103,650</u>	<u>0</u>	<u>373,401</u>
<u>0</u>	<u>0</u>	<u>103,650</u>	<u>0</u>	<u>4,998,401</u>
(170,440)	(75,265)	102,748	0	2,144,733
<u>(28,169)</u>	<u>304,384</u>	<u>(103,515)</u>	<u>2,627</u>	<u>(2,196,802)</u>
<u>(\$198,609)</u>	<u>\$229,119</u>	<u>(\$767)</u>	<u>\$2,627</u>	<u>(\$52,069)</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ISSUE TWO FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	<u>\$253,143</u>	<u>\$523,989</u>	<u>\$270,846</u>
Total Revenues	<u>253,143</u>	<u>523,989</u>	<u>270,846</u>
Expenditures:			
Capital Outlay			
Other	<u>805,421</u>	<u>805,421</u>	<u>0</u>
Total Expenditures	<u>805,421</u>	<u>805,421</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(552,278)</u>	<u>(281,432)</u>	<u>270,846</u>
Other Financing Sources:			
Proceeds of Notes	<u>0</u>	<u>548,700</u>	<u>548,700</u>
Total Other Financing Sources	<u>0</u>	<u>548,700</u>	<u>548,700</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>(552,278)</u>	<u>267,268</u>	<u>819,546</u>
Fund Balance at Beginning of Year	<u>541,520</u>	<u>541,520</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$10,758)</u></u>	<u><u>\$808,788</u></u>	<u><u>\$819,546</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Capital Outlay			
Other	<u>30,000</u>	<u>9,662</u>	<u>20,338</u>
Total Expenditures	<u>30,000</u>	<u>9,662</u>	<u>20,338</u>
Excess of Revenues Under Expenditures	(30,000)	(9,662)	20,338
Fund Balance at Beginning of Year	<u>33,063</u>	<u>33,063</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,063</u></u>	<u><u>\$23,401</u></u>	<u><u>\$20,338</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
MUNICIPAL BUILDINGS FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Capital Outlay			
Other	<u>2,763,000</u>	<u>2,805,757</u>	<u>(42,757)</u>
Debt Service:			
Interest and Fiscal Charges	<u>0</u>	<u>12,387</u>	<u>(12,387)</u>
Total Expenditures	<u>2,763,000</u>	<u>2,818,144</u>	<u>(55,144)</u>
Excess of Revenues Under Expenditures	<u>(2,763,000)</u>	<u>(2,818,144)</u>	<u>(55,144)</u>
Other Financing Sources (Uses):			
Proceeds of Bonds	2,341,391	2,625,000	283,609
Proceeds of Notes	0	250,000	250,000
Advances - Out	0	(50,000)	(50,000)
Operating Transfers - In	<u>0</u>	<u>203,751</u>	<u>203,751</u>
Total Other Financing Sources (Uses)	<u>2,341,391</u>	<u>3,028,751</u>	<u>687,360</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(421,609)	210,607	632,216
Fund Balance at Beginning of Year	<u>848</u>	<u>848</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>(\$420,761)</u></u>	<u><u>\$211,455</u></u>	<u><u>\$632,216</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
SHOTWELL DRIVE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Capital Outlay			
Other	<u>\$175,000</u>	<u>\$65,346</u>	<u>\$109,654</u>
Total Expenditures	<u>175,000</u>	<u>65,346</u>	<u>109,654</u>
Excess of Revenues Under Expenditures	<u>(175,000)</u>	<u>(65,346)</u>	<u>109,654</u>
Other Financing Sources:			
Proceeds of Notes	<u>175,000</u>	<u>170,000</u>	<u>(5,000)</u>
Total Other Financing Sources	<u>175,000</u>	<u>170,000</u>	<u>(5,000)</u>
Excess of Revenues and Other Financing Sources Over Expenditures	0	104,654	104,654
Fund Balance at Beginning of Year	<u>23,151</u>	<u>23,151</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$23,151</u></u>	<u><u>\$127,805</u></u>	<u><u>\$104,654</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
BIKEWAY FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Capital Outlay			
Other	<u>90,000</u>	<u>83,205</u>	<u>6,795</u>
Total Expenditures	<u>90,000</u>	<u>83,205</u>	<u>6,795</u>
Excess of Revenues Under Expenditures	(90,000)	(83,205)	6,795
Fund Balance at Beginning of Year	<u>312,324</u>	<u>312,324</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$222,324</u></u>	<u><u>\$229,119</u></u>	<u><u>\$6,795</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$253,143	\$523,989	\$270,846
Total Revenues	253,143	523,989	270,846
Expenditures:			
Capital Outlay			
Other	3,863,421	3,769,391	94,030
Debt Service:			
Interest and Fiscal Charges	0	12,387	(12,387)
Total Expenditures	3,863,421	3,781,778	81,643
Excess of Revenues Under Expenditures	(3,610,278)	(3,257,789)	352,489
Other Financing Sources (Uses):			
Proceeds of Bonds	2,341,391	2,625,000	283,609
Proceeds of Notes	175,000	968,700	793,700
Advances - Out	0	(50,000)	(50,000)
Operating Transfers - In	0	203,751	203,751
Total Other Financing Sources (Uses)	2,516,391	3,747,451	1,231,060
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,093,887)	489,662	1,583,549
Fund Balance at Beginning of Year	913,532	913,532	0
Fund Balance (Deficit) at End of Year	(\$180,355)	\$1,403,194	\$1,583,549

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ENTERPRISE FUNDS

To account for operations that are financed and operated in a manner similar to private business enterprises (a) where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Water

To account for the provision of water treatment and distribution to residential and commercial users in the City.

Sewer

To account for the provision of sanitary sewer service to the residents and commercial users in the City.

Trash

To account for the provision of trash collection services to the residents and commercial users in the City.

CITY OF FRANKLIN
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2002

	<u>WATER</u>	<u>SEWER</u>	<u>TRASH</u>	<u>TOTALS</u>
<u>Assets</u>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$232,031	\$617,226	\$108,600	\$957,857
Receivables:				
Accounts	264,160	766,481	77,662	1,108,303
Interfund	15,114	36,472	0	51,586
Due from Other Governments	4,500	0	0	4,500
Materials and Supplies Inventory	<u>21,303</u>	<u>0</u>	<u>0</u>	<u>21,303</u>
Total Current Assets	<u>537,108</u>	<u>1,420,179</u>	<u>186,262</u>	<u>2,143,549</u>
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	366,817	138,139	0	504,956
Cash and Cash Equivalents with Trustee	<u>373,983</u>	<u>0</u>	<u>0</u>	<u>373,983</u>
Total Restricted Assets	<u>740,800</u>	<u>138,139</u>	<u>0</u>	<u>878,939</u>
Fixed Assets (Net of Accumulated Depreciation)				
	<u>7,141,273</u>	<u>1,234,493</u>	<u>0</u>	<u>8,375,766</u>
Total Assets	<u><u>\$8,419,181</u></u>	<u><u>\$2,792,811</u></u>	<u><u>\$186,262</u></u>	<u><u>\$11,398,254</u></u>

(continued)

CITY OF FRANKLIN
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
DECEMBER 31, 2002
(continued)

	<u>WATER</u>	<u>SEWER</u>	<u>TRASH</u>	<u>TOTALS</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$145,170	\$156,452	\$40,575	\$342,197
Contracts Payable	0	349,943	0	349,943
Interfund Payable	4,784	3,014	0	7,798
Accrued Wages and Benefits	11,004	22,523	592	34,119
Compensated Absences Payable	11,169	3,134	0	14,303
Due to Other Governments	14,429	14,319	621	29,369
Current Portion of OWDA Loans Payable	<u>75,117</u>	<u>0</u>	<u>0</u>	<u>75,117</u>
Total Current Liabilities	<u>261,673</u>	<u>549,385</u>	<u>41,788</u>	<u>852,846</u>
Payable from Restricted Assets:				
Mortgage Revenue Bonds Payable (Current Portion)	100,000	0	0	100,000
Refundable Deposits	19,605	43,525	0	63,130
Accrued Interest Payable	<u>35,920</u>	<u>0</u>	<u>0</u>	<u>35,920</u>
Total Payable from Restricted Assets	<u>155,525</u>	<u>43,525</u>	<u>0</u>	<u>199,050</u>
Long-Term Liabilities:				
Compensated Absences Payable	94,360	77,327	795	172,482
Mortgage Revenue Bonds Payable (Net of Current Portion)	3,610,000	0	0	3,610,000
OWDA Loans Payable (Net of Current Portion)	<u>2,465,325</u>	<u>0</u>	<u>0</u>	<u>2,465,325</u>
Total Long-Term Liabilities	<u>6,169,685</u>	<u>77,327</u>	<u>795</u>	<u>6,247,807</u>
Total Liabilities	<u>6,586,883</u>	<u>670,237</u>	<u>42,583</u>	<u>7,299,703</u>
<u>Fund Equity</u>				
Contributed Capital	242,342	230,254	0	472,596
Retained Earnings:				
Reserved for Revenue Bond Replacement and Improvement Reserved for Revenue Bond	347,213	493	0	347,706
Future Debt Service	373,983	0	0	373,983
Unreserved	<u>868,760</u>	<u>1,891,827</u>	<u>143,679</u>	<u>2,904,266</u>
Total Fund Equity	<u>1,832,298</u>	<u>2,122,574</u>	<u>143,679</u>	<u>4,098,551</u>
Total Liabilities and Fund Equity	<u><u>\$8,419,181</u></u>	<u><u>\$2,792,811</u></u>	<u><u>\$186,262</u></u>	<u><u>\$11,398,254</u></u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>WATER</u>	<u>SEWER</u>	<u>TRASH</u>	<u>TOTALS</u>
Operating Revenues:				
Charges for Services	\$1,988,662	\$2,603,503	\$516,599	\$5,108,764
Other Operating Revenues	1,280	103,216	156	104,652
Total Operating Revenues	<u>1,989,942</u>	<u>2,706,719</u>	<u>516,755</u>	<u>5,213,416</u>
Operating Expenses:				
Personal Services	450,405	361,823	14,718	826,946
Contractual Services	887,618	1,812,529	505,059	3,205,206
Materials and Supplies	92,110	49,999	8,672	150,781
Depreciation	288,345	85,890	0	374,235
Total Operating Expenses	<u>1,718,478</u>	<u>2,310,241</u>	<u>528,449</u>	<u>4,557,168</u>
Operating Income (Loss)	<u>271,464</u>	<u>396,478</u>	<u>(11,694)</u>	<u>656,248</u>
Non-Operating Revenues (Expenses):				
Loss on the Disposal of Fixed Assets	(1,753)	(3,587)	0	(5,340)
Interest and Fiscal Charges	(396,270)	0	0	(396,270)
Interest Revenue	16,252	36,472	0	52,724
Total Non-Operating Revenues (Expenses)	<u>(381,771)</u>	<u>32,885</u>	<u>0</u>	<u>(348,886)</u>
Income (Loss) Before Operating Transfers	(110,307)	429,363	(11,694)	307,362
Operating Transfers - In	51,825	0	0	51,825
Operating Transfers - Out	<u>(73,825)</u>	<u>(22,000)</u>	<u>0</u>	<u>(95,825)</u>
Net Income (Loss)	(132,307)	407,363	(11,694)	263,362
Retained Earnings at Beginning of Year	<u>1,722,263</u>	<u>1,484,957</u>	<u>155,373</u>	<u>3,362,593</u>
Retained Earnings at End of Year	\$1,589,956	\$1,892,320	\$143,679	\$3,625,955
Contributed Capital at Beginning and End of Year	<u>242,342</u>	<u>230,254</u>	<u>0</u>	<u>472,596</u>
Total Fund Equity at End of Year	<u><u>\$1,832,298</u></u>	<u><u>\$2,122,574</u></u>	<u><u>\$143,679</u></u>	<u><u>\$4,098,551</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$2,027,997	\$1,928,569	(\$99,428)
Special Assessments	370	0	(370)
Deposits Received	12,951	20,150	7,199
Interest	23,127	22,929	(198)
Other	555	1,280	725
Total Revenues	<u>2,065,000</u>	<u>1,972,928</u>	<u>(92,072)</u>
Expenses:			
Personal Services	458,982	446,028	12,954
Contractual Services	985,015	881,409	103,606
Materials and Supplies	127,421	118,036	9,385
Deposit Refunds	25,451	25,445	6
Capital Outlay	600,000	341,037	258,963
Debt Service:			
Principal Retirement	170,498	170,498	0
Interest and Fiscal Charges	396,416	396,219	197
Total Expenses	<u>2,763,783</u>	<u>2,378,672</u>	<u>385,111</u>
Excess of Revenues Under Expenses	(698,783)	(405,744)	293,039
Operating Transfers - Out	<u>(89,692)</u>	<u>(73,825)</u>	<u>15,867</u>
Excess of Revenues Under Expenses and Operating Transfers	(788,475)	(479,569)	308,906
Fund Equity at Beginning of Year	1,032,592	1,032,592	0
Prior Year Encumbrances Appropriated	<u>21,792</u>	<u>21,792</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$265,909</u></u>	<u><u>\$574,815</u></u>	<u><u>\$308,906</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$2,234,824	\$2,371,334	\$136,510
Deposits Received	12,855	20,050	7,195
Interest	24,722	27,524	2,802
Other	99	103,216	103,117
	<u>2,272,500</u>	<u>2,522,124</u>	<u>249,624</u>
Total Revenues			
Expenses:			
Personal Services	407,740	340,165	67,575
Contractual Services	2,150,400	2,178,430	(28,030)
Materials and Supplies	50,000	49,104	896
Deposit Refunds	1,500	1,425	75
Capital Outlay	100,000	33,231	66,769
	<u>2,709,640</u>	<u>2,602,355</u>	<u>107,285</u>
Total Expenses			
Excess of Revenues Under Expenses	(437,140)	(80,231)	356,909
Operating Transfers - Out	(32,000)	(22,000)	10,000
	<u>(469,140)</u>	<u>(102,231)</u>	<u>366,909</u>
Excess of Revenues Under Expenses and Operating Transfers			
Fund Equity at Beginning of Year	833,673	833,673	0
Prior Year Encumbrances Appropriated	11,124	11,124	0
	<u>844,797</u>	<u>844,797</u>	<u>0</u>
Fund Equity at End of Year	<u>\$375,657</u>	<u>\$742,566</u>	<u>\$366,909</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
TRASH FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$435,000	\$507,801	\$72,801
Other	<u>0</u>	<u>156</u>	<u>156</u>
Total Revenues	<u>435,000</u>	<u>507,957</u>	<u>72,957</u>
Expenses:			
Personal Services	13,000	14,129	(1,129)
Contractual Services	427,000	465,050	(38,050)
Materials and Supplies	<u>15,600</u>	<u>12,024</u>	<u>3,576</u>
Total Expenses	<u>455,600</u>	<u>491,203</u>	<u>(35,603)</u>
Excess of Revenues Over (Under) Expenses	(20,600)	16,754	37,354
Fund Equity at Beginning of Year	<u>91,423</u>	<u>91,423</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$70,823</u></u>	<u><u>\$108,177</u></u>	<u><u>\$37,354</u></u>

CITY OF FRANKLIN, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Charges for Services	\$4,697,821	\$4,807,704	\$109,883
Intergovernmental	0	0	0
Special Assessments	370	0	(370)
Deposits Received	25,806	40,200	14,394
Interest	47,849	50,453	2,604
Other	654	104,652	103,998
Total Revenues	<u>4,772,500</u>	<u>5,003,009</u>	<u>230,509</u>
Expenses:			
Personal Services	879,722	800,322	79,400
Contractual Services	3,562,415	3,524,889	37,526
Claims and Judgements	0	0	0
Materials and Supplies	193,021	179,164	13,857
Deposit Refunds	26,951	26,870	81
Capital Outlay	700,000	374,268	325,732
Debt Service:			
Principal Retirement	170,498	170,498	0
Interest and Fiscal Charges	396,416	396,219	197
Total Expenses	<u>5,929,023</u>	<u>5,472,230</u>	<u>456,793</u>
Excess of Revenues Under Expenses	(1,156,523)	(469,221)	687,302
Other Financing Uses:			
Operating Transfers - Out	<u>(121,692)</u>	<u>(95,825)</u>	<u>25,867</u>
Excess of Revenues Under Expenses and Transfers	(1,278,215)	(565,046)	713,169
Fund Equity at Beginning of Year	1,957,688	1,957,688	0
Prior Year Encumbrances Appropriated	<u>32,916</u>	<u>32,916</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$712,389</u></u>	<u><u>\$1,425,558</u></u>	<u><u>\$713,169</u></u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	WATER	SEWER	TRASH	TOTALS
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,928,569	\$2,371,334	\$507,801	\$4,807,704
Cash Paid for Employee Services and Benefits	(446,028)	(340,165)	(14,129)	(800,322)
Cash Paid to Suppliers for Goods and Services	(941,493)	(2,219,114)	(476,651)	(3,637,258)
Utility Deposits Received	20,150	20,050	0	40,200
Utility Deposits Returned	(25,445)	(1,425)	0	(26,870)
Other Operating Revenues	1,280	103,216	156	104,652
Net Cash Provided by (Used for) Operating Activities	537,033	(66,104)	17,177	488,106
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Transfers - Out to Other Funds	(73,825)	(22,000)	0	(95,825)
Net Cash Used For Noncapital Financing Activities	(73,825)	(22,000)	0	(95,825)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(374,957)	(28,851)	0	(403,808)
Interest Paid on OWDA Loans	(180,416)	0	0	(180,416)
Principal Paid on OWDA Loans	(70,498)	0	0	(70,498)
Interest Paid on Mortgage Revenue Bonds	(215,803)	0	0	(215,803)
Principal Paid on Mortgage Revenue Bonds	(100,000)	0	0	(100,000)
Net Cash Used for Capital and Related Financing Activities	(941,674)	(28,851)	0	(970,525)
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends	2,446	0	0	2,446
Net Cash Provided By Investing Activities	2,446	0	0	2,446
Net Increase (Decrease) in Cash and Cash Equivalents	(476,020)	(116,955)	17,177	(575,798)
Cash and Cash Equivalents at Beginning of Year	1,448,851	872,320	91,423	2,412,594
Cash and Cash Equivalents at End of Year	\$972,831	\$755,365	\$108,600	\$1,836,796
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	\$271,464	\$396,478	(\$11,694)	\$656,248
<u>Adjustments to Reconcile Operating Income (Loss)</u>				
<u>to Net Cash Provided by (Used for) Operating Activities:</u>				
Depreciation Expense	288,345	85,890	0	374,235
Change in Assets and Liabilities:				
(Increase) in Accounts Receivable	(55,593)	(151,205)	(8,798)	(215,596)
(Increase) in Due From Other Governments	(1,161)	0	0	(1,161)
(Increase) in Materials and Supplies Inventory	(966)	0	0	(966)
Increase (Decrease) in Accounts Payable	39,175	(153,723)	37,179	(77,369)
(Decrease) in Contracts Payable	(4,374)	(283,827)	0	(288,201)
Increase in Accrued Wages and Benefits	1,132	6,890	161	8,183
Increase (Decrease) in Compensated Absences Payable	(932)	11,841	221	11,130
Increase in Due to Other Governments	5,238	2,927	108	8,273
Increase (Decrease) in Refundable Deposits	(5,295)	18,625	0	13,330
Total Adjustments	265,569	(462,582)	28,871	(168,142)
Net Cash Provided by (Used for) Operating Activities	\$537,033	(\$66,104)	\$17,177	\$488,106

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FIDUCIARY FUNDS

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

EXPENDABLE TRUST FUND

Unclaimed Monies

To account for monies which have yet to be claimed by their rightful owners.

Since there is only one expendable trust fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

AGENCY FUNDS

Municipal Court

To account for the collection and distribution of court fines and forfeitures.

Joint Emergency Medical Services (JEMS)

To account for financial activities of the agency for which the City is the fiscal agent.

Joint Recreation

To account for the financial activities of the joint venture for which the City is the fiscal agent.

Building Standards Fee

To account for monies received on building permits which will be disbursed to the State of Ohio.

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
ALL FIDUCIARY FUNDS
DECEMBER 31, 2002

	EXPENDABLE TRUST		AGENCY
	UNCLAIMED MONIES	MUNICIPAL COURT	JOINT EMERGENCY MEDICAL SERVICES (JEMS)
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,598	\$0	\$754
Cash and Cash Equivalents in			
Segregated Accounts	0	175,699	0
Due from Other Governments	0	0	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$2,598</u>	<u>\$175,699</u>	<u>\$754</u>
<u>Liabilities:</u>			
Interfund Payable	\$0	\$0	\$0
Due to Other Funds	0	84,417	0
Due to Other Governments	0	73,652	754
Undistributed Monies	0	7,557	0
Deposits Held and Due to Others	0	10,073	0
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>0</u>	<u>175,699</u>	<u>754</u>
<u>Fund Equity</u>			
Fund Balance:			
Unreserved:			
Undesignated	2,598	0	0
	<hr/>	<hr/>	<hr/>
Total Fund Equity	<u>2,598</u>	<u>0</u>	<u>0</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Equity	<u>\$2,598</u>	<u>\$175,699</u>	<u>\$754</u>

<u>JOINT RECREATION</u>	<u>BUILDING STANDARDS FEE</u>	<u>TOTALS</u>
\$11,235	\$0	\$14,587
0	0	175,699
0	13	13
<u>\$11,235</u>	<u>\$13</u>	<u>\$190,299</u>
\$0	\$13	\$13
0	0	84,417
0	0	74,406
11,235	0	18,792
0	0	10,073
<u>11,235</u>	<u>13</u>	<u>187,701</u>
<u>0</u>	<u>0</u>	<u>2,598</u>
<u>0</u>	<u>0</u>	<u>2,598</u>
<u>\$11,235</u>	<u>\$13</u>	<u>\$190,299</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>BALANCE</u> 1/1/02	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> 12/31/02
MUNICIPAL COURT				
<u>Assets:</u>				
Cash and Cash Equivalents in Segregated Accounts	\$106,216	\$175,699	\$106,216	\$175,699
Total Assets	<u>\$106,216</u>	<u>\$175,699</u>	<u>\$106,216</u>	<u>\$175,699</u>
<u>Liabilities:</u>				
Due to Other Funds	\$41,953	\$84,417	\$41,953	\$84,417
Due to Other Governments	37,207	73,652	37,207	73,652
Undistributed Monies	16,821	7,557	16,821	7,557
Deposits Held and Due to Others	10,235	10,073	10,235	10,073
Total Liabilities	<u>\$106,216</u>	<u>\$175,699</u>	<u>\$106,216</u>	<u>\$175,699</u>
JOINT EMERGENCY MEDICAL SERVICES (JEMS)				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$119	\$635	\$0	\$754
Total Assets	<u>\$119</u>	<u>\$635</u>	<u>\$0</u>	<u>\$754</u>
<u>Liabilities:</u>				
Due to Other Governments	119	635	0	754
Total Liabilities	<u>\$119</u>	<u>\$635</u>	<u>\$0</u>	<u>\$754</u>
JOINT RECREATION				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,583	\$137,272	\$128,620	\$11,235
Total Assets	<u>\$2,583</u>	<u>\$137,272</u>	<u>\$128,620</u>	<u>\$11,235</u>
<u>Liabilities:</u>				
Undistributed Monies	\$2,583	\$137,272	\$128,620	\$11,235
Total Liabilities	<u>\$2,583</u>	<u>\$137,272</u>	<u>\$128,620</u>	<u>\$11,235</u>

(continued)

**CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002
(continued)**

	BALANCE 1/1/02	ADDITIONS	REDUCTIONS	BALANCE 12/31/02
BUILDING STANDARDS FEE				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$1,787	\$1,787	\$0
Due from Other Governments	0	13	0	13
Total Assets	<u>\$0</u>	<u>\$1,800</u>	<u>\$1,787</u>	<u>\$13</u>
<u>Liabilities:</u>				
Due to Other Governments	\$0	\$1,787	\$1,787	\$0
Interfund Payable	0	13	0	13
Total Liabilities	<u>\$0</u>	<u>\$1,800</u>	<u>\$1,787</u>	<u>\$13</u>
TOTAL - ALL AGENCY FUNDS				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,702	\$139,694	\$130,407	\$11,989
Cash and Cash Equivalents in Segregated Accounts	106,216	175,699	106,216	175,699
Due from Other Governments	0	13	0	13
Total Assets	<u>\$108,918</u>	<u>\$315,406</u>	<u>\$236,623</u>	<u>\$187,701</u>
<u>Liabilities:</u>				
Interfund Payable	\$0	\$13	\$0	\$13
Due to Other Funds	41,953	84,417	41,953	84,417
Due to Other Governments	37,326	76,074	38,994	74,406
Undistributed Monies	19,404	144,829	145,441	18,792
Deposits Held and Due to Others	10,235	10,073	10,235	10,073
Total Liabilities	<u>\$108,918</u>	<u>\$315,406</u>	<u>\$236,623</u>	<u>\$187,701</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets other than those accounted for in the proprietary funds.

CITY OF FRANKLIN, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY SOURCES
DECEMBER 31, 2002

General Fixed Assets:	
Land	\$554,692
Buildings	4,382,054
Improvements Other Than Buildings	457,768
Vehicles, Furniture and Equipment	3,777,804
Construction in Progress	<u>962,672</u>
Total	<u><u>\$10,134,990</u></u>

Investment in General Fixed Assets
from:

General Fund Revenues	\$6,372,089
Special Revenue Fund Revenues	1,155,378
Donations	75,353
Capital Projects Fund Revenues	<u>2,532,170</u>
Total General Fixed Assets	<u><u>\$10,134,990</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
DECEMBER 31, 2002

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS
GENERAL GOVERNMENT:			
Administration	\$167,277	\$2,107,212	\$48,309
City Hall	56,544	274,136	0
Municipal Court	0	0	17,247
Finance	0	5,364	0
Tax	0	794	0
Total General Government	223,821	2,387,506	65,556
SECURITY OF PERSONS AND PROPERTY:			
Police Protection	1,500	138,730	191,506
Fire Department	1,500	1,589,464	6,950
Total Security of Persons and Property	3,000	1,728,194	198,456
TRANSPORTATION:			
Street Department	28,078	229,765	97,501
LEISURE TIME ACTIVITIES:			
Recreation Department	299,793	36,589	96,255
TOTAL GENERAL FIXED ASSETS	\$554,692	\$4,382,054	\$457,768

VEHICLES, FURNITURE AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTALS
\$233,304	\$0	\$2,556,102
24,744	0	355,424
138,472	0	155,719
11,594	0	16,958
12,870	0	13,664
<u>420,984</u>	<u>0</u>	<u>3,097,867</u>
648,454	962,672	1,942,862
<u>1,805,730</u>	<u>0</u>	<u>3,403,644</u>
<u>2,454,184</u>	<u>962,672</u>	<u>5,346,506</u>
<u>632,260</u>	<u>0</u>	<u>987,604</u>
<u>270,376</u>	<u>0</u>	<u>703,013</u>
<u><u>\$3,777,804</u></u>	<u><u>\$962,672</u></u>	<u><u>\$10,134,990</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2002

<u>FUNCTION AND ACTIVITY</u>	<u>GENERAL FIXED ASSETS 12/31/01</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>GENERAL FIXED ASSETS 12/31/02</u>
GENERAL GOVERNMENT:				
Administration	\$2,539,378	\$52,630	\$35,906	\$2,556,102
City Hall	355,424	0	0	355,424
Municipal Court	142,835	16,313	3,429	155,719
Finance	16,958	0	0	16,958
Tax	12,091	1,573	0	13,664
Total General Government	<u>3,066,686</u>	<u>70,516</u>	<u>39,335</u>	<u>3,097,867</u>
SECURITY OF PERSONS AND PROPERTY:				
Police Protection	952,578	1,078,006	87,722	1,942,862
Fire Department	1,801,028	1,606,101	3,485	3,403,644
Total Security of Persons and Property	<u>2,753,606</u>	<u>2,684,107</u>	<u>91,207</u>	<u>5,346,506</u>
TRANSPORTATION:				
Street Department	860,152	129,950	2,498	987,604
LEISURE TIME ACTIVITIES:				
Recreation Department	699,125	3,888	0	703,013
TOTAL GENERAL FIXED ASSETS	<u><u>\$7,379,569</u></u>	<u><u>\$2,888,461</u></u>	<u><u>\$133,040</u></u>	<u><u>\$10,134,990</u></u>

Statistical Section

TABLE I

**CITY OF FRANKLIN, OHIO
GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

<u>YEAR</u>	<u>GENERAL GOVERNMENT</u>	<u>SECURITY OF PERSONS AND PROPERTY</u>	<u>LEISURE TIME ACTIVITIES</u>	<u>BASIC UTILITY SERVICES</u>	<u>CAPITAL OUTLAY</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
1993	\$822,214	\$1,553,287	\$33,590	\$19,746	\$0	\$18,273	\$2,447,110
1994	953,503	1,723,022	26,000	9,696	0	18,374	2,730,595
1995	995,591	2,104,794	26,000	50,158	0	27,389	3,203,932
1996	1,226,860	2,043,215	25,000	56,344	0	50,523	3,401,942
1997	1,318,215	2,117,637	0	111,789	0	49,168	3,596,809
1998	1,567,870	2,989,234	25,000	75,019	110,000	70,049	4,837,172
1999	1,460,278	2,549,468	25,000	57,968	11,814	42,488	4,147,016
2000	1,843,079	2,824,697	25,000	86,758	0	37,982	4,817,516
2001	1,915,770	3,169,146	25,000	96,090	0	34,537	5,240,543
2002	1,921,684	3,244,927	45,000	90,078	0	28,165	5,329,854

SOURCE: City of Franklin's Finance Office

TABLE 2

**CITY OF FRANKLIN, OHIO
GENERAL FUND REVENUES BY SOURCE
LAST TEN YEARS**

<u>YEAR</u>	<u>TAXES</u>	<u>CHARGES FOR SERVICES</u>	<u>FINES, LICENSES AND PERMITS</u>	<u>INTER- GOVERNMENTAL</u>	<u>INTEREST</u>	<u>OTHER</u>	<u>TOTAL</u>
1993	\$2,313,917	\$87,715	\$378,244	\$400,923	\$36,909	\$9,679	\$3,227,387
1994	2,487,022	69,344	384,343	377,374	74,670	9,056	3,401,809
1995	2,942,031	72,111	431,736	401,891	153,476	72,926	4,074,171
1996	3,238,048	62,134	477,703	463,303	179,312	81,583	4,502,083
1997	3,507,176	37,681	484,631	476,988	355,783	101,348	4,963,607
1998	4,052,846	46,688	544,348	727,918	312,860	403,705	6,088,365
1999	3,890,894	32,985	642,185	786,421	334,225	95,998	5,782,708
2000	4,199,400	69,203	680,768	646,101	362,600	82,323	6,040,395
2001	4,516,608	49,587	689,130	642,846	256,582	342,626	6,497,379
2002	4,674,005	49,660	867,683	688,466	173,361	209,338	6,662,513

SOURCE: City of Franklin's Finance Office

TABLE 3

CITY OF FRANKLIN, OHIO
 PROPERTY TAX LEVIES AND COLLECTIONS
 LAST TEN YEARS

COLLECTION YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENTAGE OF		ACCUMULATED OUTSTANDING DELINQUENT TAXES	PERCENTAGE OF ACCUMULATED DELINQUENT TAXES TO TOTAL TAX LEVY
					TOTAL TAX COLLECTIONS TO TAX LEVY	TOTAL TAX COLLECTIONS TO TAX LEVY		
1993	\$320,905	\$290,793	\$11,521	\$302,314	94.20%	\$14,577	4.5%	
1994	341,412	310,684	9,447	320,131	93.80	14,671	4.3	
1995	363,943	341,431	11,186	352,617	96.90	12,588	3.5	
1996	372,510	360,292	9,048	369,340	99.10	8,049	2.2	
1997	383,488	378,567	10,717	389,284	101.50	9,989	2.6	
1998	423,981	414,523	10,186	424,709	100.20	11,497	2.7	
1999	466,406	451,368	9,817	461,185	98.88	16,474	3.6	
2000	534,141	506,035	18,871	524,906	98.27	32,799	6.1	
2001	611,494	577,043	18,651	595,694	97.42	36,632	6.0	
2002	621,639	592,711	34,643	627,354	100.92	36,447	5.9	

SOURCE: Warren County Auditor's Office

TABLE 4

CITY OF FRANKLIN, OHIO
 ASSESSED VALUATION AND ESTIMATED
 ACTUAL VALUES OF TAXABLE PROPERTY
 LAST TEN YEARS

YEAR	REAL PROPERTY		PERSONAL PROPERTY		PUBLIC UTILITY PERSONAL		TOTAL		PERCENTAGE OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1993	\$74,228,870	\$212,082,486	\$22,326,012	\$89,304,048	\$11,379,650	\$12,931,420	\$107,934,532	\$314,317,954	34.34
1994	84,947,240	242,706,400	25,087,683	100,350,732	11,255,270	12,790,080	121,290,193	355,847,212	34.08
1995	86,800,030	248,000,086	27,499,334	109,997,336	10,905,560	12,392,682	125,204,924	370,390,104	33.80
1996	93,650,870	267,573,914	31,703,229	126,812,916	10,814,790	12,289,534	136,168,889	406,676,364	33.48
1997	106,287,760	303,679,314	33,579,779	134,319,116	10,563,810	12,004,330	150,431,349	450,002,760	33.43
1998	114,152,770	326,150,771	36,161,985	144,647,940	11,022,020	12,525,023	161,336,775	483,323,734	33.38
1999	120,126,750	343,219,286	39,952,347	159,809,388	10,772,760	12,241,773	170,851,857	515,270,447	33.16
2000	144,059,380	413,883,943	58,622,764	234,491,056	10,401,300	11,819,659	213,083,444	660,194,658	32.28
2001	149,263,540	426,467,257	56,525,550	226,102,200	8,366,100	9,506,932	214,155,190	662,076,389	32.35
2002	154,745,790	442,130,829	60,364,620	241,458,480	11,334,230	12,879,807	226,444,640	696,469,116	32.51

SOURCE: Warren County Auditor's Office

TABLE 5

**CITY OF FRANKLIN, OHIO
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS
PER \$1,000 OF ASSESSED VALUATION
LAST TEN YEARS**

YEAR	CITY OF FRANKLIN		WARREN COUNTY (1)		FRANKLIN CITY SCHOOL DISTRICT			OTHER (2)	
	OPERATING	DEBT	OPERATING	DEBT	OPERATING	DEBT	TOTAL	OPERATING	TOTAL
1993	\$2.85		\$8.10	\$1.90	\$42.65		\$44.55	\$7.00	\$62.50
1994	2.82		8.07	1.60	42.68		44.28	7.00	62.17
1995	2.82		6.57	1.50	48.58		50.08	8.50	67.97
1996	2.82		5.00	1.50	48.58		50.08	8.50	66.40
1997	2.82		5.00	1.25	48.58		49.83	8.50	66.15
1998	2.81		4.75	1.25	47.50		48.75	8.50	64.81
1999	2.83		4.00	1.25	48.58		49.83	8.50	65.16
2000	2.83		4.00	1.67	48.58		50.25	8.50	65.58
2001	2.83		4.00	1.67	48.41		50.08	8.50	65.41
2002	5.73		4.96	1.50	48.58		50.08	8.50	69.27

SOURCE: City of Franklin's Operating Budget

SOURCE: Warren County Auditor's Office

(1) Includes Warren County Health Care District

(2) Other includes Franklin Township, Warren County Joint Vocational School and Joint Emergency Medical Service

**CITY OF FRANKLIN, OHIO
PRINCIPAL TAXPAYERS
DECEMBER 31, 2002**

TABLE 6

TAXPAYER	2002 REAL PROPERTY ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION REAL PROPERTY
1. Dayton Newspapers	\$10,678,800	6.9%
2. Cincinnati Gas and Electric	8,459,000	5.5
3. Pharmacia Hepar Incorporated	6,854,660	4.4
4. Newark Group Industries Incorporated	3,579,600	2.3
5. Wheelabrator EOS of Ohio	3,307,500	2.1
6. Faurecia Exhaust Systems	3,287,110	2.1
7. Burrows Paper Corporation	3,027,440	2.0
8. Sunoco Flexible Packaging	2,677,240	1.7
9. Ample Industries Incorporated	2,460,830	1.6
10. IKO Production Incorporated	2,021,030	1.3
Total Principal Taxpayers	<u>\$46,353,210</u>	<u>29.9%</u>
Total City	<u>\$154,745,790</u>	

SOURCE: Warren County Auditor's Office

CITY OF FRANKLIN, OHIO
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS

TABLE 7

<u>COLLECTION YEAR</u>	<u>BILLED</u>	<u>AMOUNT COLLECTED</u>	<u>PERCENT COLLECTED</u>
1993	\$274,591	\$306,715	111.70%
1994	294,032	313,036	106.46
1995	291,435	312,684	107.29
1996	320,039	371,344	116.03
1997	309,343	153,642	49.67
1998	490,824	482,390	98.28
1999	510,877	434,661	85.08
2000	530,639	476,745	89.84
2001	513,154	491,293	95.74
2002	484,350	470,678	98.56

SOURCE: Warren County Auditor's Office.

CITY OF FRANKLIN, OHIO
COMPUTATION OF OVERALL LEGAL DEBT MARGIN
DECEMBER 31, 2002

TABLE 8

ASSESSED VALUE		<u>\$226,444,640</u>
TOTAL DEBT LIMIT-10 1/2% OF ASSESSED VALUATION		\$23,776,687
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2002	18,424,042	
LESS: EXEMPT DEBT GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(4,258,000)	
OWDA LOANS TO BE PAID BY ENTERPRISE FUND REVENUE	(2,540,442)	
MORTGAGE REVENUE BONDS TO BE PAID BY ENTERPRISE FUND REVENUE	<u>(3,710,000)</u>	
TOTAL	7,915,600	
(1) LESS: BOND RETIREMENT FUND BALANCE	<u>0</u>	
NET SUBJECT TO 10 1/2% LIMITATION		<u>7,915,600</u>
LEGAL DEBT MARGIN WITHIN 10 1/2% LIMITATION		<u>\$15,861,087</u>

(1) BOND RETIREMENT FUND BALANCE DOES NOT INCLUDE AMOUNT AVAILABLE FOR SPECIAL ASSESSMENTS

CITY OF FRANKLIN, OHIO
COMPUTATION OF UNVOTED LEGAL DEBT MARGIN
DECEMBER 31, 2002

TABLE 8a

ASSESSED VALUE		<u>\$226,444,640</u>
TOTAL DEBT LIMIT- 5 1/2% OF ASSESSED VALUATION		\$12,454,455
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2002	18,424,042	
LESS: EXEMPT DEBT GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(4,258,000)	
OWDA LOANS TO BE PAID BY ENTERPRISE FUND REVENUE	(2,540,442)	
MORTGAGE REVENUE BONDS TO BE PAID BY ENTERPRISE FUND REVENUE	<u>(3,710,000)</u>	
TOTAL	7,915,600	
(1) LESS: BOND RETIREMENT FUND BALANCE	<u>0</u>	
NET SUBJECT TO 5 1/2% LIMITATION		<u>7,915,600</u>
LEGAL DEBT MARGIN WITHIN 5 1/2% LIMITATION		<u>\$4,538,855</u>

(1) BOND RETIREMENT FUND BALANCE DOES NOT INCLUDE AMOUNT AVAILABLE FOR SPECIAL ASSESSMENTS

TABLE 9

**CITY OF FRANKLIN, OHIO
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS**

<u>YEAR</u>	<u>POPULATION</u>	<u>ASSESSED VALUE</u>	<u>GROSS BONDED DEBT</u>	<u>DEBT SERVICE BALANCE</u>	<u>NET BONDED DEBT (1)</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUATION</u>	<u>NET BONDED DEBT PER CAPITA</u>
1993	11,034	\$107,934,532	\$1,643,998	\$11,634	\$1,632,364	1.51	\$147.94
1994	11,034	121,290,193	1,767,332	46,609	1,720,723	1.42	155.95
1995	11,034	125,204,924	1,695,665	19,229	1,676,436	1.34	151.93
1996	11,034	136,168,889	1,603,998	0	1,603,998	1.18	145.37
1997	11,034	150,431,349	1,505,998	37,138	1,468,860	0.97	133.12
1998	11,034	161,336,775	1,392,998	38,123	1,354,875	0.84	122.79
1999	11,034	170,851,857	1,395,000	0	1,395,000	0.82	126.43
2000	11,334	213,083,444	1,160,000	51,150	1,108,850	0.52	97.83
2001	11,396	214,155,190	1,960,000	62,531	1,897,469	0.89	166.50
2002	11,396	226,444,640	6,430,000	0	6,430,000	2.84	564.23

SOURCE: Population figures are taken from the 1990 Census.

(1) Includes only General Obligation Bonds payable from Property Taxes

**RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN YEARS**

<u>YEAR</u>	<u>DEBT PRINCIPAL (1)</u>	<u>DEBT INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>GENERAL FUND EXPENDITURES</u>	<u>RATIO OF DEBT PRINCIPAL AND INTEREST TO GENERAL FUND EXPENDITURES</u>
1993	\$36,666	\$62,167	\$98,833	\$2,447,110	4.0%
1994	41,666	61,072	102,738	2,730,595	3.8
1995	71,667	81,955	153,622	3,203,932	4.8
1996	91,667	102,945	194,612	3,401,942	5.7
1997	98,000	90,713	188,713	3,596,809	5.2
1998	113,000	85,988	198,988	4,837,172	4.1
1999	118,000	79,965	197,965	4,147,016	4.8
2000	115,000	74,190	189,190	4,817,516	3.9
2001	120,000	67,980	187,980	5,240,543	3.6
2002	155,000	234,780	389,780	5,329,854	7.3

SOURCE: City of Franklin's Finance Office

(1) Includes only general obligation bonded debt payable from property taxes.

CITY OF FRANKLIN, OHIO
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2002

TABLE 11

<u>JURISDICTION</u>	<u>NET DEBT OUTSTANDING (1)</u>	<u>PERCENTAGE APPLICABLE TO CITY OF FRANKLIN</u>	<u>AMOUNT APPLICABLE TO CITY OF FRANKLIN</u>
CITY OF FRANKLIN	\$6,430,000	100.00%	\$6,430,000
WARREN COUNTY	13,913,600	5.49	<u>763,857</u>
TOTAL			<u><u>\$7,193,857</u></u>

The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

(1) Includes only general obligation bonded debt payable from property taxes less Debt Service balance.

SOURCE: Warren County Auditor's Office

**CITY OF FRANKLIN, OHIO
REVENUE BOND COVERAGE
WATER FUND
LAST TEN YEARS (1)**

TABLE 12

YEAR	OPERATING REVENUES	OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1993	\$664,380	\$540,207	\$124,173	\$25,000	\$3,250	\$28,250	4.40%
1994	0	0	0	0	0	0	0.00
1995	0	0	0	0	0	0	0.00
1996	0	0	0	0	0	0	0.00
1997	1,443,971	797,484	646,487	45,000	200,370	245,370	2.63
1998	2,473,634	1,496,659	976,975	85,000	219,267	304,267	3.21
1999	2,129,119	1,374,631	754,488	90,000	209,795	299,795	2.52
2000	1,932,016	1,546,655	385,361	95,000	224,404	319,404	1.21
2001	1,765,279	1,370,517	394,762	90,000	220,033	310,033	1.27
2002	1,989,942	1,430,133	559,809	100,000	215,803	315,803	1.77

SOURCE: City of Franklin's Finance Office

- (1) Water Revenue Debt was retired in 1993 and no Water Revenue Debt was issued until 1996. 1996 information is not shown, even though there were operating revenues and expenses, because there were no payments made.
- (2) Operating Expenses less Depreciation Expense

**CITY OF FRANKLIN, OHIO
 DEMOGRAPHIC STATISTICS
 LAST TEN YEARS**

TABLE 13

<u>YEAR</u>	<u>POPULATION (1)</u>	<u>SCHOOL ENROLLMENT (2)</u>	<u>UNEMPLOYMENT RATE WARREN COUNTY (3)</u>
1993	11,034	3,120	5.7%
1994	11,034	3,300	3.6
1995	11,034	3,089	3.9
1996	11,034	3,067	3.8
1997	11,034	3,129	3.2
1998	11,034	3,129	3.3
1999	11,034	3,106	3.3
2000	11,334	3,129	3.0
2001	11,396	3,125	3.3
2002	11,396	3,101	4.0

(1) SOURCE: U.S. Census, Census of population - 1990 Federal Census

(2) SOURCE: Ohio Department of Education

(3) SOURCE: Ohio Bureau of Job and Family Services - research and statistics

CITY OF FRANKLIN, OHIO
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUE
LAST TEN YEARS

TABLE 14

YEAR	RESIDENTIAL CONSTRUCTION (1)		COMMERCIAL CONSTRUCTION (1)		COUNTY BANK DEPOSITS (2)	REAL PROPERTY VALUE		
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE		RESIDENTIAL/ AGRICULTURAL	INDUSTRIAL/ COMMERCIAL	EXEMPT
1993	69	1,697,536	37	967,294	411,164	47,632,080	26,596,790	12,032,000
1994	71	932,580	64	13,041,131	422,581	57,900,280	27,046,960	13,821,600
1995	110	2,066,176	49	13,937,554	460,950	59,180,290	27,619,740	14,356,760
1996	107	3,191,104	139	8,887,058	465,584	59,994,860	33,656,010	10,814,790
1997	270	17,810,740	52	13,870,554	523,595	70,149,920	36,137,840	10,563,810
1998	245	9,160,298	91	20,227,681	521,795	75,340,826	38,811,944	11,022,020
1999	306	9,907,829	81	9,587,352	533,873	79,283,653	40,843,097	10,772,760
2000	135	9,740,536	28	9,876,112	569,566	97,605,930	47,253,450	13,337,240
2001	84	10,198,970	23	10,459,930	618,781	100,702,300	48,561,240	13,408,080
2002	73	8,468,863	1	4,402,728	660,464	104,684,710	50,061,080	13,271,780

(1) SOURCE: City of Franklin Building Department

(2) SOURCE: Federal Reserve Bank of Cleveland (note: dollar amounts are in thousands)

**CITY OF FRANKLIN, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2002**

TABLE 15

DATE OF INCORPORATION	1814
CITY STATUS	1951
	CHARTER - COUNCIL/MANAGER
AREA	8.4 Miles
MILES OF STREETS	110
NUMBER OF STREET LIGHTS	867
POLICE PROTECTION	
NUMBER OF STATIONS	1
NUMBER OF POLICEMEN AND OFFICERS	24
EDUCATION (K-12) (PUBLIC ONLY)	8
ADMINISTRATION BUILDINGS	1
BUS GARAGE	1
ATTENDANCE CENTERS	8
NUMBER OF CLASSROOMS	201
NUMBER OF TEACHERS	208
NUMBER OF STUDENTS	3,101
MUNICIPAL WATER DEPARTMENT	
MILES OF WATER MAINS	64 Miles
SEWERS	
MILES OF SANITARY SEWERS	55 Miles
BUILDING PERMITS ISSUED IN 2002	74
RECREATION AND CULTURE	
NUMBER OF PARKS	6
NUMBER OF LIBRARIES	1
EMPLOYEES	
FULL-TIME	75
PART-TIME	
YEAR ROUND	9
SEASONAL	11

SOURCE: Various departments within the City of Franklin

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CITY OF FRANKLIN

SUPPLEMENTAL REPORT

DECEMBER 31, 2002

CITY OF FRANKLIN

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

Mayor and Members of Council
City of Franklin
35 East Fourth Street
Franklin, Ohio 45005

We have audited the general purpose financial statements of the City of Franklin as of and for the year ended December 31, 2002, and have issued our report thereon dated April 18, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Franklin’s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-COF-001 and 2002-COF-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City of Franklin in a separate letter dated April 18, 2003.

Mayor and Members of Council
City of Franklin

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Franklin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting, that do not require inclusion in this report, that we have reported to the management of the City of Franklin in a separate letter dated April 18, 2003

This report is intended for the information of the Council and management of the City of Franklin and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
April 18, 2003

**CITY OF FRANKLIN
WARREN COUNTY, OHIO
DECEMBER 31, 2002**

SCHEDULE OF FINDINGS

1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	2002-COF-001
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources in the following funds:

<u>Fund Type/Fund</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>	
Community Development	\$ 170,862
Fire Pension	673
 <u>Capital Projects Funds:</u>	
Issue Two	10,758
Municipal Buildings	420,761

With appropriations exceeding estimated resources, the City is appropriating monies that are not in the treasury or in the process of collection and have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the City comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources records. If it is determined that estimated resources will be greater than initially anticipated, the City should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

**CITY OF FRANKLIN
WARREN COUNTY, OHIO
DECEMBER 31, 2002**

SCHEDULE OF FINDINGS

**1. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2002-COF-002
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It was noted during the audit that the following fund appropriation accounts had an excess of expenditures over appropriations in noncompliance with Ohio Revised Code Section 5705.41(B).

<u>Fund Type/Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>General Fund:</u>			
General Government			
Clerk/Treasurer: Other	\$ 16,150	\$ 17,767	\$ (1,617)
Income Tax Administration: Other	142,300	150,194	(7,894)
Solicitor: Other	67,500	68,176	(676)
Operating Transfers - Out	936,900	1,197,078	(260,178)
<u>Special Revenue Fund:</u>			
Street Fund			
Operating Transfers - Out	94,000	95,690	(1,690)
<u>Capital Projects Funds:</u>			
<u>Issue Two Fund:</u>			
Capital Outlay: Other	687,000	805,421	(118,421)
<u>Municipal Building Fund:</u>			
Capital Outlay: Other	2,763,000	2,805,757	(42,757)
Debt Service: Interest and Fiscal Charges	-	12,387	(12,387)
<u>Debt Service Fund:</u>			
Debt Service			
Principal Retirement	3,053,432	3,092,000	(38,568)
Interest and Fiscal Charges	362,568	587,965	(225,397)
<u>Enterprise Funds:</u>			
<u>Sewer Fund:</u>			
Contractual Services	2,150,400	2,178,430	(28,030)
<u>Trash Fund:</u>			
Personal Services	13,000	14,129	(1,129)
Contractual Services	427,000	465,050	(38,050)

With expenditures exceeding appropriations, the City is spending monies that have not been appropriated by City Council. This may result in unnecessary spending.

We recommend the City monitor its budget on a more regular basis. If additional expenditures/expenses are necessary, the City should follow its policies and procedures and have council amend its appropriations as necessary.

**CITY OF FRANKLIN
WARREN COUNTY, OHIO
DECEMBER 31, 2002**

STATUS OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2001-COF-001	Ohio Revised Code Section 5705.39	No	The City is attempting to obtain additional amended certificates throughout the year to avoid appropriating amounts in excess of resources anticipated.
2001-COF-002	Ohio Revised Code Section 5705.41 (B)	No	The City is attempting to obtain additional appropriation modifications throughout the year to avoid overspending.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF FRANKLIN

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 26, 2003**