



Dave Yost • Auditor of State

CITY OF FRANKLIN
WARREN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Franklin
Warren County
1 Benjamin Franklin Way
Franklin, Ohio 45005

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 through 2010-003.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 27, 2011.

We intend this report solely for the information and use of management, the City Council and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

June 27, 2011

**CITY OF FRANKLIN
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Noncompliance

Ohio Revised Code, § 5705.41(D)(1), provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet any such contract or expenditure has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City Council can authorize the drawing of a warrant for the payment of the amount due. The City Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than three thousand dollars may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City Council.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The City Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified in 37% of the City's expenditures tested, nor did the City use the aforementioned exceptions. Every effort should be made by the City to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending the City's funds.

**FINDING NUMBER 2010-001
 (Continued)**

Unless the City uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, we recommend that the Finance Director certify that funds are or will be available prior to obligation by the City. When prior certification is not possible, "then and now" certification should be used.

We recommend the City's officials and employees obtain the Finance Director's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Finance Director should sign the certification at the time the City incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Finance Director should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2010-002

Material Noncompliance

Ohio Revised Code, § 5705.10(H), provides, in part, that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a deficit fund balance indicates that money from one fund was used to cover the expenses of another fund.

The following negative fund cash balances existed at the dates indicated:

Fund	Date	Balance
Issue II (215)	June 30, 2010	(\$35,861)
Street Lighting (250)	March 31, 2010	(8,133)
	August 31, 2010	(2,705)
Miami Conservancy (530)	March 31, 2010	(15,538)
	April 30, 2010	(2,609)
	May 31, 2010	(2,609)
Police Pension (810)	March 31, 2010	(69,990)
Fire Pension (820)	March 31, 2010	(15,986)

We recommend the City monitor fund balances to ensure negative fund balances do not exist. The City should also consider requesting tax advances from the county auditor if the funds are available for advance.

FINDING NUMBER 2010-003

Material Noncompliance

Ohio Revised Code, § 5705.36 (A)(1), state that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority. The amount certified shall include any unencumbered balances that existed at the end of the preceding year.

The City's Certificate of Estimated Resources was not accurately reflected on the City's accounting system as of December 31, 2010. The estimated resources (per the Detailed Trial Balance) for 12 funds exceeded the amounts per the Certificate of Estimated Resources.

Fund	Amended Certificate Amount	Detailed Trial Balance Amount	Variance
General (100)	\$3,507,960	\$7,308,771	(\$3,800,811)
Street (200)	515,723	801,700	(285,977)
Fire Levy (212)	630,876	1,484,900	(854,024)
Computer Research (225)	24,583	67,000	(42,417)
Drug Law Enforcement (250)	5,000	7,500	(2,500)
Law Enforcement (255)	11,786	20,000	(8,214)
Recreation (260)	186,569	211,200	(24,631)
Law Enforcement Assistance (265)	5,000	7,500	(2,500)
Special Assessment Bond (320)	314,986	465,000	(150,014)
Water (610)	2,481,900	2,486,900	(26,000)
Fire Pension (820)	109,553	110,440	(887)

The receipts ledger facilitates the comparison of estimated to actual receipts within each fund. Reporting incorrect estimated resources in the accounting system gives the Council an inaccurate view of budgeted financial statements and makes the monitoring of budgetary information difficult. Therefore, we recommend that the City make appropriate changes to the system to correspond with the official documents approved by the County.

We did not receive a response from Officials to the findings reported above.

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CITY OF FRANKLIN
WARREN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-1	Ohio Rev. Code 5705.41(D), certification of the availability of funds	No	Reissued as Finding 2010-001
2009-2	Ohio Rev. Code 5705.10(H), deficit fund balances	No	Reissued as Finding 2010-002

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CITY OF FRANKLIN, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2010

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Introductory Section

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City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010

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

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010

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CITY OF FRANKLIN

1 Benjamin Franklin Way • Franklin, Ohio 45005 (937) 746-9921 Fax (937) 746-1136

June 27, 2011

Citizens of Franklin

Mayor and Members of City Council

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Franklin. This report, for the year ended December 31, 2010, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Franklin (the "City"). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the City, specifically with the City Finance Director's office.

This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of year-end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Auditor of State Dave Yost has issued an unqualified ("clean") opinion on the City of Franklin's financial statements for the year ended December 31, 2010. The Independent Accountants' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Accountants' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

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 200 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.

PROFILE OF THE GOVERNMENT AND REPORTING ENTITY

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.

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. The City departments 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.

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 Ohio Plan is a shared risk pool in which the City participates. The Warren County General Health District, the Joint Emergency Medical Service and the Warren County Fire Response and Life Safety Council of Governments were determined to be jointly governed organizations (See Note 18).

At the beginning of each year, Council adopts a temporary budget which will give them an extension until March 30th of the current year. Council is required to adopt a final budget by no later than April 1st. Upon presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget, as it may have been amended, as the City's annual budget effective for the fiscal year beginning January 1. All funds, except agency funds, are legally required to be budgeted and appropriated. The legal level of control in the adopted budget has been established by Council at the object level (personal services and other expenditures) within each fund and department. Budgetary modifications at this level can only be made by ordinance of the City Council.

The budget represents the City's financial plan and operations guide for the next operating year. It is a communications tool to inform Franklin residents of how the City plans to allocate resources to address the needs of the community and improve the overall strength of the government.

MAJOR INITIATIVE

The most recent major initiative occurred in 2009 with the establishment of “Franklin Yards,” a rail transload facility that serves the City, the County, and the entire Southwest Ohio region. Faced with an abandoned shingle facility, City staff and Council needed to be creative to find another use for the property. Due to input from area businesses, which were looking to rail as a cost-saving measure for transportation expenses, the City partnered with Warren County, R. Good Logistics, and Norfolk Southern to establish a rail hub to facilitate the delivery of raw materials and the shipment of finished goods to and from their intended markets. The City of Franklin has a history of partnering with the private sector. Franklin Yards, which opened in 2009, will have a positive impact on the local economy.

Another effort to save taxpayer money was the City’s recent purchase of the privatized water treatment plant in 2007 for approximately \$2.5 million from Earthtech, Inc. In anticipation of this purchase, during 2006, the City of Franklin refunded the remaining \$3,385,000 of the 1996 series Waterworks Bonds. The refunding bonds were issued in the amount of \$6,140,000. Over the life of this new debt, the City will save approximately \$3.2 million in interest and rental payments. In another cost-saving measure, the City also decided to take over the operating aspect, which had also been previously provided by Earthtech, Inc. Operating the plant with City staff will save taxpayers approximately \$100,000 per year.

For economic development reasons, the City of Franklin also replaced the Franklin Business Park Water Tower. The former water tower, with a capacity of 500,000 gallons, was replaced with a 1,000,000 gallon tank. The new tank allows for the development of the three surrounding business parks and maintains the water pressure in the surrounding residential areas as well. The cost for the water tower was approximately \$2.5 million with \$1 million of the funding being State Issue II Grant funds and the rest funded through Ohio Water Development Authority loans.

The City of Franklin continues to focus on making significant improvements to the State Route 73 corridor, one of the key areas for economic development in the Dayton region. Partnering with the Warren County Engineer, the Warren County Commissioners, and the Ohio Department of Transportation, a right-turn lane was recently added to State Route 73 at I-75. This improvement has significantly improved the traffic flow on State Route 73, which will be a key to future economic development success. In addition, working with the Ohio Department of Transportation and the City of Springboro, a major traffic signalization plan on State Route 73 was completed in 2008. Last, and perhaps most important, the City of Franklin, the City of Springboro, the Ohio Department of Transportation, and the Miami Valley Regional Planning Commission are planning significant improvements to State Route 73 at I-75, such as widening the bridge over State Route 73 to accommodate additional traffic on State Route 73 in the future. Ramp improvements to the southbound exit ramp are also planned. These improvements will increase the road capacity to handle the next 20 years’ projection of growth.

LOCAL ECONOMY

Economic development, especially in the current state of the economy, is a community priority because the creation and retention of jobs is essential for the City's revenue base. City officials understand its importance and have a reputation for creativity, accessibility, and responsiveness when dealing with businesses. Franklin's officials work hand-in-hand with the School Board and local/State officials to ensure that business owners find Franklin an attractive place to locate or expand their operations. As an example of our business-friendly approach, City, County, State, and Federal representatives have started meeting with Franklin businesses on an individual basis to learn how we can assist them to be successful in our community.

The largest economic development success in 2010 was the recruitment of Valued Relationships, Inc., a company that provides personal monitoring service nationwide, to the City. Valued Relationships, Inc. will be bringing over 100 new jobs to the City starting in 2011 and plans on having an estimated 300 jobs within five years. The City has also had numerous other economic development successes in the recent past (e.g., the Dayton Daily News printing facility, Burrows Paper Corporation, and MTP, Inc.). The City is known in the Dayton region for being competitive and creative with our retention or relocation efforts. For instance, the Dayton-Montgomery County Port Authority, realizing the importance of a regional approach to economic development, recently crossed traditional boundaries and assisted the City in retaining a key company within our jurisdiction.

Fortunately, the City is in a position to continue having economic development success. The City has five Industrial/Office Parks with a large amount of vacant land: the Heritage Industrial Park, the Jaygee Industrial Park, the Franklin Business Park, the Schumacher-Franklin Interstate Park, and the recently-added Bunnell Hill Industrial Park, with 120 acres of land, have placed Franklin in a position to be very competitive with other areas. All of the above sites are located off of Interstate exchanges and tax abatements and other incentives are available.

In addition to the recent industrial growth within the City, the City has also witnessed significant commercial growth, especially along the State Route 73 corridor. A new Wal-Mart, W.W. Grainger, Fifth-Third Bank, Walgreens, McDonalds, and Holiday Inn Express have all recently been built. In addition, a significant office complex at State Route 73 and I-75 is planned for the near future.

FINANCIAL PLANNING AND POLICIES

The cash fund balance in the General Fund (54.26 percent of the total General Fund revenues) exceeds the policy guidelines set by Council for budgetary and planning purposes. (i.e., between 10 and 20 percent of total General Fund revenues.)

OTHER INFORMATION

Independent Audit

An audit team from Auditor of State of Ohio, Dave Yost's office has performed this year's audit. The results of the audit are presented in the Independent Accountants' Report.

Awards


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 for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2009. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

A note of sincere appreciation is extended to the many conscientious people who have contributed their time and effort to prepare this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Sandra L. Morgan". The signature is written in a cursive style with a large, stylized initial 'S'.

Sandra Morgan
Finance Director

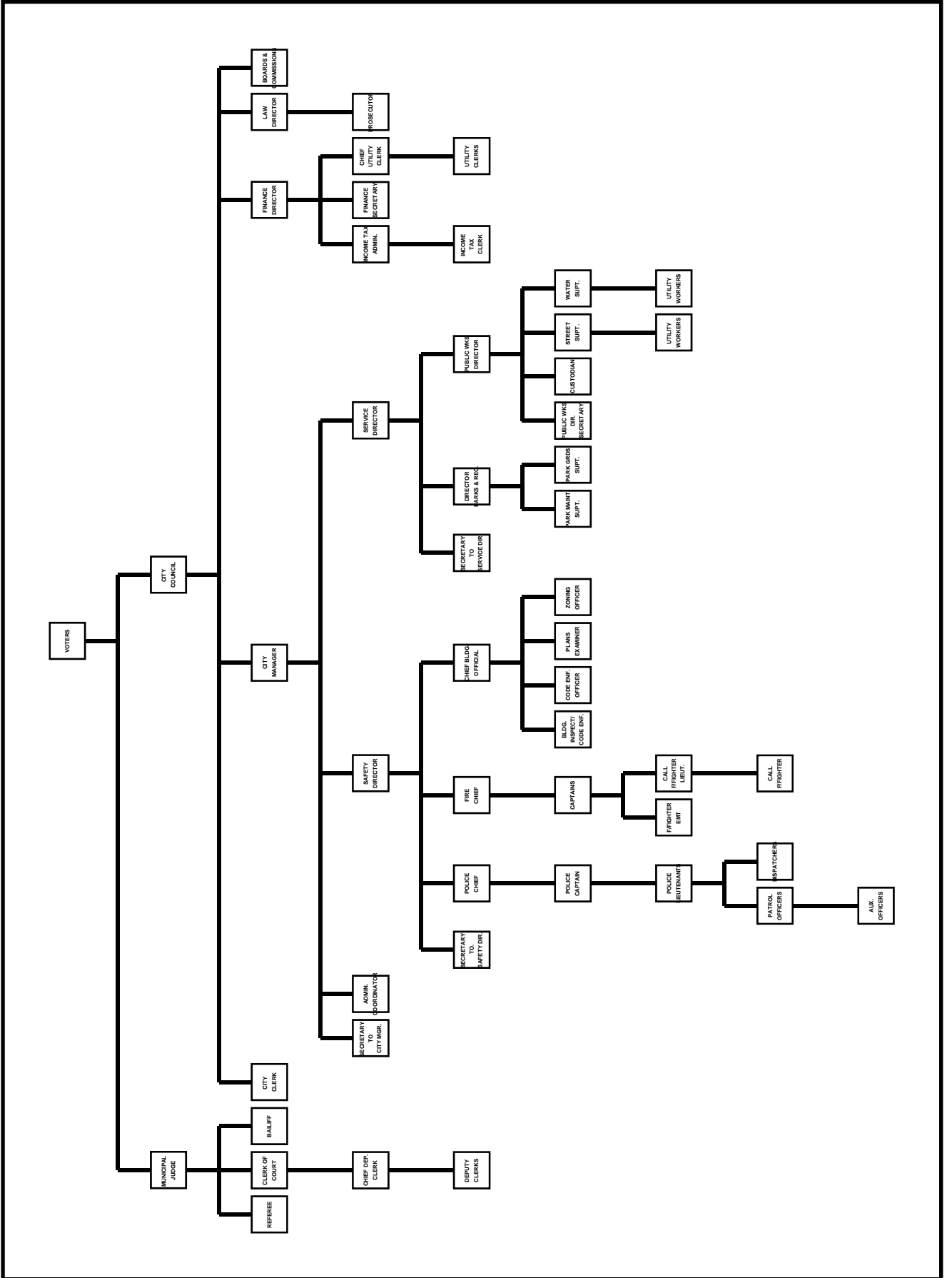
City of Franklin, Ohio

List of Principal Officials

December 31, 2010

<u>OFFICE HELD</u>	<u>NAME OF OFFICIAL</u>
Executive:	
City Manager	James Lukas
Finance Director	Sandra Morgan
Law Director	Donnette Fisher
Legislative:	
Mayor	Todd Hall
Vice Mayor	Denny Centers
Council-At-Large	Michael Aldridge
	Robert Knipper
	Jason Faulkner
	Carl Bray
	Scott Lipps
Judicial:	
Municipal Court Judge	Ruppert Ruppert
Municipal Court Clerk	Sherry Mullins
Administrative:	
City Clerk	Jane McGee
Income Tax Administrator	David Fouch
Police Chief	Russell Whitman
Fire Chief	Jonathan Westendorf
Public Works Director	Howard Lewis
Chief Building Official	Don Woods

CITY of FRANKLIN 2010 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, 2009

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.



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President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Financial Section

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Franklin
Warren County
1 Benjamin Franklin Way
Franklin, Ohio 45005

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Fire Levy Funds 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 June 27, 2011, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 27, 2011

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2010
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) of the City of Franklin's financial performance provides an overview of the City's financial activities for the year ended December 31, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the transmittal letter, the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The City's governmental net assets increased \$1,255,977 and net assets of business-type activities increased \$632,045, resulting in a total increase in net assets of \$1,888,022.
- General revenues of governmental activities accounted for \$8,089,467 or 68 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions and interest, and capital grants, contributions and interest accounted for \$3,768,255 or 32 percent of total governmental revenues of \$11,857,722.
- The City had \$10,463,215 in expenses related to governmental activities; only \$3,768,255 of these expenses were offset by program specific charges for services and sales, and grants, contributions and interest.
- Enterprise funds reflected total operating income of \$898,341. The Water, Sewer and Trash Funds reflected operating income of \$869,709, \$201,690 and \$15,969, respectively, while the Stormwater Utility Fund reflected an operating loss of \$189,027.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Franklin's financial situation as a whole and also give a detailed view of the City's financial condition.

The statement of net assets and the statement of activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the statement of net assets and the statement of activities. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by private sector companies, and reports the net assets and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. All current year revenues and expenses are taken into account regardless of when cash is received or disbursed.

In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the statement of net assets and the statement of activities, the City is divided into two kinds of activities.

Governmental Activities – Most of the City's services are reported here including general government, police, fire, public health and welfare, leisure time activities, economic development, basic utility services and transportation.

Business-Type Activities – These services include water, sewer, trash and stormwater utility. Service fees for these operations are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page eight. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Franklin's major funds are the General, Fire Levy, Debt Service, Issue II, Water, Sewer, Trash and Stormwater Utility Funds.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds – When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in enterprise funds. Enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

THE CITY AS A WHOLE

As stated previously, the statement of net assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2010 compared to 2009.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current and Other Assets	\$14,481,488	\$13,795,743	\$4,177,584	\$4,033,330	\$18,659,072	\$17,829,073
Nondepreciable Capital Assets	19,175,661	19,175,661	1,095,364	1,095,364	20,271,025	20,271,025
Depreciable Capital Assets, Net	29,556,406	30,912,591	24,272,468	24,433,327	53,828,874	55,345,918
Total Assets	63,213,555	63,883,995	29,545,416	29,562,021	92,758,971	93,446,016
Liabilities:						
Current and Other Liabilities	3,266,110	4,519,909	1,042,748	1,003,820	4,308,858	5,523,729
Long-Term Liabilities:						
Due Within One Year	838,930	818,868	593,977	628,956	1,432,907	1,447,824
Due in More Than One Year	8,826,893	9,519,573	7,898,378	8,550,977	16,725,271	18,070,550
Total Liabilities	12,931,933	14,858,350	9,535,103	10,183,753	22,467,036	25,042,103
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	40,076,220	40,499,186	16,980,657	16,509,392	57,056,877	57,008,578
Restricted	6,717,135	6,910,728	813,939	853,076	7,531,074	7,763,804
Unrestricted	3,488,267	1,615,731	2,215,717	2,015,800	5,703,984	3,631,531
Total Net Assets	\$50,281,622	\$49,025,645	\$20,010,313	\$19,378,268	\$70,291,935	\$68,403,913

Total net assets increased \$1,888,022.

Net assets of the City's governmental activities increased \$1,255,977. This was primarily due to an increase in Cash and Cash Equivalents, due to the accumulation of revenue in lieu of taxes received for tax increment financing for future capital projects, as well as interest earned on the F.C. Dial trust, and a large refund from the Ohio Department of Transportation, for the prior year addition of a turn lane to State Route 73. Unrestricted net assets increased \$1,872,536, as the City had fewer operating transfers for operating activities of the fire department. Depreciable capital assets decreased \$1,356,185, due to deletions and depreciation expense exceeding additions during the year. In addition, current and other liabilities decreased \$1,253,799, due mainly to a decrease in accounts payable, related to a large income tax receipt that is being repaid over time, through reductions in taxes collected from the paying party. Finally, long-term liabilities decreased \$672,618 due to debt repayments, with no new debt issued.

Net assets of the City's business-type activities increased \$632,045. This was due to a decrease in long-term liabilities for the repayment of debt.

Table 2 shows the changes in net assets for the years ended December 31, 2010 and December 31, 2009.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$1,190,331	\$878,274	\$6,607,161	\$6,205,975	\$7,797,492	\$7,084,249
Operating Grants, Contributions and Interest	1,388,880	1,433,860	0	0	1,388,880	1,433,860
Capital Grants, Contributions and Interest	1,189,044	1,410,224	0	635,971	1,189,044	2,046,195
Total Program Revenues	<u>3,768,255</u>	<u>3,722,358</u>	<u>6,607,161</u>	<u>6,841,946</u>	<u>10,375,416</u>	<u>10,564,304</u>
General Revenues:						
Property Taxes	997,738	1,042,697	0	0	997,738	1,042,697
Income Taxes	5,900,995	5,017,029	0	0	5,900,995	5,017,029
Other Local Taxes	176,828	160,540	0	0	176,828	160,540
Payments in Lieu of Taxes	150,507	207,659	0	0	150,507	207,659
Grants and Entitlements	614,411	596,149	0	0	614,411	596,149
Unrestricted Investment Earnings	55,726	56,486	2,509	0	58,235	56,486
Other	193,262	307,846	14,630	50,972	207,892	358,818
Total General Revenues	<u>8,089,467</u>	<u>7,388,406</u>	<u>17,139</u>	<u>50,972</u>	<u>8,106,606</u>	<u>7,439,378</u>
Total Revenues	<u>11,857,722</u>	<u>11,110,764</u>	<u>6,624,300</u>	<u>6,892,918</u>	<u>18,482,022</u>	<u>18,003,682</u>
Program Expenses:						
General Government	2,286,274	2,493,109	0	0	2,286,274	2,493,109
Security of Persons and Property:						
Police	3,202,651	3,346,077	0	0	3,202,651	3,346,077
Fire	1,484,780	1,487,715	0	0	1,484,780	1,487,715
Other	276,500	274,711	0	0	276,500	274,711
Public Health and Welfare	7,199	11,810	0	0	7,199	11,810
Leisure Time Activities	300,602	308,359	0	0	300,602	308,359
Economic Development	44,666	44,630	0	0	44,666	44,630
Basic Utility Services	84,329	84,331	0	0	84,329	84,331
Transportation	2,314,682	2,825,088	0	0	2,314,682	2,825,088
Interest and Fiscal Charges	461,532	494,341	0	0	461,532	494,341
Water	0	0	2,007,702	2,067,302	2,007,702	2,067,302
Sewer	0	0	2,748,200	3,032,843	2,748,200	3,032,843
Trash	0	0	684,848	684,648	684,848	684,648
Stormwater Utility	0	0	690,035	578,995	690,035	578,995
Total Expenses	<u>10,463,215</u>	<u>11,370,171</u>	<u>6,130,785</u>	<u>6,363,788</u>	<u>16,594,000</u>	<u>17,733,959</u>
Increase (Decrease) in Net Assets Before Transfers	1,394,507	(259,407)	493,515	529,130	1,888,022	269,723
Transfers	<u>(138,530)</u>	<u>(95,407)</u>	<u>138,530</u>	<u>95,407</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	1,255,977	(354,814)	632,045	624,537	1,888,022	269,723
Beginning Net Assets	49,025,645	49,380,459	19,378,268	18,753,731	68,403,913	68,134,190
Ending Net Assets	<u>\$50,281,622</u>	<u>\$49,025,645</u>	<u>\$20,010,313</u>	<u>\$19,378,268</u>	<u>\$70,291,935</u>	<u>\$68,403,913</u>

Charges for Services and Sales showed an increase of \$312,057 in the governmental activities. This was related to an increase in court fines, as the State Highway Patrol targeted the construction area around the I-75 ramps during construction in 2010, which resulted in a large increase in traffic citations. Capital Grants, Contributions and Interest in the governmental activities decreased \$221,180 due mainly to a decrease in Issue II grants received in 2010.

Income Taxes in the governmental activities increased \$883,966 in 2010 due to an increase in taxes paid by a local business, related to increased interest and dividends.

Charges for Services and Sales in the business-type activities increased \$401,186 in 2010. This was related to an increase in Sewer charges, as the City amended its billing structure. Capital Grants, Contributions and Interest in the business-type activities decreased \$635,971 due to the City's receipt of developer donated infrastructure in 2009, that was not repeated in 2010.

Program expenses for governmental activities decreased \$906,956. This was due mainly to a decrease in Transportation expenses. In 2009, the City had expenses for improvements to capital assets that are not owned by the City that were not repeated in 2010.

Program expenses for Stormwater Utility increased \$111,040, due mainly to increases in depreciation expense, as there were several additions to storm drain infrastructure.

Governmental Activities

The 1.5 percent income tax is the largest source of revenue for the General Fund and the City of Franklin. 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.

The statement of activities shows the cost of program services and the charges for services and grants, contributions and interest offsetting those services. Table 3 shows, for governmental activities, the total cost of these services supported by taxes and unrestricted entitlements.

***Table 3
Governmental Activities***

	Total Cost Of Services 2010	Net Cost of Services 2010	Total Cost Of Services 2009	Net Cost of Services 2009
General Government	\$2,286,274	\$1,242,865	\$2,298,636	\$1,483,352
Security of Persons and Property:				
Police	3,202,651	3,057,735	3,346,077	3,226,529
Fire	1,484,780	1,164,648	1,487,715	1,094,405
Other	276,500	162,386	274,711	166,031
Public Health and Welfare	7,199	(131,011)	11,810	(224,682)
Leisure Time Activities	300,602	188,589	308,359	90,067
Economic Development	44,666	33,888	44,630	38,658
Basic Utility Services	84,329	84,329	84,331	84,331
Transportation	2,314,682	429,999	2,825,088	1,000,308
Interest and Fiscal Charges	461,532	461,532	494,341	494,341
Total Expenses	\$10,463,215	\$6,694,960	\$11,175,698	\$7,453,340

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 10 percent of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants, contributions and interest comprise another 21.7 percent. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

Business-Type Activities

The City's business-type activities include water, sewer, trash and stormwater utility services.

The Water Fund collects the fees charged for the sale of water. Those fees are then used to maintain lines for delivery, to treat water for further consumption, to maintain its treatment facility and storage towers and for the payment of debt incurred for improvements. Net assets increased \$426,755 in the Water Fund during 2010, due primarily to the repayment of debt with no additional debt issuance.

The Sewer Fund conducts the operations of the City's wastewater collection and treatment system. Money that is collected from the fees which are billed based on the number of gallons of water used is placed in this fund for use in the maintenance of the collections system and improvements to the treatment plant. Net assets of the Sewer Fund increased \$371,042 primarily related to an increase in Charges for Services, as the City amended its billing structure, as well as by a decrease in payments for wastewater treatment.

The Trash Fund charges fees to citizens for the collection of residential garbage. The City outsources the actual collection services. The net assets of the Trash Fund saw a small increase of \$15,969 in 2010.

The Stormwater Utility Fund was established to provide a funding mechanism to support OEPA mandates associated with stormwater management. Each residence is billed a flat fee each month. For all other nonresidential properties, the fee is computed based on total impervious surfaces of the property divided by the average impervious area of an equivalent residential unit. The Stormwater Utility Fund reported a decrease in net assets of \$181,721 for 2010, due mainly to increases in contractual services and depreciation expense.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,175,891 and expenditures of \$10,057,455. The General Fund's balance increased \$1,814,965 primarily due to an increase in income taxes.

The Fire Levy Fund's balance decreased \$503,629. The City did not transfer operating funds to the Fire Levy Fund from the General Fund, as the Fire Levy Fund had sufficient balances to support operations.

The Debt Service Fund's balance decreased \$113,354, due to debt service payments exceeding revenues and other financing sources. Transfers in to the Debt Service Fund decreased \$281,770, as the City utilized resources accumulated in this fund in prior years for debt payments in 2010. The Issue II Fund's balance increased \$101,414, due to a \$93,937 increase in intergovernmental revenue.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements, and encumbrances. The City's budget is adopted at the object level (personal services and other expenditures) within each fund and department by City Council in the form of an appropriations ordinance.

Original General Fund budgeted revenues were \$7,560,610 and final budgeted revenues were \$3,937,207. The City's final actual revenues were \$7,844,943 at year-end, which represents a 99 percent increase over final budgeted revenues.

Original General Fund appropriations were \$5,904,325. Final appropriations were \$6,599,185. This represented a decrease of 12 percent mainly in General Government. The City's final actual expenditures were \$6,096,979 at year-end, which represented an eight percent decrease from final budgeted expenditures. This is primarily due to a decrease in General Government expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$19,175,661	\$19,175,661	\$1,095,364	\$1,095,364	\$20,271,025	\$20,271,025
Land Improvements	258,631	281,584	9,521	9,725	268,152	291,309
Buildings	5,201,272	5,320,094	57,958	58,625	5,259,230	5,378,719
Equipment	577,451	623,008	168,459	175,542	745,910	798,550
Vehicles	487,843	612,829	218,474	218,474	706,317	831,303
Infrastructure	23,031,209	24,075,076	23,818,056	23,970,961	46,849,265	48,046,037
Totals	<u>\$48,732,067</u>	<u>\$50,088,252</u>	<u>\$25,367,832</u>	<u>\$25,528,691</u>	<u>\$74,099,899</u>	<u>\$75,616,943</u>

Capital assets decreased \$1,517,044, which was due to depreciation expense and deletions exceeding additions for 2010.

See Note 10 of the notes to the basic financial statements for more detailed information.

Debt

At December 31, 2010, the City of Franklin had \$17,294,047 in debt outstanding.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Special Assessment Bonds	\$2,088,000	\$2,421,000	\$0	\$0	\$2,088,000	\$2,421,000
General Obligation Bonds	6,263,352	6,547,456	0	0	6,263,352	6,547,456
Bond Anticipation Notes	287,500	387,500	695,000	895,000	982,500	1,282,500
Short-Term Bond						
Anticipation Notes	100,000	322,500	200,000	195,000	300,000	517,500
OWDA Loans	0	0	2,923,288	2,991,797	2,923,288	2,991,797
Mortgage Revenue Bonds	0	0	4,736,907	5,118,614	4,736,907	5,118,614
Totals	<u>\$8,738,852</u>	<u>\$9,678,456</u>	<u>\$8,555,195</u>	<u>\$9,200,411</u>	<u>\$17,294,047</u>	<u>\$18,878,867</u>

Special assessment bonds will be paid with special assessment revenue. All general obligation bond issues will be paid through the Debt Service Fund with transfers from the Capital Improvement and Issue II Capital Projects Funds. The bond anticipation notes and short-term bond anticipation notes will be paid from the General Fund with no specifically identifiable revenue source. The OWDA loans and mortgage revenue bonds will be paid through the Water Fund with operating revenues.

The City's overall 10.5 percent legal debt margin was \$15,315,622 as of December 31, 2010. The more restrictive unvoted legal debt margin was \$4,849,849 as of the same date. See Notes 14 and 15 of the notes to the basic financial statements for more detailed information.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Finance Director, City of Franklin, 1 Benjamin Franklin Way, Franklin, Ohio 45005.

CITY OF FRANKLIN, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$8,770,899	\$2,645,033	\$11,415,932
Accrued Interest Receivable	9,597	0	9,597
Accounts Receivable	11,302	939,394	950,696
Intergovernmental Receivable	561,688	0	561,688
Materials and Supplies Inventory	206,404	19,337	225,741
Income Taxes Receivable	1,154,709	0	1,154,709
Property Taxes Receivable	1,261,329	0	1,261,329
Other Local Taxes Receivable	33,423	0	33,423
Revenue in Lieu of Taxes Receivable	203,368	0	203,368
Internal Balances	175,302	(175,302)	0
Special Assessments Receivable	1,891,767	0	1,891,767
Capital Lease Receivable	183,695	0	183,695
Cash and Cash Equivalents with Trustee	0	581,102	581,102
Deferred Charges	18,005	168,020	186,025
Nondepreciable Capital Assets	19,175,661	1,095,364	20,271,025
Depreciable Capital Assets, Net	29,556,406	24,272,468	53,828,874
Total Assets	63,213,555	29,545,416	92,758,971
Liabilities			
Accounts Payable	1,389,792	49,158	1,438,950
Accrued Wages and Benefits Payable	131,272	35,507	166,779
Intergovernmental Payable	249,749	36,488	286,237
Contracts Payable	2,423	467,721	470,144
Accrued Interest Payable	42,262	123,099	165,361
Deferred Revenue	1,350,612	0	1,350,612
Notes Payable	100,000	200,000	300,000
Refundable Deposits	0	130,775	130,775
Long-Term Liabilities:			
Due Within One Year	838,930	593,977	1,432,907
Due in More Than One Year	8,826,893	7,898,378	16,725,271
Total Liabilities	12,931,933	9,535,103	22,467,036
Net Assets			
Invested in Capital Assets, Net of Related Debt	40,076,220	16,980,657	57,056,877
Restricted for:			
Debt Service	2,186,575	566,309	2,752,884
Capital Outlay	1,234,693	0	1,234,693
Fire Protection	378,208	0	378,208
Transportation	858,921	0	858,921
Other Purposes	704,089	0	704,089
Revenue Bonds Replacement and Improvement	0	247,630	247,630
Leisure Time Activities Expendable	276,950	0	276,950
Leisure Time Activities Nonexpendable	1,077,699	0	1,077,699
Unrestricted	3,488,267	2,215,717	5,703,984
Total Net Assets	\$50,281,622	\$20,010,313	\$70,291,935

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$2,286,274	\$889,757	\$153,652	\$0
Security of Persons and Property:				
Police	3,202,651	104,619	40,297	0
Fire	1,484,780	68,603	251,529	0
Building Inspection	147,697	0	0	0
Street Lighting	128,803	114,114	0	0
Public Health and Welfare	7,199	12,805	125,405	0
Leisure Time Activities	300,602	0	0	112,013
Economic Development	44,666	0	10,778	0
Basic Utility Services	84,329	0	0	0
Transportation	2,314,682	433	807,219	1,077,031
Interest and Fiscal Charges	461,532	0	0	0
Total Governmental Activities	<u>10,463,215</u>	<u>1,190,331</u>	<u>1,388,880</u>	<u>1,189,044</u>
Business-Type Activities:				
Water	2,007,702	2,485,178	0	0
Sewer	2,748,200	2,944,427	0	0
Trash	684,848	700,817	0	0
Stormwater Utility	690,035	476,739	0	0
Total Business-Type Activities	<u>6,130,785</u>	<u>6,607,161</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$16,594,000</u>	<u>\$7,797,492</u>	<u>\$1,388,880</u>	<u>\$1,189,044</u>

General Revenues and Transfers:

Taxes

 Property Taxes Levied for:

 General Purposes

 Fire

 Other Purposes

 Income Taxes

 Other Local Taxes Levied for General Purposes

 Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Contributions and Donations

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,242,865)	\$0	(\$1,242,865)
(3,057,735)	0	(3,057,735)
(1,164,648)	0	(1,164,648)
(147,697)	0	(147,697)
(14,689)	0	(14,689)
131,011	0	131,011
(188,589)	0	(188,589)
(33,888)	0	(33,888)
(84,329)	0	(84,329)
(429,999)	0	(429,999)
(461,532)	0	(461,532)
<u>(6,694,960)</u>	<u>0</u>	<u>(6,694,960)</u>
0	477,476	477,476
0	196,227	196,227
0	15,969	15,969
0	(213,296)	(213,296)
<u>0</u>	<u>476,376</u>	<u>476,376</u>
<u>(6,694,960)</u>	<u>476,376</u>	<u>(6,218,584)</u>
385,893	0	385,893
480,797	0	480,797
131,048	0	131,048
5,900,995	0	5,900,995
176,828	0	176,828
150,507	0	150,507
614,411	0	614,411
55,726	2,509	58,235
1,886	0	1,886
191,376	14,630	206,006
<u>(138,530)</u>	<u>138,530</u>	<u>0</u>
<u>7,950,937</u>	<u>155,669</u>	<u>8,106,606</u>
1,255,977	632,045	1,888,022
<u>49,025,645</u>	<u>19,378,268</u>	<u>68,403,913</u>
<u>\$50,281,622</u>	<u>\$20,010,313</u>	<u>\$70,291,935</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Fire Levy	Debt Service
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,313,116	\$462,879	\$261,502
Materials and Supplies Inventory	12,417	9,108	0
Intergovernmental Receivable	260,299	32,083	0
Income Taxes Receivable	1,154,709	0	0
Property Taxes Receivable	492,971	601,074	0
Revenue in Lieu of Taxes Receivable	0	0	0
Other Local Taxes Receivable	33,423	0	0
Accounts Receivable	0	11,302	0
Interfund Receivable	184,808	64,458	248,822
Special Assessments Receivable	0	0	1,782,375
Capital Lease Receivable	0	0	0
Accrued Interest Receivable	9,597	0	0
Total Assets	\$6,461,340	\$1,180,904	\$2,292,699
Liabilities:			
Accounts Payable	\$1,362,350	\$22,907	\$0
Accrued Wages and Benefits Payable	99,161	20,277	0
Contracts Payable	2,171	0	0
Intergovernmental Payable	112,871	23,659	0
Accrued Interest Payable	0	0	0
Interfund Payable	252,155	0	0
Deferred Revenue	1,392,455	642,671	1,782,375
Notes Payable	50,000	0	0
Total Liabilities	3,271,163	709,514	1,782,375
Fund Balances:			
Reserved:			
Reserved for Encumbrances	6,145	8,348	0
Reserved for Leisure Time Activities	0	0	0
Unreserved, Undesignated, Reported in:			
General Fund	3,184,032	0	0
Special Revenue Funds	0	463,042	0
Debt Service Fund	0	0	510,324
Capital Projects Funds	0	0	0
Permanent Fund	0	0	0
Total Fund Balances	3,190,177	471,390	510,324
Total Liabilities and Fund Balances	\$6,461,340	\$1,180,904	\$2,292,699

See accompanying notes to the basic financial statements

Issue II	Nonmajor Governmental Funds	Total Governmental Funds
\$92,111	\$3,641,291	\$8,770,899
0	184,879	206,404
0	269,306	561,688
0	0	1,154,709
0	167,284	1,261,329
0	203,368	203,368
0	0	33,423
0	0	11,302
0	3,333	501,421
0	109,392	1,891,767
0	183,695	183,695
0	0	9,597
<u>\$92,111</u>	<u>\$4,762,548</u>	<u>\$14,789,602</u>
\$0	\$4,535	\$1,389,792
0	11,834	131,272
0	252	2,423
0	113,219	249,749
924	0	924
0	73,964	326,119
0	882,395	4,699,896
50,000	0	100,000
<u>50,924</u>	<u>1,086,199</u>	<u>6,900,175</u>
0	46,320	60,813
0	1,077,699	1,077,699
0	0	3,184,032
0	1,315,569	1,778,611
0	0	510,324
41,187	959,811	1,000,998
0	276,950	276,950
<u>41,187</u>	<u>3,676,349</u>	<u>7,889,427</u>
<u>\$92,111</u>	<u>\$4,762,548</u>	<u>\$14,789,602</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2010

Total Governmental Fund Balances \$7,889,427

Amounts reported for governmental activities in the statement of net assets are different because:

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

Land	19,175,661	
Infrastructure	62,426,983	
Other Capital Assets	12,598,587	
Accumulated Depreciation	(45,469,164)	
Total Capital Assets		48,732,067

Some of the City's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds:

Property and Other Local Taxes	145,547	
Special Assessments	1,891,767	
Capital Lease Receivable	183,695	
Charges for Services	13,764	
Shared Taxes and Local Government Revenue Assistance	436,486	
Income Taxes	678,025	
		3,349,284

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis 18,005

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (41,338)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Discount on Bonds	11,648	
Notes	(287,500)	
Bonds	(8,363,000)	
Police Pension	(65,381)	
Compensated Absences	(961,590)	
Total Liabilities		(9,665,823)

Net Assets of Governmental Activities \$50,281,622

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Fire Levy	Debt Service
Revenues:			
Property Taxes	\$390,791	\$485,014	\$0
Other Local Taxes	172,307	0	0
Income Taxes	5,844,404	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	323,651
Charges for Services	103,370	62,987	0
Fines, Licenses and Permits	624,176	0	0
Intergovernmental	601,961	238,139	0
Interest	55,726	0	147,712
Contributions and Donations	0	0	0
Other	151,818	14,321	267
Total Revenues	7,944,553	800,461	471,630
Expenditures:			
Current:			
General Government	2,188,164	0	1,085
Security of Persons and Property:			
Police	2,688,019	0	0
Fire	0	1,295,931	0
Other	144,742	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	40,410	0	0
Economic Development	0	0	0
Transportation	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	618,000
Interest and Fiscal Charges	0	1,840	455,969
Current Refunding	50,000	0	0
Total Expenditures	5,111,335	1,297,771	1,075,054
Excess of Revenues Over (Under)			
Expenditures	2,833,218	(497,310)	(603,424)
Other Financing Sources (Uses):			
Bond Anticipation Notes Issued	197,000	0	0
Current Refunding	(197,000)	0	0
Transfers In	0	0	490,070
Transfers Out	(1,018,253)	(6,319)	0
Total Other Financing Sources (Uses)	(1,018,253)	(6,319)	490,070
Net Change in Fund Balances	1,814,965	(503,629)	(113,354)
Fund Balances at Beginning of Year	1,375,212	975,019	623,678
Fund Balances at End of Year	\$3,190,177	\$471,390	\$510,324

See accompanying notes to the basic financial statements

Issue II	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$136,079	\$1,011,884
0	0	172,307
0	0	5,844,404
0	150,507	150,507
0	108,045	431,696
0	220,839	387,196
0	52,039	676,215
244,622	1,895,066	2,979,788
0	112,065	315,503
0	1,886	1,886
988	37,111	204,505
<u>245,610</u>	<u>2,713,637</u>	<u>12,175,891</u>
0	87,201	2,276,450
0	472,790	3,160,809
0	102,843	1,398,774
0	128,803	273,545
0	7,199	7,199
0	233,142	273,552
0	44,666	44,666
0	1,115,056	1,115,056
266,272	59,839	326,111
0	1,490	619,490
1,184	2,810	461,803
50,000	0	100,000
<u>317,456</u>	<u>2,255,839</u>	<u>10,057,455</u>
<u>(71,846)</u>	<u>457,798</u>	<u>2,118,436</u>
90,500	0	287,500
(90,500)	0	(287,500)
173,260	631,615	1,294,945
0	(132,263)	(1,156,835)
<u>173,260</u>	<u>499,352</u>	<u>138,110</u>
101,414	957,150	2,256,546
(60,227)	2,719,199	5,632,881
<u>\$41,187</u>	<u>\$3,676,349</u>	<u>\$7,889,427</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Net Change in Fund Balances - Total Governmental Funds \$2,256,546

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Assets Additions	537,935	
Current Year Depreciation	(1,605,444)	
		(1,067,509)

When capital assets are disposed of, the cost of the capital assets is removed from the capital assets account in the statement of net assets, resulting in a loss on disposal of capital assets in the statement of activities. (12,036)

Assets transferred during the year from governmental activities to enterprise funds
Capital Assets (276,640)

Because some revenues will not be collected for several months after the City's year-end, they are not considered "available" revenues and are deferred in the governmental funds.

Property and Other Local Taxes	(9,625)	
Special Assessments	(310,392)	
Charges for Services	5,616	
Shared Taxes and Local Government Revenue Assistance	(47,230)	
Income Taxes	56,591	
Miscellaneous	(13,129)	
		(318,169)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bond Principal Retirement	618,000	
Note Principal Retirement	387,500	
Police Pension Principal Retirement	1,490	
Total Long-Term Debt Repayment		1,006,990

In the statement of activities, interest accrued on outstanding bonds, bond discounts and bond issuance costs are amortized over the terms of the bonds, whereas in the governmental funds the expenditure is reported when the bonds are issued.

Accrued Interest	2,552	
Amortization of Bond Discounts	(896)	
Amortization of Bond Issuance Costs	(1,385)	
		271

Debt Proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.

Note Proceeds		(287,500)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Compensated Absences		(45,976)
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Change in Net Assets of Governmental Activities		\$1,255,977
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See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$425,000	\$425,000	\$388,830	(\$36,170)
Other Local Taxes	167,661	47,993	175,192	127,199
Income Taxes	5,541,579	3,017,784	5,790,485	2,772,701
Charges for Services	98,927	20,202	103,370	83,168
Fines, Licenses and Permits	603,241	96,156	630,336	534,180
Intergovernmental	528,175	217,919	551,898	333,979
Interest	50,735	94,435	53,014	(41,421)
Other	145,292	17,720	151,818	134,098
Total Revenues	7,560,610	3,937,209	7,844,943	3,907,734
Expenditures:				
Current:				
General Government	2,599,840	3,531,252	3,271,032	260,220
Security of Persons and Property:				
Police	3,096,602	2,860,051	2,678,617	181,434
Building Inspection	207,883	207,882	147,330	60,552
Total Expenditures	5,904,325	6,599,185	6,096,979	502,206
Excess of Revenues Over (Under) Expenditures	1,656,285	(2,661,976)	1,747,964	4,409,940
Other Financing Sources (Uses):				
Transfers In	206,252	431,032	215,516	(215,516)
Transfers Out	(1,835,100)	(1,095,100)	(1,058,663)	36,437
Total Other Financing Sources (Uses)	(1,628,848)	(664,068)	(843,147)	(179,079)
Net Change in Fund Balance	27,437	(3,326,044)	904,817	4,230,861
Fund Balance at Beginning of Year	3,341,845	3,341,845	3,341,845	0
Prior Year Encumbrances Appropriated	9,714	9,714	9,714	0
Fund Balance at End of Year	\$3,378,996	\$25,515	\$4,256,376	\$4,230,861

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$518,000	\$461,554	\$485,014	\$23,460
Charges for Services	253,576	28,000	66,832	38,832
Intergovernmental	658,986	141,322	173,681	32,359
Other	54,337	0	14,321	14,321
Total Revenues	<u>1,484,899</u>	<u>630,876</u>	<u>739,848</u>	<u>108,972</u>
Expenditures:				
Current:				
Security of Persons and Property	1,440,040	1,498,599	1,282,765	215,834
Capital Outlay	94,559	87,129	42,855	44,274
Total Expenditures	<u>1,534,599</u>	<u>1,585,728</u>	<u>1,325,620</u>	<u>260,108</u>
Excess of Revenues Over (Under) Expenditures	(49,700)	(954,852)	(585,772)	369,080
Other Financing Uses:				
Transfers Out	<u>(325,208)</u>	<u>(342,500)</u>	<u>(295,862)</u>	<u>46,638</u>
Net Change in Fund Balance	(374,908)	(1,297,352)	(881,634)	415,718
Fund Balance at Beginning of Year	1,307,232	1,307,232	1,307,232	0
Prior Year Encumbrances Appropriated	<u>28,932</u>	<u>28,932</u>	<u>28,932</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$961,257</u></u>	<u><u>\$38,812</u></u>	<u><u>\$454,530</u></u>	<u><u>\$415,718</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2010

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$861,641	\$575,647	\$162,754
Materials and Supplies Inventory	19,337	0	0
Accounts Receivable	291,857	562,164	57,926
Restricted Assets:			
Cash and Cash Equivalents with Trustee	409,793	0	0
Total Current Assets	<u>1,582,628</u>	<u>1,137,811</u>	<u>220,680</u>
Noncurrent Assets:			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	312,724	65,681	0
Cash and Cash Equivalents with Trustee	171,309	0	0
Deferred Charges	168,020	0	0
Nondepreciable Capital Assets	1,020,364	37,500	0
Depreciable Capital Assets, Net	9,059,211	4,265,608	0
Total Noncurrent Assets	<u>10,731,628</u>	<u>4,368,789</u>	<u>0</u>
Total Assets	<u>12,314,256</u>	<u>5,506,600</u>	<u>220,680</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	28,569	17,949	2,125
Accrued Wages and Benefits Payable	21,265	9,432	885
Contracts Payable	5,582	460,191	974
Intergovernmental Payable	19,137	10,591	1,383
Accrued Interest Payable	105,929	0	0
Interfund Payable	175,302	0	0
Notes Payable	0	0	0
OWDA Loans Payable	139,751	0	0
Compensated Absences Payable	24,051	21,113	0
Revenue Bonds Payable	395,000	0	0
Total Current Liabilities	<u>914,586</u>	<u>519,276</u>	<u>5,367</u>
Long Term Liabilities:			
Compensated Absences Payable	28,393	49,541	0
Notes Payable	0	0	0
Revenue Bonds Payable	4,341,907	0	0
OWDA Loans Payable	2,783,537	0	0
Refundable Deposits	65,094	65,681	0
Total Long Term Liabilities	<u>7,218,931</u>	<u>115,222</u>	<u>0</u>
Total Liabilities	<u>8,133,517</u>	<u>634,498</u>	<u>5,367</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,587,400	4,303,108	0
Restricted for:			
Debt Service	566,309	0	0
Revenue Bonds			
Replacement and Improvement	247,630	0	0
Unrestricted	779,400	568,994	215,313
Total Net Assets	<u>\$4,180,739</u>	<u>\$4,872,102</u>	<u>\$215,313</u>

See accompanying notes to the basic financial statements

<u>Stormwater Utility</u>	<u>Total</u>
\$666,586	\$2,266,628
0	19,337
27,447	939,394
<u>0</u>	<u>409,793</u>
<u>694,033</u>	<u>3,635,152</u>
0	378,405
0	171,309
0	168,020
37,500	1,095,364
<u>10,947,649</u>	<u>24,272,468</u>
<u>10,985,149</u>	<u>26,085,566</u>
<u>11,679,182</u>	<u>29,720,718</u>
515	49,158
3,925	35,507
974	467,721
5,377	36,488
17,170	123,099
0	175,302
200,000	200,000
0	139,751
14,062	59,226
<u>0</u>	<u>395,000</u>
<u>242,023</u>	<u>1,681,252</u>
0	77,934
695,000	695,000
0	4,341,907
0	2,783,537
<u>0</u>	<u>130,775</u>
<u>695,000</u>	<u>8,029,153</u>
<u>937,023</u>	<u>9,710,405</u>
10,090,149	16,980,657
0	566,309
0	247,630
<u>652,010</u>	<u>2,215,717</u>
<u>\$10,742,159</u>	<u>\$20,010,313</u>

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>
Operating Revenues:			
Charges for Services	\$2,485,178	\$2,944,427	\$700,817
Other	<u>0</u>	<u>5,463</u>	<u>0</u>
Total Operating Revenues	<u>2,485,178</u>	<u>2,949,890</u>	<u>700,817</u>
Operating Expenses:			
Personal Services	625,057	388,787	61,296
Contractual Services	508,847	2,170,499	610,058
Supplies and Materials	269,133	40,516	13,494
Depreciation	194,321	148,160	0
Other	<u>18,111</u>	<u>238</u>	<u>0</u>
Total Operating Expenses	<u>1,615,469</u>	<u>2,748,200</u>	<u>684,848</u>
Operating Income (Loss)	<u>869,709</u>	<u>201,690</u>	<u>15,969</u>
Non-Operating Revenues/(Expenses)			
Interest	2,509	0	0
Other Non-Operating Revenues	6,912	0	0
Interest and Fiscal Charges	<u>(392,233)</u>	<u>0</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(382,812)</u>	<u>0</u>	<u>0</u>
Income (Loss) Before Transfers and Contributions	486,897	201,690	15,969
Capital Contributions from Other Funds	0	229,494	0
Transfers Out	<u>(60,142)</u>	<u>(60,142)</u>	<u>0</u>
Change in Net Assets	426,755	371,042	15,969
Net Assets at Beginning of Year	<u>3,753,984</u>	<u>4,501,060</u>	<u>199,344</u>
Net Assets at End of Year	<u><u>\$4,180,739</u></u>	<u><u>\$4,872,102</u></u>	<u><u>\$215,313</u></u>

See accompanying notes to the basic financial statements

Stormwater Utility	Total
\$476,739	\$6,607,161
0	5,463
<u>476,739</u>	<u>6,612,624</u>
184,833	1,259,973
66,637	3,356,041
22,005	345,148
392,291	734,772
0	18,349
<u>665,766</u>	<u>5,714,283</u>
<u>(189,027)</u>	<u>898,341</u>
0	2,509
2,255	9,167
<u>(24,269)</u>	<u>(416,502)</u>
<u>(22,014)</u>	<u>(404,826)</u>
(211,041)	493,515
47,146	276,640
<u>(17,826)</u>	<u>(138,110)</u>
(181,721)	632,045
<u>10,923,880</u>	<u>19,378,268</u>
<u>\$10,742,159</u>	<u>\$20,010,313</u>

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water	Sewer	Trash	Stormwater Utility	Totals
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,484,919	\$2,758,081	\$696,124	\$489,306	\$6,428,430
Cash Paid for Employee Services and Benefits	(649,131)	(394,313)	(61,932)	(193,646)	(1,299,022)
Cash Paid to Suppliers for Goods and Services	(805,769)	(2,184,388)	(622,625)	(87,715)	(3,700,497)
Utility Deposits Received	25,510	25,340	0	0	50,850
Utility Deposits Returned	(22,348)	(22,348)	0	0	(44,696)
Other Operating Revenues	0	5,463	0	0	5,463
Other Non-Operating Revenues	6,912	0	0	2,255	9,167
Net Cash Provided by Operating Activities	<u>1,040,093</u>	<u>187,835</u>	<u>11,567</u>	<u>210,200</u>	<u>1,449,695</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers Out To Other Funds	<u>(204,338)</u>	<u>(60,142)</u>	<u>0</u>	<u>(17,826)</u>	<u>(282,306)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(122,115)	(175,158)	0	0	(297,273)
Interest Paid on OWDA Loans	(171,936)	0	0	0	(171,936)
Principal Paid on OWDA Loans	(190,624)	0	0	0	(190,624)
Interest Paid on Mortgage Revenue Bonds	(205,394)	0	0	0	(205,394)
Principal Paid on Mortgage Revenue Bonds	(380,000)	0	0	0	(380,000)
Principal Paid on Bond Anticipation Notes	0	0	0	(1,090,000)	(1,090,000)
Interest Paid on Bond Anticipation Notes	0	0	0	(27,174)	(27,174)
Proceeds of Bond Anticipation Notes	0	0	0	895,000	895,000
Proceeds of OWDA Loans	122,115	0	0	0	122,115
Net Cash Used for Capital and Related Financing Activities	<u>(947,954)</u>	<u>(175,158)</u>	<u>0</u>	<u>(222,174)</u>	<u>(1,345,286)</u>
<u>Cash Flows from Investing Activities:</u>					
Interest	2,509	0	0	0	2,509
Net Increase (Decrease) in Cash and Cash Equivalents	(109,690)	(47,465)	11,567	(29,800)	(175,388)
Cash and Cash Equivalents at Beginning of Year	<u>1,865,157</u>	<u>688,793</u>	<u>151,187</u>	<u>696,386</u>	<u>3,401,523</u>
Cash and Cash Equivalents at End of Year	<u>\$1,755,467</u>	<u>\$641,328</u>	<u>\$162,754</u>	<u>\$666,586</u>	<u>\$3,226,135</u>

(continued)

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(continued)

	Water	Sewer	Trash	Stormwater Utility	Totals
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by Operating Activities:</u>					
Operating Income (Loss)	\$869,709	\$201,690	\$15,969	(\$189,027)	\$898,341
Adjustments to Reconcile Operating Income (Loss) <u>to Net Cash Provided by Operating Activities:</u>					
Depreciation Expense	194,321	148,160	0	392,291	734,772
Other Non-Operating Revenues	6,912	0	0	2,255	9,167
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(259)	(186,346)	(4,693)	12,567	(178,731)
Increase in Materials and Supplies Inventory	(9,807)	0	0	0	(9,807)
Decrease in Accounts Payable	(5,453)	(8,199)	(47)	(47)	(13,746)
Increase in Contracts Payable	5,582	35,064	974	974	42,594
Increase (Decrease) in Accrued Wages and Benefits Payable	(3,981)	967	(489)	(530)	(4,033)
Decrease in Compensated Absences Payable	(21,693)	(6,918)	0	(8,751)	(37,362)
Increase (Decrease) in Due to Other Governments	1,600	425	(147)	468	2,346
Increase in Refundable Deposits Payable	3,162	2,992	0	0	6,154
Total Adjustments	170,384	(13,855)	(4,402)	399,227	551,354
Net Cash Provided by Operating Activities	<u>\$1,040,093</u>	<u>\$187,835</u>	<u>\$11,567</u>	<u>\$210,200</u>	<u>\$1,449,695</u>

Noncash Capital Financing Activities:

During 2010, the Sewer and Stormwater Utility Funds received assets in the amounts of \$229,494 and \$47,146, respectively from governmental activities. The assets were recorded as capital assets and capital contributions in the Sewer and Stormwater Utility Funds.

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2010

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$365
Cash in Segregated Accounts	<u>43,963</u>
Total Assets	<u><u>\$44,328</u></u>
Liabilities:	
Intergovernmental Payable	\$18,768
Undistributed Monies	11,839
Deposits Held and Due to Others	<u>13,721</u>
Total Liabilities	<u><u>\$44,328</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

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. The City departments provide various services including a police force, a fire fighting force, a street maintenance and repair force, planning and zoning, a parks and recreation system, water, sewer and stormwater drainage systems, a contracting service for trash collection, community development, 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 is associated with one organization which is defined as a joint venture, one which is defined as a shared risk pool and three organizations which are defined as jointly governed organizations. These organizations are presented in Note 18 of the Basic Financial Statements. These organizations are:

Joint Venture:

Joint Recreation Facility

Shared Risk Pool:

Ohio Plan

Jointly Governed Organizations:

Warren County General Health District

Joint Emergency Medical Service

Warren County Fire Response and Life Safety Council of Governments

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

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 local 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 (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Pronouncements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The most significant of the City's accounting policies are described below.

BASIS OF PRESENTATION

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the City.

FUND FINANCIAL STATEMENTS

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

FUND ACCOUNTING

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary and fiduciary.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the City's major governmental funds:

General - This fund accounts 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.

Fire Levy - This fund accounts for property taxes levied by the City and intergovernmental revenues used to pay for operating expenditures related to the fire department.

Debt Service - This fund accounts for the resources that are used for payment of principal and interest and fiscal charges on general long-term debt and special assessment debt.

Issue II - This fund accounts for City infrastructure construction and replacement projects which are financed primarily by grants through the Ohio Public Works Commission.

The other governmental funds of the City account for grants and other resources whose use is restricted for a particular purpose.

PROPRIETARY FUNDS

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The City's proprietary funds are enterprise funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water - This fund is used to account for the provision of water treatment and distribution to residential and commercial users in the City.

Sewer - This fund is used to account for the provision of sanitary sewer service to residential and commercial users in the City.

Trash - This fund is used to account for the provision of trash collection services to residential and commercial users in the City.

Stormwater Utility - This fund is used to account for the provision of stormwater management within the City.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds that are used to account for fines and fees and taxes held for distribution to other governments and for the activity of entities for which the City serves as fiscal agent.

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund financial statements.

Like the government-wide statements, all enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; enterprise and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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. “Measurable” means the amount of the transaction can be determined and “available” means 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 31 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place and revenue from property taxes/revenue in lieu of taxes is recognized in the year for which the taxes are levied or would have been levied. (See Notes 7 and 8) 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 year-end: income taxes, interest on investments, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), fines and forfeitures, and grants.

DEFERRED REVENUES

Deferred revenues arise 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, 2010, but were levied to finance 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

EXPENSES/EXPENDITURES

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

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGETS AND BUDGETARY ACCOUNTING

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level (personal services and other expenditures) within each fund and department. Budgetary modifications at this level may only be made by ordinance of the City Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts represent estimates from the amended certificate in force at the time final appropriations were passed by Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds, including enterprise funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash And Cash Equivalents" on the financial statements. The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash in Segregated Accounts." The City's deposits on hand for future principal and interest payments on mortgage revenue bonds are presented as "Restricted Assets: Cash and Cash Equivalents with Trustee."

During the year, investments were limited to nonnegotiable certificates of deposit, STAROhio, the Western Asset Government Money Market Mutual Fund and Smith Barney preferred stock. The City received a donation of common and preferred stock from an estate in 2009. Except for nonparticipating investment contracts, investments are reported at fair value which, except for mutual funds, is based on quoted market prices. Fair value for mutual funds is determined by the mutual fund's current share price. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2010. 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, 2010.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2010 amounted to \$55,726, which includes \$30,867 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are reported as cash equivalents on the financial statements.

MATERIALS AND SUPPLIES INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, 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 cost of inventory items is recorded as expenditures/expenses when used. Materials and supplies inventory consists of expendable supplies held for consumption.

RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the enterprise funds represent cash and cash equivalents with trustee for repayment of current debt service on revenue bonds that are required by the bond indenture to be held by a financial services corporation and cash and cash equivalents for the replacement and improvement of capital assets originally acquired with bond proceeds. In addition, water and sewer customer deposits are presented as restricted assets.

CAPITAL ASSETS

General capital assets are capital assets that are associated with and generally rise from governmental activities. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost when historical records are available and estimated historical cost where no historical records exist, and are updated for additions and reductions during the year. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expended.

All capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is computed using the straight-line method over the following useful lives:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land Improvements	20 years
Buildings	20-30 years
Equipment	3-20 years
Vehicles	5-20 years
Infrastructure	10-60 years

The City's infrastructure consists of streets, curbs and gutters, sidewalks, street lighting, bridges, traffic structures, water and sewer lines, stormwater drains and a water well field. The City only reports infrastructure amounts acquired after 1980 for its governmental activities.

CAPITALIZATION OF INTEREST

It is the City's policy 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.

COMPENSATED ABSENCES

Vacation benefits and compensatory time 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. The City records a liability for all accumulated unused vacation and compensatory time when earned for all employees.

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 that the City has identified as probable of receiving payment in the future. The City considers any employee with 10 or more years of service with the City as probable to retire and receive payment for sick leave from the City. 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.

The entire compensated absences liability is reported on the government-wide financial statements. On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

CONTRIBUTIONS OF CAPITAL

Contributions of capital arise from outside contributions of capital assets and grants, or outside contributions of resources restricted to capital acquisition and construction or transfers of governmental capital assets financed by governmental funds to enterprise funds.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTERFUND RECEIVABLES/PAYABLES

On fund financial statements, outstanding interfund loans are reported as “Interfund Receivable” and “Interfund Payable.” Interfund balances are eliminated on the governmental-wide statement of net assets except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances.”

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds, notes, and the police and fire pension liability are recognized as liabilities on the governmental fund financial statements when due.

BOND DISCOUNTS, PREMIUMS/ISSUANCE COSTS

On the government-wide financial statements (and in the enterprise funds), bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of bonds payable. Issuance costs are amortized on a straight-line basis over the term of the bonds and are reported as deferred charges.

On the governmental fund financial statements, issuance costs, bond premiums and discounts are recognized in the period in which the debt is issued.

As permitted by State statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

GAIN/LOSS ON REFUNDING

In the government-wide financial statements, an advance refunding resulting in the defeasance of debt generates an accounting gain or loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This accounting gain/loss is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an increase/reduction of the face amount of the new debt.

RESERVES OF FUND BALANCES

Reserves of fund balance in governmental funds indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances and leisure time activities.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTERNAL ACTIVITY

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. A portion of certain governmental long-term liabilities is not related to governmental activities because part of the proceeds was used to purchase assets used in the business-type activities. The unrelated portion of these liabilities is included in the calculation of net assets restricted for debt service. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include funds for the operation of recreational activities, improving the living environment of the City, and police and fire pensions.

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

The City's Water Enterprise Fund has restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements.

OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water, sewer, and trash utility services and stormwater management fees. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For 2010, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 51, “Accounting and Financial Reporting for Intangible Assets”. GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City’s financial statements.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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, and encumbrances.

The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) - general fund and fire levy special revenue fund are 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).
5. Unrecorded cash and unrecorded interest represent amounts received but not included on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.

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

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis	\$1,814,965	(\$503,629)
Revenue Accruals	(62,222)	(60,613)
Expenditure Accruals	(978,604)	(19,500)
Encumbrances	(7,040)	(8,349)
Net Decrease in Fair Value of Investments - 2009	(8,595)	0
Unrecorded Cash	(22,714)	0
Unrecorded Interest	(6,079)	0
Transfers	175,106	(289,543)
Budget Basis	\$904,817	(\$881,634)

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 – DEPOSITS AND INVESTMENTS

POLICIES AND PROCEDURES

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

Active monies are public monies necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City's 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.

The City charter states that the City will follow State statute in determining the type of securities in which the City may deposit or invest interim monies. The allowable securities are made up of the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation 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 any 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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
6. The State Treasurer's investment pool (STAROhio); and
7. Commercial paper and banker's acceptances if training requirements have been met.

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;

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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. Investments may only be made through specified dealers and institutions.

INVESTMENTS

As of December 31, 2010, the City had the following investments:

Investment Type	Investment Maturities (in Years)		Moody's Rating
Fair Value/ Cost	Less Than 1		
STAROhio	\$1,402,981	\$1,402,981	N/A
Western Asset Government Money Market Mutual Fund	5,644	5,644	Aaa
Total Investments	\$1,408,625	\$1,408,625	

INTEREST RATE RISK

The City has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

CREDIT RISK

The Moody's ratings of the City's investments are listed in the table above. STAROhio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The City has no additional policy regarding credit risk.

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY

COMPLIANCE

The City did not encumber all commitments required by law.

ACCOUNTABILITY

At year-end, the Police and Fire Pension nonmajor special revenue fund had a deficit fund balance of \$95,411. This deficit is due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The General Fund provides transfers to cover deficit balances; however, this is only done when cash is needed rather than when accruals occur.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the City. Property tax revenue received during 2010 for real and public utility property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed value as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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.

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. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable September 20.

The full tax rate for all City operations for the year ended December 31, 2010, was \$5.73 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$196,303,270
General Business Personal Property	191,025
Public Utility Personal Property	<u>12,821,150</u>
Totals	<u><u>\$209,315,445</u></u>

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, 2010, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 8 – 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 2010, the proceeds were allocated to the General Fund.

NOTE 9 – RECEIVABLES

Receivables at December 31, 2010, consisted of intergovernmental, including grants, entitlements and shared revenues, taxes, revenue in lieu of taxes, accounts (including utility), interfund, special assessments, capital leases and interest on investments. All receivables are considered fully collectible, including charges for utilities receivable which, if delinquent, may be certified and collected as special assessments, subject to foreclosure for nonpayment.

Special assessments expected to be collected in more than one year amount to \$1,546,767. The City has \$77,013 in delinquent special assessments at December 31, 2010. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Local Government Assistance	\$183,511
Rollbacks and Homestead Exemption	58,856
Estate Tax	53,531
Joint Recreation Fees	242
Charges for Services	4,250
Gas Tax	209,570
Motor Vehicle License Tax	44,203
Permissive Motor Vehicle License Tax	<u>7,525</u>
Total Governmental Activities	<u><u>\$561,688</u></u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 10 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2010, was as follows:

	Balance At December 31, 2009	Additions	Deletions	Balance At December 31, 2010
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$19,175,661	\$0	\$0	\$19,175,661
Depreciable Capital Assets:				
Land Improvements	1,268,173	0	0	1,268,173
Buildings	6,869,171	0	0	6,869,171
Equipment	1,461,757	55,415	0	1,517,172
Vehicles	2,903,511	40,560	0	2,944,071
Infrastructure	62,372,585	441,960	(387,562)	62,426,983
Total Depreciable Capital Assets	<u>74,875,197</u>	<u>537,935</u>	<u>(387,562)</u>	<u>75,025,570</u>
Less Accumulated Depreciation:				
Land Improvements	(986,589)	(22,953)	0	(1,009,542)
Buildings	(1,549,077)	(118,822)	0	(1,667,899)
Equipment	(838,749)	(100,972)	0	(939,721)
Vehicles	(2,290,682)	(165,546)	0	(2,456,228)
Infrastructure	(38,297,509)	(1,197,151)	98,886	(39,395,774)
Total Accumulated Depreciation	<u>(43,962,606)</u>	<u>(1,605,444) *</u>	<u>98,886</u>	<u>(45,469,164)</u>
Depreciable Capital Assets, Net	<u>30,912,591</u>	<u>(1,067,509)</u>	<u>(288,676)</u>	<u>29,556,406</u>
Governmental Activities Capital Assets, Net	<u>\$50,088,252</u>	<u>(\$1,067,509)</u>	<u>(\$288,676)</u>	<u>\$48,732,067</u>

Deletions of capital assets of governmental activities include \$276,640 in assets transferred to business-type activities.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 10 – CAPITAL ASSETS (continued)

	Balance At December 31, 2009	Additions	Deletions	Balance At December 31, 2010
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$1,095,364	\$0	\$0	\$1,095,364
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	72,700	0	0	72,700
Equipment	301,729	0	0	301,729
Vehicles	457,647	0	0	457,647
Infrastructure	39,015,812	573,913	0	39,589,725
Total Depreciable Capital Assets	39,860,809	573,913	0	40,434,722
Less Accumulated Depreciation:				
Land Improvements	(3,196)	(204)	0	(3,400)
Buildings	(14,075)	(667)	0	(14,742)
Equipment	(126,187)	(7,083)	0	(133,270)
Vehicles	(239,173)	0	0	(239,173)
Infrastructure	(15,044,851)	(726,818)	0	(15,771,669)
Total Accumulated Depreciation	(15,427,482)	(734,772)	0	(16,162,254)
Depreciable Capital Assets, Net	24,433,327	(160,859)	0	24,272,468
Business-Type Activities Capital Assets, Net	\$25,528,691	(\$160,859)	\$0	\$25,367,832

Additions to capital assets of business-type activities include \$276,640 in assets transferred from governmental activities.

* Depreciation expense was charged to governmental programs as follows:

General Government	\$53,180
Security of Persons and Property:	
Police	75,248
Fire	63,601
Leisure Time Activities	25,295
Basic Utility Services	84,329
Transportation	1,303,791
Total Depreciation Expense	<u>\$1,605,444</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11 – DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$250,226, \$242,613, and \$254,271, respectively. For 2010, 77.32 percent has been contributed with the balance due being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$933 made by the City and \$667 made by plan members.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

OHIO POLICE AND FIRE PENSION FUND

Plan Description – 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$243,408 and \$70,874 for the year ended December 31, 2010, \$243,756 and \$113,499 for the year ended December 31, 2009, and \$222,454 and \$155,753 for the year ended December 31, 2008, respectively. For 2010, 84.80 percent for police and 79.73 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

NOTE 12 – POST-EMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 12 – POST-EMPLOYMENT BENEFITS (continued)

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$139,014, \$175,428, and \$193,467, respectively. For 2010, 77.32 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

OHIO POLICE AND FIRE PENSION FUND

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 12 – POST-EMPLOYMENT BENEFITS (continued)

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$128,863 and \$27,733 for the year ended December 31, 2010, \$129,047 and \$44,413 for the year ended December 31, 2009, and \$127,793 and \$64,697 for the year ended December 31, 2008, respectively. For 2010, 84.80 percent has been contributed for police and 79.73 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

NOTE 13 – 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 13 – OTHER EMPLOYEE BENEFITS (continued)

Accumulated Unpaid Sick Leave

City employees earn sick leave at a rate of 4.62 hours per 80 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 were hired before June 7, 2005 and leave City employment for reasons other than death or retirement will be paid 50 percent of accumulated sick leave up to a maximum of 75 days (600 hours). Employees hired on or after June 7, 2005 will be paid 25 percent of accumulated sick leave up to a maximum payment of 240 hours.

Accumulated Unpaid Compensatory Time

City employees working over their designated work hours are entitled to either overtime pay or compensatory time according to the Fair Labor Standards Act. Employees may elect to receive compensatory time in lieu of overtime pay. Compensatory time must be used within 180 days of accrual or the time must be paid. Employees may accrue compensatory time up to a maximum of 240 hours, except those employees working in a public safety activity, emergency response activity or seasonal activity, who may accrue a maximum of 480 hours. Upon departure from City employment, an employee (or his or her estate) will be paid for unused compensatory time.

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.

HEALTH SAVINGS ACCOUNT

Employees have the option of contributing to a Health Savings Account up to \$1,500 for single coverage or \$3,000 for family coverage. The City contributes an additional \$1,500 or \$3,000 to the Health Savings Account.

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 14 – LONG -TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2010 follows:

Types/Issues	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010	Due Within One Year
<u>Special Assessment Bonds with Governmental Commitment</u>					
6.85% - 1991					
Franklin Commerce					
Improvement - \$1,340,000	\$240,000	\$0	\$115,000	\$125,000	\$125,000
7.125% - 1989					
Shady Glenn - \$170,000	9,000	0	9,000	0	0
6.00% - 1995					
Miller Stub Street - \$78,513	33,000	0	5,000	28,000	5,000
5.75% - 1995					
Shotwell Drive - \$227,000	99,000	0	14,000	85,000	15,000
5.80% - 1997					
Franklin Commerce Center - \$577,400	290,000	0	35,000	255,000	35,000
5.00% - 1998					
Scholl Road - \$514,177	285,000	0	30,000	255,000	30,000
5.00% - 1998					
Fourth Street Improvement - \$337,705	190,000	0	20,000	170,000	20,000
5.00% - 1998					
Schumaker-Franklin - \$1,322,708	755,000	0	70,000	685,000	80,000
5.00% - 1998					
Deardoff Phase II - \$158,410	90,000	0	10,000	80,000	10,000
5.70% - 1999					
Eastlawn Sewer Line Extension - \$119,779	70,000	0	5,000	65,000	5,000
5.125% - 2001					
Shotwell Drive Phase III - \$490,000	360,000	0	20,000	340,000	20,000
TOTAL-Special					
Assessment Bonds	<u>2,421,000</u>	<u>0</u>	<u>333,000</u>	<u>2,088,000</u>	<u>345,000</u>
<u>General Obligation Bonds</u>					
<u>(Unvoted)</u>					
4.625% - 5.125% 2001					
Street Improvement - \$920,000	675,000	0	40,000	635,000	45,000
3.00% - 5.25% 2002					
Public Works Facility - \$4,625,000	4,180,000	0	155,000	4,025,000	160,000
4.00% - 5.00% 2003					
Various Purpose - \$960,000	745,000	0	40,000	705,000	40,000
1.50% - 4.65% 2003					
Administrative and Court Facility					
Improvements - \$1,260,000	960,000	0	50,000	910,000	55,000
Discount on Debt Issue	(12,544)	0	(896)	(11,648)	0
TOTAL- General					
Obligation Bonds	<u>\$6,547,456</u>	<u>\$0</u>	<u>\$284,104</u>	<u>\$6,263,352</u>	<u>\$300,000</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

Types/Issues	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010	Due Within One Year
<u>Other Long-Term Obligations</u>					
2.24% - 2009					
Road Improvement Bond					
Anticipation Notes \$280,000	\$247,000	\$0	\$247,000	\$0	\$0
2.24% - 2009					
Road Improvement and Street Sweeper					
Bond Anticipation Notes \$213,000	140,500	0	140,500	0	0
2.35% - 2010					
Road Improvement Bond					
Anticipation Notes \$280,000	0	197,000	0	197,000	0
2.35% - 2010					
Road Improvement and Street Sweeper					
Bond Anticipation Notes \$213,000	0	90,500	0	90,500	0
Compensated Absences	915,614	341,297	295,321	961,590	192,376
2.50% - Police and Fire Pension	66,871	0	1,490	65,381	1,554
TOTAL- Other Long-Term Obligations	<u>1,369,985</u>	<u>628,797</u>	<u>684,311</u>	<u>1,314,471</u>	<u>193,930</u>
TOTAL- All General Long-Term Obligations	<u>\$10,338,441</u>	<u>\$628,797</u>	<u>\$1,301,415</u>	<u>\$9,665,823</u>	<u>\$838,930</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.

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 Debt Service Fund with transfers from the Capital Improvement Capital Projects Fund (22 percent) and the General Fund (78 percent).

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 General Fund.

On October 1, 2003, the City issued \$960,000 in General Obligation Bonds for the purpose of retiring Bond Anticipation Notes that were issued for making street and police department facility improvements. Of these bonds, \$385,000 are serial bonds and \$575,000 are term bonds. The bonds will be retired from the General Fund.

The term bonds issued at \$575,000 and maturing on December 1, 2016, 2019 and 2023 are subject to mandatory sinking fund redemption, on December 1, in the years and in the respective principal amounts as follows:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 14 – LONG -TERM OBLIGATIONS (continued)

<u>Year</u>	<u>Amount</u>
2014	\$50,000
2015	50,000
2016	50,000
2017	55,000
2018	55,000
2019	55,000
2020	60,000
2021	65,000
2022	65,000
2023	70,000
Total	<u><u>\$575,000</u></u>

The bonds maturing on and after December 1, 2014 are subject to optional redemption in whole or in part on any date at the redemption prices listed below, expressed as percentages of the principal amounts to be redeemed, plus accrued interest to the date fixed for redemption.

<u>Redemption Dates</u>	<u>Premium - % of Par Value</u>
December 1, 2013 through November 30, 2014	102%
December 1, 2014 through November 30, 2015	101%
December 1, 2015 and thereafter	100%

On August 1, 2003, the City issued \$1,260,000 in General Obligation Bonds for the purpose of making improvements to the City Administration and Municipal Court facilities. Of these bonds, \$300,000 are serial bonds and \$960,000 are term bonds. The bonds will be retired from the General Fund.

The term bonds issued at \$960,000 and maturing on December 1, 2014, 2019 and 2023 are subject to mandatory sinking fund redemption, on December 1, in the years and in the respective principal amounts as follows:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 14 – LONG -TERM OBLIGATIONS (continued)

<u>Year</u>	<u>Amount</u>
2011	\$55,000
2012	55,000
2013	60,000
2014	60,000
2015	65,000
2016	65,000
2017	70,000
2018	70,000
2019	75,000
2020	80,000
2021	80,000
2022	85,000
2023	90,000
Total	<u><u>\$910,000</u></u>

The bonds maturing on and after December 1, 2014 are subject to optional redemption in whole or in part on any date at the redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

On March 9, 2010, the City retired the road improvement note in the amount of \$247,000 and reissued the note for the same amount. On March 8, 2011, the City paid \$50,000 against the \$247,000 note and refinanced the remaining \$197,000 into a new note. Therefore, the \$247,000 liability outstanding at December 31, 2010 is split with \$197,000 presented as a long-term liability and \$50,000 presented as a fund liability in the financial statements.

On March 9, 2010, the City retired the road improvement and street sweeper note in the amount of \$140,500 and reissued the note for the same amount. On March 8, 2011, the City paid \$50,000 against the \$140,500 note and refinanced the remaining \$90,500 into a new note. Therefore, the \$140,500 liability outstanding at December 31, 2010 is split with \$90,500 presented as a long-term liability and \$50,000 presented as a fund liability in the financial statements.

Compensated absences of the governmental activities will be paid from the General Fund and the Transportation, Fire Levy, and Recreation special revenue funds.

The Police and Fire Pension liability is paid from special revenue fund taxes, and is recorded as an expenditure of Debt Service: Principal Retirement. 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 firefighters in 1967. As of December 31, 2010, \$65,381 was payable in semiannual installments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported on the government-wide financial statements.

Changes in the long-term obligations reported in the business-type activities of the City during 2010 were as follows:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 14 – LONG -TERM OBLIGATIONS (continued)

Types/Issues	Balance January 1, 2010	Increases	Decreases	Balance December 31, 2010	Due Within One Year
OWDA Loans	\$2,991,797	\$122,115	\$190,624	\$2,923,288	\$139,751
4.000% - 4.125% - 2006 Mortgage Revenue					
Refunding Bonds - \$6,140,000	5,095,000	0	380,000	4,715,000	395,000
Unamortized Gain	(26,526)	0	(1,918)	(24,608)	0
Premium on Debt Issue	50,140	0	3,625	46,515	0
2.24% - 2009					
Stormwater Drainage Improvement					
Project Bond Anticipation					
Notes - \$1,090,000	895,000	0	895,000	0	0
2.35% - 2010					
Stormwater Drainage Improvement					
Project Bond Anticipation					
Notes - \$1,090,000	0	695,000	0	695,000	0
Compensated Absences	174,522	60,200	97,562	137,160	59,226
TOTAL - Business Type-Activities	\$9,179,933	\$877,315	\$1,564,893	\$8,492,355	\$593,977

The Ohio Water Development Authority (OWDA) loans are for the construction of water mains and a new water tower. The loans will be paid from Water Fund operating revenues.

During 2006, the City issued \$6,140,000 in Mortgage Revenue Bonds. A portion of the proceeds were used to advance refund Mortgage Revenue Bonds in the amount of \$3,385,000.

The Water Fund's 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.

The City has pledged future revenues, net of operating expenses, to repay the OWDA Loans and the Mortgage Revenue Refunding Bonds in the City's Water Fund. The debt is payable solely from net revenues and is payable through 2022. Annual principal and interest payments on the debt issues are expected to require 89 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$10,037,166, with principal and interest of \$4,175,730 remaining on the OWDA Loan and \$5,861,436 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$947,954, with \$362,560 paid on the OWDA Loans and \$585,394 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,064,030.

On March 9, 2010, the City paid \$195,000 toward the stormwater drainage system note and refinanced the remaining \$895,000.

Compensated absences of the business-type activities will be paid from the Water, Sewer and Stormwater Utility funds.

As of December 31, 2010, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,315,622 with an unvoted debt margin of \$4,849,849.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2010 are:

Governmental Activities				
Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2011	\$300,000	\$303,301	\$345,000	\$112,191
2012	310,000	290,562	236,000	91,951
2013	320,000	277,246	248,000	79,413
2014	340,000	263,348	274,000	66,247
2015	360,000	248,130	285,000	51,704
2016-2020	2,085,000	969,819	660,000	77,586
2021-2025	1,915,000	437,926	40,000	2,050
2026-2027	645,000	51,188	0	0
Totals	<u>\$6,275,000</u>	<u>\$2,841,520</u>	<u>\$2,088,000</u>	<u>\$481,142</u>

Business-Type Activities				
Year	Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2011	\$395,000	\$190,194	\$139,751	\$171,362
2012	415,000	174,394	184,862	160,560
2013	430,000	157,794	196,360	149,062
2014	445,000	140,594	208,598	136,824
2015	465,000	122,794	221,625	123,797
2016-2020	2,020,000	327,866	1,334,790	392,076
2021-2025	545,000	32,800	373,370	99,170
2026-2028	0	0	263,932	19,591
	<u>\$4,715,000</u>	<u>\$1,146,436</u>	<u>\$2,923,288</u>	<u>\$1,252,442</u>

REVENUE HOUSING BONDS

The City served as the issuer of \$6,955,000 in revenue housing bonds in 1997 and \$4,500,000 in 2007. The proceeds of the \$6,955,000 bonds were used by Emerald Edge/Warren, Limited Partnership and the proceeds of the \$4,500,000 bonds were used by Sound Preservation 202 LP to finance the acquisition, construction and equipping of separate multi-family residential rental housing facilities. 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. The outstanding balance at December 31, 2010 on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$5,705,000. The outstanding balance at December 31, 2010 on the Sound Preservation 202 LP revenue housing bonds is \$3,920,960.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 15 – SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2010 follows:

Fund Type	Balance January 1, 2010	Increase	Decrease	Balance December 31, 2010
<u>Governmental</u>				
General				
2.35% - 2010 Road Improvement Bond Anticipation Notes \$280,000	\$0	\$50,000	\$0	\$50,000
Special Revenue				
2.24% - 2009 Consolidated Fire Equipment and Stormwater Study Bond Anticipation Notes \$530,000	282,500	0	282,500	0
Capital Projects				
2.24% - 2009 Road Improvement and Street Sweeper Bond Anticipation Notes \$213,000	40,000	0	40,000	0
2.35% - 2010 Road Improvement and Street Sweeper Bond Anticipation Notes \$213,000	0	50,000	0	50,000
Total Capital Projects	40,000	50,000	40,000	50,000
Total Governmental Funds	\$322,500	\$100,000	\$322,500	\$100,000
<u>Business-Type Activities</u>				
Stormwater Utility				
2.24% - 2009 Stormwater Drainage Improvement Project Bond Anticipation Notes \$1,090,000	\$195,000	\$0	\$195,000	\$0
2.35% - 2010 Stormwater Drainage Improvement Project Bond Anticipation Notes \$1,090,000	0	200,000	0	200,000
Total Business-Type Funds	\$195,000	\$200,000	\$195,000	\$200,000

Bond anticipation 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 BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 16 – INTERFUND ACTIVITY

INTERFUND RECEIVABLE/PAYABLE

Interfund balances at December 31, 2010, consist of the following individual fund receivables and payables:

		Receivable				
		General	Fire Levy	Debt Service	Nonmajor Governmental	Total
Payable	General	\$0	\$0	\$248,822	\$3,333	\$252,155
	Nonmajor					
	Governmental	9,506	64,458	0	0	73,964
	Water	175,302	0	0	0	175,302
	Total	<u>\$184,808</u>	<u>\$64,458</u>	<u>\$248,822</u>	<u>\$3,333</u>	<u>\$501,421</u>

The amount due to the Debt Service Fund from the General Fund is for principal and interest payments. The amount due to the General Fund from the Water Fund relates to interest and fiscal charges paid by the General Fund on behalf of the Water Fund. The amounts due to the Nonmajor Governmental Funds from the General Fund and to the Fire Levy Fund from the Nonmajor Governmental funds are related to misposted special assessments, homestead, rollback and gas tax receipts.

TRANSFERS FROM/TO OTHER FUNDS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

		Transfers From						
		General	Fire Levy	Nonmajor Governmental	Water	Sewer	Stormwater Utility	Total
Transfers to	Debt Service	\$351,960	\$0	\$0	\$60,142	\$60,142	\$17,826	\$490,070
	Issue II	40,997	0	132,263	0	0	0	173,260
	Nonmajor							
	Governmental	625,296	6,319	0	0	0	0	631,615
	Total	<u>\$1,018,253</u>	<u>\$6,319</u>	<u>\$132,263</u>	<u>\$60,142</u>	<u>\$60,142</u>	<u>\$17,826</u>	<u>\$1,294,945</u>

Transfers to the Debt Service Fund were made for scheduled debt service payments, including the amounts transferred from the Water and Sewer Funds for their portion of payments on the municipal building general obligation bonds. Transfers from the General Fund to the Issue II Fund were made to cover operating expenditures. Transfers from the General Fund to the Nonmajor Governmental Funds included amounts transferred for operating expenditures, upkeep of park facilities and the City's share of police pension. Transfers from the Fire Levy Fund to Nonmajor Governmental Funds were for the City's share of fire pension. Transfers from the Nonmajor Governmental Funds to the Issue II Fund were made to reimburse funds for a street project.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 17 – 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.

For 2010, the City participated in the Ohio Plan (the “Plan), a risk sharing pool. (see Note 18) The City pays its annual premium to its agent, the Hylant Group. Coverage is as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability (per Occurrence/aggregate)	\$6,000,000/\$8,000,000	N/A
Employers Liability (per Occurrence/aggregate)	6,000,000/6,000,000	N/A
Employee Benefits Liability (per Occurrence/aggregate)	6,000,000/8,000,000	N/A
Law Enforcement Officers Liability (per Occurrence/aggregate)	6,000,000/8,000,000	5,000
Public Officials Liability (per Occurrence/aggregate)	6,000,000/8,000,000	5,000
Automobile Liability (per Occurrence)	6,000,000	N/A
Property Coverage	27,470,100	1,000
Special Property Coverage	1,037,889	1,000
Electronic Equipment Coverage	200,000	1,000
Public Employee Dishonesty Coverage	50,000	N/A

Settled claims have not exceeded this coverage in any of the past three years. There were reductions in coverage for general liability, public officials liability, law enforcement officers liability and automobile liability 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 18 – JOINT VENTURE/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS

JOINT VENTURE

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 10 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 \$40,410 in 2010. The joint venture is not accumulating significant resources or experiencing fiscal stress which would cause an additional financial benefit or burden on the City. 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, 2010 prepared on the basis of cash receipts and disbursements:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 18 – JOINT VENTURE/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

	Joint Recreation Facility
	\$141,032
Operating Revenues	141,034
Operating Expenditures	(2)
Excess of Operating Revenues	5
Under Expenditures	\$3
Fund Balance at Beginning of Year	5
Fund Balance at End of Year	\$3

SHARED RISK POOL

The City belongs to the Ohio Plan (the “Plan”), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member’s deductible.

The Plan issues its own policies and reinsures with A-VII or better rated carriers, except for a five percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of five percent or \$25,000 for casualty losses up to the coverage limit and the lesser of five percent or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

JOINTLY GOVERNED ORGANIZATIONS

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 \$6,710 during 2010 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 Brenda Joseph 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 18 – JOINT VENTURE/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

The Warren County Fire Response and Life Safety Council of Governments (the COG) is a jointly governed organization, consisting of cities, villages and townships in Warren County. The COG, which consists of a representative from each of the participating governments, including the City, contracts with the Greater Cincinnati Hazardous Materials Unit, Inc. for hazardous materials response services to each of the participating governments. The City contributed \$1,823 during 2010 for the operation of the COG. The City does not have any financial interest in or responsibility for the COG. Nick Nelson acts as fiscal agent for the organization. Financial information may be obtained from Nick Nelson, 406 Justice Drive, Lebanon, Ohio 45036.

NOTE 19 – CAPITAL LEASE RECEIVABLE

The Franklin Yards property was leased to R. Good Logistics, LLC. The company is developing the land. The lease period is 10 years. At the conclusion of the lease period, the company may purchase the leased property for one dollar. The City has classified these agreements as a direct financing capital lease. The lease payments to the City are paid into the Property Acquisition capital projects fund and will be used for improvements to the property.

The City has recognized the future minimum lease payments, less unearned interest income, as leases receivable in the capital projects fund type. That portion (other than unearned interest income) which is not available at year-end is classified as deferred revenue on the fund financial statements. On the government-wide financial statements, anticipated payments related to leases receivable are classified as revenue.

<u>December 31,</u>	<u>Amount</u>
2011	\$36,210
2012	28,968
2013	28,968
2014	28,968
2015	28,968
2016-2018	<u>79,663</u>
Total Minimum Lease Payments to be Received	231,745
Less: Amount Representing Unearned Interest	<u>(48,050)</u>
Net Investment in Direct Financing Leases	<u><u>\$183,695</u></u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2010

NOTE 20 – 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, 2010, to December 31, 2010, 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 21 – SUBSEQUENT EVENTS

The City issued the following Bond Anticipation Notes on March 8, 2011, with maturity on March 7, 2012.

<u>Note</u>	<u>Amount Issued</u>
Road Improvement	\$197,000
Road Improvement and Street Sweeper	90,500
Stormwater Drainage Improvement	695,000

On March 8, 2011, the City paid \$50,000 toward the road improvement note and reissued the remaining \$197,000. The City also paid \$50,000 toward the road improvement and street sweeper note and reissued the remaining \$90,500. \$200,000 was paid toward the stormwater drainage improvement note and the remaining \$695,000 was reissued.

Combining Financial Statements and Individual Fund Schedules

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. The following are descriptions of the City's nonmajor Special Revenue Funds.

NONMAJOR SPECIAL REVENUE FUNDS

Transportation

To account for gasoline tax and motor vehicle license fees used for routine maintenance of streets and State highways within the City.

E-911

To account for monies received from Warren County for operation of the City's emergency 911 dispatch services as well as for the purchase of emergency 911 communications equipment.

Court

To account for fines, forfeitures and donations related to law enforcement, received by the Municipal Court, whose use is restricted for services required to be provided by State statute.

Recreation

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

Community Development & Improvement

To account for loans to small businesses obtained through Community Development Block Grant programs and monies transferred from the General Fund that are paid to businesses for use in improving their store fronts.

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 and Fire Pension

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

(continued)

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS
(continued)

CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Improvement

To account for grant monies received for the purpose of making road improvements. Expenditures relate to the cost of road improvements and the retirement of bond and note debt issued for those projects.

ODOT Project

To account for expenditures related to road paving projects whose cost is shared between the City and the Ohio Department of Transportation.

Property Acquisition

To account for monies used to purchase Franklin Yards, monies received through the Ohio Department of Development for the renovation of the property and lease payments received from a local business for use of the property.

Tax Increment Financing

To account for payments received in lieu of taxes on property granted a tax exemption by the City. These monies must be used for land purchases or infrastructure improvements.

PERMANENT FUND

To account for gifts and investment earnings that are donor restricted to expenditure for specific purposes.

NONMAJOR PERMANENT FUND

F. C. Dial Trust

To account for financial resources restricted for leisure time activities related to parks and recreation. The monies in this fund are restricted through a trust, and only the interest earnings may be spent for parks and recreation. This fund was established in late 2008, as the result of a donation received through an estate, for use in providing leisure time activities services to the citizens of the City.

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,326,831	\$959,811	\$1,354,649	\$3,641,291
Materials and Supplies Inventory	184,879	0	0	184,879
Intergovernmental Receivable	269,306	0	0	269,306
Property Taxes Receivable	167,284	0	0	167,284
Revenue in Lieu of Taxes Receivable	0	203,368	0	203,368
Interfund Receivable	3,333	0	0	3,333
Special Assessments Receivable	109,392	0	0	109,392
Capital Lease Receivable	0	183,695	0	183,695
Total Assets	\$2,061,025	\$1,346,874	\$1,354,649	\$4,762,548
Liabilities:				
Accounts Payable	\$4,535	\$0	\$0	\$4,535
Accrued Wages and Benefits Payable	11,834	0	0	11,834
Contracts Payable	252	0	0	252
Intergovernmental Payable	113,219	0	0	113,219
Interfund Payable	73,964	0	0	73,964
Deferred Revenue	495,332	387,063	0	882,395
Total Liabilities	699,136	387,063	0	1,086,199
Fund Balances:				
Reserved for Encumbrances	46,320	0	0	46,320
Reserved for Leisure Time Activities	0	0	1,077,699	1,077,699
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,315,569	0	0	1,315,569
Capital Projects Funds	0	959,811	0	959,811
Permanent Fund	0	0	276,950	276,950
Total Fund Balances	1,361,889	959,811	1,354,649	3,676,349
Total Liabilities and Fund Balances	\$2,061,025	\$1,346,874	\$1,354,649	\$4,762,548

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$136,079	\$0	\$0	\$136,079
Payments in Lieu of Taxes	0	150,507	0	150,507
Special Assessments	108,045	0	0	108,045
Charges for Services	220,839	0	0	220,839
Fines, Licenses and Permits	52,039	0	0	52,039
Intergovernmental	1,003,730	891,336	0	1,895,066
Interest	52	0	112,013	112,065
Contributions and Donations	1,886	0	0	1,886
Other	14,993	22,118	0	37,111
Total Revenues	1,537,663	1,063,961	112,013	2,713,637
Expenditures:				
Current:				
General Government	87,201	0	0	87,201
Security of Persons and Property:				
Police	472,790	0	0	472,790
Fire	102,843	0	0	102,843
Street Lighting	128,803	0	0	128,803
Public Health and Welfare	7,199	0	0	7,199
Leisure Time Activities	233,142	0	0	233,142
Economic Development	44,666	0	0	44,666
Transportation	771,399	343,657	0	1,115,056
Capital Outlay	57,727	2,112	0	59,839
Debt Service:				
Principal Retirement	1,490	0	0	1,490
Interest and Fiscal Charges	2,810	0	0	2,810
Total Expenditures	1,910,070	345,769	0	2,255,839
Excess of Revenues Over (Under) Expenditures	(372,407)	718,192	112,013	457,798
Other Financing Sources (Uses):				
Transfers In	631,615	0	0	631,615
Transfers Out	(132,263)	0	0	(132,263)
Total Other Financing Sources (Uses)	499,352	0	0	499,352
Net Change in Fund Balances	126,945	718,192	112,013	957,150
Fund Balances at Beginning of Year	1,234,944	241,619	1,242,636	2,719,199
Fund Balances at End of Year	\$1,361,889	\$959,811	\$1,354,649	\$3,676,349

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2010

	<u>Transportation</u>	<u>E-911</u>	<u>Court</u>
Assets:			
Equity in Pooled Cash and			
Cash Equivalents	\$564,610	\$211,788	\$372,370
Materials and Supplies Inventory	184,323	0	0
Intergovernmental Receivable	261,298	0	0
Property Taxes Receivable	0	0	0
Interfund Receivable	0	0	0
Special Assessments Receivable	0	0	0
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$1,010,231</u>	<u>\$211,788</u>	<u>\$372,370</u>
Liabilities:			
Accounts Payable	\$3,057	\$0	\$1,104
Accrued Wages and Benefits Payable	9,706	0	0
Contracts Payable	0	0	0
Intergovernmental Payable	14,571	1,045	0
Interfund Payable	9,506	0	0
Deferred Revenue	210,648	0	0
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>247,488</u>	<u>1,045</u>	<u>1,104</u>
Fund Balances:			
Reserved for Encumbrances	25,752	0	20,568
Unreserved, Undesignated (Deficit)	736,991	210,743	350,698
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficit)	<u>762,743</u>	<u>210,743</u>	<u>371,266</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$1,010,231</u>	<u>\$211,788</u>	<u>\$372,370</u>

Recreation	Community Development & Improvement	Street Lighting	U.S. Filter	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$48,402	\$47,472	\$4,381	\$18,953	\$58,855	\$1,326,831
556	0	0	0	0	184,879
0	0	0	1,426	6,582	269,306
0	0	0	29,792	137,492	167,284
0	0	0	594	2,739	3,333
0	0	109,392	0	0	109,392
<u>\$48,958</u>	<u>\$47,472</u>	<u>\$113,773</u>	<u>\$50,765</u>	<u>\$205,668</u>	<u>\$2,061,025</u>
\$374	\$0	\$0	\$0	\$0	\$4,535
2,128	0	0	0	0	11,834
0	252	0	0	0	252
5,056	0	0	0	92,547	113,219
0	0	0	0	64,458	73,964
0	0	109,392	31,218	144,074	495,332
<u>7,558</u>	<u>252</u>	<u>109,392</u>	<u>31,218</u>	<u>301,079</u>	<u>699,136</u>
0	0	0	0	0	46,320
41,400	47,220	4,381	19,547	(95,411)	1,315,569
<u>41,400</u>	<u>47,220</u>	<u>4,381</u>	<u>19,547</u>	<u>(95,411)</u>	<u>1,361,889</u>
<u>\$48,958</u>	<u>\$47,472</u>	<u>\$113,773</u>	<u>\$50,765</u>	<u>\$205,668</u>	<u>\$2,061,025</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Transportation	E-911	Court	Recreation
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Charges for Services	433	0	220,406	0
Fines, Licenses and Permits	0	0	52,039	0
Intergovernmental	808,561	124,915	10,439	0
Interest	52	0	0	0
Contributions and Donations	0	0	1,886	0
Other	7,260	36	560	7,137
Total Revenues	<u>816,306</u>	<u>124,951</u>	<u>285,330</u>	<u>7,137</u>
Expenditures:				
Current:				
General Government	0	0	87,201	0
Security of Persons and Property:				
Police	0	120,334	58,729	0
Fire	0	0	0	0
Street Lighting	0	0	0	0
Public Health and Welfare	0	0	7,199	0
Leisure Time Activities	0	0	0	233,142
Economic Development	0	0	0	0
Transportation	771,399	0	0	0
Capital Outlay	0	0	54,433	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>771,399</u>	<u>120,334</u>	<u>207,562</u>	<u>233,142</u>
Excess of Revenues Over (Under) Expenditures	<u>44,907</u>	<u>4,617</u>	<u>77,768</u>	<u>(226,005)</u>
Other Financing Sources (Uses):				
Transfers In	200,000	0	0	200,000
Transfers Out	(132,263)	0	0	0
Total Other Financing Sources (Uses)	<u>67,737</u>	<u>0</u>	<u>0</u>	<u>200,000</u>
Net Change in Fund Balances	112,644	4,617	77,768	(26,005)
Fund Balances (Deficit) at Beginning of Year	<u>650,099</u>	<u>206,126</u>	<u>293,498</u>	<u>67,405</u>
Fund Balances (Deficit) at End of Year	<u><u>\$762,743</u></u>	<u><u>\$210,743</u></u>	<u><u>\$371,266</u></u>	<u><u>\$41,400</u></u>

Community Development & Improvement	Street Lighting	U.S. Filter	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$24,233	\$111,846	\$136,079
0	108,045	0	0	108,045
0	0	0	0	220,839
0	0	0	0	52,039
0	0	10,652	49,163	1,003,730
0	0	0	0	52
0	0	0	0	1,886
0	0	0	0	14,993
0	108,045	34,885	161,009	1,537,663
0	0	0	0	87,201
0	0	0	293,727	472,790
0	0	0	102,843	102,843
0	128,803	0	0	128,803
0	0	0	0	7,199
0	0	0	0	233,142
252	0	44,414	0	44,666
0	0	0	0	771,399
3,294	0	0	0	57,727
0	0	0	1,490	1,490
0	0	0	2,810	2,810
3,546	128,803	44,414	400,870	1,910,070
(3,546)	(20,758)	(9,529)	(239,861)	(372,407)
0	2,100	0	229,515	631,615
0	0	0	0	(132,263)
0	2,100	0	229,515	499,352
(3,546)	(18,658)	(9,529)	(10,346)	126,945
50,766	23,039	29,076	(85,065)	1,234,944
\$47,220	\$4,381	\$19,547	(\$95,411)	\$1,361,889

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2010

	<u>Capital Improvement</u>	<u>ODOT Project</u>	<u>Property Acquisition</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$25,216	\$497,285	\$83,771	\$353,539	\$959,811
Revenue in Lieu of Taxes Receivable	0	0	0	203,368	203,368
Capital Lease Receivable	0	0	183,695	0	183,695
Total Assets	<u><u>\$25,216</u></u>	<u><u>\$497,285</u></u>	<u><u>\$267,466</u></u>	<u><u>\$556,907</u></u>	<u><u>\$1,346,874</u></u>
Liabilities:					
Deferred Revenue	\$0	\$0	\$183,695	\$203,368	\$387,063
Fund Balances:					
Unreserved, Undesignated	<u>25,216</u>	<u>497,285</u>	<u>83,771</u>	<u>353,539</u>	<u>959,811</u>
Total Liabilities and Fund Balances	<u><u>\$25,216</u></u>	<u><u>\$497,285</u></u>	<u><u>\$267,466</u></u>	<u><u>\$556,907</u></u>	<u><u>\$1,346,874</u></u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Capital Improvement</u>	<u>ODOT Project</u>	<u>Property Acquisition</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:					
Payments in Lieu of Taxes	\$0	\$0	\$0	\$150,507	\$150,507
Intergovernmental	0	494,284	397,052	0	891,336
Other	0	0	22,118	0	22,118
Total Revenues	<u>0</u>	<u>494,284</u>	<u>419,170</u>	<u>150,507</u>	<u>1,063,961</u>
Expenditures:					
Current:					
Transportation	0	0	343,657	0	343,657
Capital Outlay	260	0	0	1,852	2,112
Total Expenditures	<u>260</u>	<u>0</u>	<u>343,657</u>	<u>1,852</u>	<u>345,769</u>
Net Change in Fund Balances	(260)	494,284	75,513	148,655	718,192
Fund Balances at Beginning of Year	<u>25,476</u>	<u>3,001</u>	<u>8,258</u>	<u>204,884</u>	<u>241,619</u>
Fund Balances at End of Year	<u><u>\$25,216</u></u>	<u><u>\$497,285</u></u>	<u><u>\$83,771</u></u>	<u><u>\$353,539</u></u>	<u><u>\$959,811</u></u>

AGENCY FUNDS

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

Municipal Court

To account for the collection and distribution of court fines and forfeitures that are payable to other governments.

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 STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2010

	<u>Municipal Court</u>	<u>Joint Recreation</u>	<u>Building Standards Fee</u>	<u>Total</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$3	\$362	\$365
Cash in Segregated Accounts	<u>43,963</u>	<u>0</u>	<u>0</u>	<u>43,963</u>
Total Assets	<u><u>\$43,963</u></u>	<u><u>\$3</u></u>	<u><u>\$362</u></u>	<u><u>\$44,328</u></u>
Liabilities:				
Intergovernmental Payable	\$18,768	\$0	\$0	\$18,768
Undistributed Monies	11,474	3	362	11,839
Deposits Held and Due to Others	<u>13,721</u>	<u>0</u>	<u>0</u>	<u>13,721</u>
Total Liabilities	<u><u>\$43,963</u></u>	<u><u>\$3</u></u>	<u><u>\$362</u></u>	<u><u>\$44,328</u></u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Balance 1/1/10	Additions	Reductions	Balance 12/31/10
MUNICIPAL COURT				
Assets:				
Cash in Segregated Accounts	\$55,553	\$43,963	\$55,553	\$43,963
Liabilities:				
Intergovernmental Payable	\$28,081	\$18,768	\$28,081	\$18,768
Undistributed Monies	11,336	11,474	11,336	11,474
Deposits Held and Due to Others	16,136	13,721	16,136	13,721
Total Liabilities	<u>\$55,553</u>	<u>\$43,963</u>	<u>\$55,553</u>	<u>\$43,963</u>
JOINT RECREATION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$5	\$141,032	\$141,034	\$3
Liabilities:				
Undistributed Monies	\$5	\$141,032	\$141,034	\$3
BUILDING STANDARDS FEE				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$255	\$1,335	\$1,228	\$362
Liabilities:				
Undistributed Monies	\$255	\$1,335	\$1,228	\$362
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$260	\$142,367	\$142,262	\$365
Cash in Segregated Accounts	55,553	43,963	55,553	43,963
Total Assets	<u>\$55,813</u>	<u>\$186,330</u>	<u>\$197,815</u>	<u>\$44,328</u>
Liabilities:				
Intergovernmental Payable	\$28,081	\$18,768	\$28,081	\$18,768
Undistributed Monies	11,596	153,841	153,598	11,839
Deposits Held and Due to Others	16,136	13,721	16,136	13,721
Total Liabilities	<u>\$55,813</u>	<u>\$186,330</u>	<u>\$197,815</u>	<u>\$44,328</u>

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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$425,000	\$425,000	\$388,830	(\$36,170)
Other Local Taxes	167,661	47,993	175,192	127,199
Income Taxes	5,541,579	3,017,784	5,790,485	2,772,701
Charges for Services	98,927	20,202	103,370	83,168
Fines, Licenses and Permits	603,241	96,156	630,336	534,180
Intergovernmental	528,175	217,919	551,898	333,979
Interest	50,735	94,435	53,014	(41,421)
Other	145,292	17,720	151,818	134,098
Total Revenues	7,560,610	3,937,209	7,844,943	3,907,734
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Clerk and Council				
Personal Services	160,065	160,066	152,319	7,747
Other	96,094	102,094	82,324	19,770
Total Clerk and Council	256,159	262,160	234,643	27,517
Municipal Court				
Personal Services	579,296	579,296	551,920	27,376
Other	143,920	155,920	145,601	10,319
Total Municipal Court	723,216	735,216	697,521	37,695
Probation				
Personal Services	157,227	157,226	151,099	6,127
Other	5,900	5,900	2,717	3,183
Total Probation	163,127	163,126	153,816	9,310
Mayor's and Administrative Office				
Personal Services	207,113	210,212	204,155	6,057
Other	12,120	12,120	8,494	3,626
Total Mayor's and Administrative Office	219,233	222,332	212,649	9,683
Clerk Treasurer				
Personal Services	269,485	219,485	181,578	37,907
Other	15,950	15,950	13,665	2,285
Total Clerk Treasurer	285,435	235,435	195,243	40,192
Income Tax Administration				
Personal Services	142,019	142,038	142,038	0
Other	96,600	1,019,544	1,009,147	10,397
Total Income Tax Administration	238,619	1,161,582	1,151,185	10,397
Solicitor				
Personal Services	142,936	144,436	142,517	1,919
Other	41,800	41,800	40,050	1,750
Total Solicitor	184,736	186,236	182,567	3,669
Civil Service Commission				
Other	\$12,500	\$12,500	\$10,182	\$2,318

(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, 2010
(continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Planning Commission				
Personal Services	\$0	\$1,233	\$1,233	\$0
Other	11,100	9,867	3,661	6,206
Total Planning Commission	11,100	11,100	4,894	6,206
Board of Zoning, Bldg and Housing				
Other	0	100	100	0
Building and Grounds				
Personal Services	55,845	55,845	54,166	1,679
Other	135,800	165,800	122,718	43,082
Total Building and Grounds	191,645	221,645	176,884	44,761
Special Appropriations				
Other	204,070	204,070	169,457	34,613
Community Services				
Other	25,000	30,750	16,188	14,562
Economic Development				
Other	15,000	15,000	9,854	5,146
Engineering				
Other	70,000	70,000	55,849	14,151
Total General Government	2,599,840	3,531,252	3,271,032	260,220
Security of Persons and Property				
Police Law Enforcement				
Personal Services	2,440,302	2,440,301	2,311,603	128,698
Other	656,300	419,750	367,014	52,736
Total Police Law Enforcement	3,096,602	2,860,051	2,678,617	181,434
Building Inspection				
Personal Services	98,053	98,052	96,602	1,450
Other	109,830	109,830	50,728	59,102
Total Building Inspection	207,883	207,882	147,330	60,552
Total Security of Persons and Property	\$3,304,485	\$3,067,933	\$2,825,947	\$241,986

(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, 2010
(continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Total Expenditures	\$5,904,325	\$6,599,185	\$6,096,979	\$502,206
Excess of Revenues Over (Under) Expenditures	1,656,285	(2,661,976)	1,747,964	4,409,940
Other Financing Sources (Uses):				
Transfers In	206,252	431,032	215,516	(215,516)
Transfers Out	(1,835,100)	(1,095,100)	(1,058,663)	36,437
Total Other Financing Sources (Uses)	(1,628,848)	(664,068)	(843,147)	(179,079)
Net Change in Fund Balance	27,437	(3,326,044)	904,817	4,230,861
Fund Balance at Beginning of Year	3,341,845	3,341,845	3,341,845	0
Prior Year Encumbrances Appropriated	9,714	9,714	9,714	0
Fund Balance at End of Year	<u>\$3,378,996</u>	<u>\$25,515</u>	<u>\$4,256,376</u>	<u>\$4,230,861</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$518,000	\$461,554	\$485,014	\$23,460
Charges for Services	253,576	28,000	66,832	38,832
Intergovernmental	658,986	141,322	173,681	32,359
Other	54,337	0	14,321	14,321
Total Revenues	<u>1,484,899</u>	<u>630,876</u>	<u>739,848</u>	<u>108,972</u>
Expenditures:				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,154,640	1,216,035	1,044,241	171,794
Other	285,401	282,564	238,524	44,040
Total Fire	<u>1,440,040</u>	<u>1,498,599</u>	<u>1,282,765</u>	<u>215,834</u>
Capital Outlay				
Other	94,559	87,129	42,855	44,274
Total Expenditures	<u>1,534,599</u>	<u>1,585,728</u>	<u>1,325,620</u>	<u>260,108</u>
Excess of Revenues Over (Under) Expenditures	(49,700)	(954,852)	(585,772)	369,080
Other Financing Uses:				
Transfers Out	(325,208)	(342,500)	(295,862)	46,638
Net Change in Fund Balance	(374,908)	(1,297,352)	(881,634)	415,718
Fund Balance at Beginning of Year	1,307,232	1,307,232	1,307,232	0
Prior Year Encumbrances Appropriated	28,932	28,932	28,932	0
Fund Balance at End of Year	<u>\$961,257</u>	<u>\$38,812</u>	<u>\$454,530</u>	<u>\$415,718</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$314,986	\$471,363	\$156,377
Other	0	267	267
Total Revenues	<u>314,986</u>	<u>471,630</u>	<u>156,644</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Other	1,085	1,085	0
Debt Service:			
Principal Retirement	2,418,000	2,418,000	0
Interest and Fiscal Charges	506,733	491,183	15,550
Total Debt Service	<u>2,924,733</u>	<u>2,909,183</u>	<u>15,550</u>
Total Expenditures	<u>2,925,818</u>	<u>2,910,268</u>	<u>15,550</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,610,832)</u>	<u>(2,438,638)</u>	<u>172,194</u>
Other Financing Sources:			
Bond Anticipation Notes Issued	1,600,000	1,282,500	(317,500)
Transfers In	839,196	1,186,980	347,784
Total Other Financing Sources	<u>2,439,196</u>	<u>2,469,480</u>	<u>30,284</u>
Net Change in Fund Balance	(171,636)	30,842	202,478
Fund Balance at Beginning of Year	<u>230,660</u>	<u>230,660</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$59,024</u></u>	<u><u>\$261,502</u></u>	<u><u>\$202,478</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ISSUE II FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$165,093	\$244,622	\$79,529
Other	0	988	988
	<hr/>	<hr/>	<hr/>
Total Revenues	165,093	245,610	80,517
Expenditures:			
Capital Outlay	400,000	388,387	11,613
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(234,907)	(142,777)	92,130
Other Financing Sources:			
Proceeds of OWDA Loans	198,133	122,115	(76,018)
Transfers In	132,263	132,263	0
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	330,396	254,378	(76,018)
Net Change in Fund Balance	95,489	111,601	16,112
Fund Balance (Deficit) at Beginning of Year	(19,490)	(19,490)	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$75,999</u>	<u>\$92,111</u>	<u>\$16,112</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, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,456,900	\$2,484,777	\$27,877
Deposits Received	25,000	25,510	510
Interest	0	2,500	2,500
Other	0	6,912	6,912
Total Revenues	<u>2,481,900</u>	<u>2,519,699</u>	<u>37,799</u>
Expenses:			
Personal Services	697,266	649,131	48,135
Contractual Services	511,751	382,502	129,249
Supplies and Materials	166,000	119,136	46,864
Other	23,274	18,111	5,163
Deposit Refunds	22,348	22,348	0
Capital Outlay	487,048	203,825	283,223
Debt Service:			
Principal Retirement	555,111	570,624	(15,513)
Interest and Fiscal Charges	347,801	332,272	15,529
Total Expenses	<u>2,810,599</u>	<u>2,297,949</u>	<u>512,650</u>
Excess of Revenues Over (Under) Expenses	(328,699)	221,750	550,449
Transfers Out	<u>(368,364)</u>	<u>(286,351)</u>	<u>82,013</u>
Net Change in Fund Equity	(697,063)	(64,601)	632,462
Fund Equity at Beginning of Year	1,212,885	1,212,885	0
Prior Year Encumbrances Appropriated	<u>87,668</u>	<u>87,668</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$603,490</u></u>	<u><u>\$1,235,952</u></u>	<u><u>\$632,462</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, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,844,060	\$2,758,739	(\$85,321)
Deposits Received	22,000	25,340	3,340
Other	39,000	5,463	(33,537)
Total Revenues	<u>2,905,060</u>	<u>2,789,542</u>	<u>(115,518)</u>
Expenses:			
Personal Services	419,759	394,313	25,446
Contractual Services	2,082,285	2,041,112	41,173
Supplies and Materials	52,519	44,686	7,833
Deposit Refunds	22,348	22,348	0
Capital Outlay	493,066	184,776	308,290
Other	893	238	655
Total Expenses	<u>3,070,870</u>	<u>2,687,473</u>	<u>383,397</u>
Excess of Revenues Over (Under) Expenses	(165,810)	102,069	267,879
Transfers Out	<u>(237,610)</u>	<u>(148,876)</u>	<u>88,734</u>
Net Change in Fund Equity	(403,420)	(46,807)	356,613
Fund Equity at Beginning of Year	681,727	681,727	0
Prior Year Encumbrances Appropriated	<u>14,132</u>	<u>14,132</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$292,439</u></u>	<u><u>\$649,052</u></u>	<u><u>\$356,613</u></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, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$675,000	\$696,511	\$21,511
Other	500	0	(500)
	<hr/>	<hr/>	<hr/>
Total Revenues	675,500	696,511	21,011
	<hr/>	<hr/>	<hr/>
Expenses:			
Personal Services	85,030	61,932	23,098
Contractual Services	606,600	589,751	16,849
Supplies and Materials	13,050	12,567	483
	<hr/>	<hr/>	<hr/>
Total Expenses	704,680	664,250	40,430
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenses	(29,180)	32,261	61,441
	<hr/>	<hr/>	<hr/>
Transfers Out	(40,614)	(20,307)	20,307
	<hr/>	<hr/>	<hr/>
Net Change in Fund Equity	(69,794)	11,954	81,748
	<hr/>	<hr/>	<hr/>
Fund Equity at Beginning of Year	151,187	151,187	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	\$81,393	\$163,141	\$81,748
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
STORMWATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$464,500	\$489,219	\$24,719
Other	500	2,255	1,755
	<hr/>	<hr/>	<hr/>
Total Revenues	465,000	491,474	26,474
	<hr/>	<hr/>	<hr/>
Expenses:			
Personal Services	215,720	193,646	22,074
Contractual Services	18,000	5,333	12,667
Supplies and Materials	26,675	21,078	5,597
Capital Outlay	226,142	36,842	189,300
	<hr/>	<hr/>	<hr/>
Total Expenses	486,537	256,899	229,638
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenses	(21,537)	234,575	256,112
Transfers Out	(288,924)	(264,462)	24,462
	<hr/>	<hr/>	<hr/>
Net Change in Fund Equity	(310,461)	(29,887)	280,574
Fund Equity at Beginning of Year	669,319	669,319	0
Prior Year Encumbrances Appropriated	27,067	27,067	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	<u>\$385,925</u>	<u>\$666,499</u>	<u>\$280,574</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$387	\$433	\$46
Intergovernmental	480,032	826,997	346,965
Interest	200	52	(148)
Other	9,104	7,260	(1,844)
Total Revenues	<u>489,723</u>	<u>834,742</u>	<u>345,019</u>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	524,287	488,750	35,537
Other	374,378	290,931	83,447
Total Street Maintenance and Repair	<u>898,665</u>	<u>779,681</u>	<u>118,984</u>
State Highway Maintenance			
Other	80,000	69,394	10,606
Total Expenditures	<u>978,665</u>	<u>849,075</u>	<u>129,590</u>
Excess of Revenues Over (Under) Expenditures	<u>(488,942)</u>	<u>(14,333)</u>	<u>474,609</u>
Other Financing Sources (Uses):			
Transfers In	200,000	200,000	0
Transfers Out	(132,500)	(132,263)	237
Total Other Financing Sources (Uses)	<u>67,500</u>	<u>67,737</u>	<u>237</u>
Net Change in Fund Balance	(421,442)	53,404	474,846
Fund Balance at Beginning of Year	<u>485,454</u>	<u>485,454</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$64,012</u></u>	<u><u>\$538,858</u></u>	<u><u>\$474,846</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
E-911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$132,000	\$124,915	(\$7,085)
Other	0	36	36
	<hr/>	<hr/>	<hr/>
Total Revenues	132,000	124,951	(7,049)
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	145,985	120,371	25,614
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(13,985)	4,580	18,565
Fund Balance at Beginning of Year	207,208	207,208	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$193,223</u>	<u>\$211,788</u>	<u>\$18,565</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COURT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$157,373	\$220,406	\$63,033
Fines, Licenses and Permits	59,445	54,823	(4,622)
Intergovernmental	5,182	6,890	1,708
Contributions and Donations	5,000	1,886	(3,114)
Other	0	560	560
Total Revenues	<u>227,000</u>	<u>284,565</u>	<u>57,565</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Personal Services	25,000	16,602	8,398
Other	175,600	91,167	84,433
Total General Government	200,600	107,769	92,831
Security of Persons and Property			
Police Law Enforcement			
Other	99,000	63,875	35,125
Public Health and Welfare			
Other	22,800	7,199	15,601
Capital Outlay			
Other	150,000	54,433	95,567
Total Expenditures	<u>472,400</u>	<u>233,276</u>	<u>239,124</u>
Net Change in Fund Balance	(245,400)	51,289	296,689
Fund Balance at Beginning of Year	286,175	286,175	0
Prior Year Encumbrances Appropriated	<u>3,400</u>	<u>3,400</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$44,175</u></u>	<u><u>\$340,864</u></u>	<u><u>\$296,689</u></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, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other	\$0	\$7,137	\$7,137
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	205,642	190,505	15,137
Other	57,000	44,665	12,335
Total Expenditures	262,642	235,170	27,472
Excess of Revenues Over (Under) Expenditures	(262,642)	(228,033)	34,609
Other Financing Sources:			
Transfers In	186,569	200,000	13,431
Net Change in Fund Balance	(76,073)	(28,033)	48,040
Fund Balance at Beginning of Year	76,431	76,431	0
Fund Balance at End of Year	<u>\$358</u>	<u>\$48,398</u>	<u>\$48,040</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COMMUNITY DEVELOPMENT & IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Capital Outlay			
Other	50,766	3,294	47,472
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	(50,766)	(3,294)	47,472
Fund Balance at Beginning of Year	50,766	50,766	0
	<u> </u>	<u> </u>	<u> </u>
Fund Balance at End of Year	<u> </u> <u> </u> \$0	<u> </u> <u> </u> \$47,472	<u> </u> <u> </u> \$47,472

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, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$106,506	\$108,045	\$1,539
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	131,000	128,803	2,197
Excess of Revenues Over (Under) Expenditures	(24,494)	(20,758)	3,736
Other Financing Sources:			
Transfers In	2,174	2,100	(74)
Net Change in Fund Balance	(22,320)	(18,658)	3,662
Fund Balance at Beginning of Year	23,039	23,039	0
Fund Balance at End of Year	<u>\$719</u>	<u>\$4,381</u>	<u>\$3,662</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, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$38,000	\$24,233	(\$13,767)
Intergovernmental	200	10,454	10,254
Total Revenues	38,200	34,687	(3,513)
Expenditures:			
Current:			
Economic Development			
Other	44,500	44,414	86
Net Change in Fund Balance	(6,300)	(9,727)	(3,427)
Fund Balance at Beginning of Year	28,680	28,680	0
Fund Balance at End of Year	<u>\$22,380</u>	<u>\$18,953</u>	<u>(\$3,427)</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
POLICE AND FIRE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$107,128	\$111,846	\$4,718
Intergovernmental	32,425	112,708	80,283
Total Revenues	<u>139,553</u>	<u>224,554</u>	<u>85,001</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	311,987	293,289	18,698
Fire Department			
Other	<u>115,000</u>	<u>105,071</u>	<u>9,929</u>
Total Security of Persons and Property	<u>426,987</u>	<u>398,360</u>	<u>28,627</u>
Debt Service:			
Principal Retirement	1,490	1,490	0
Interest and Fiscal Charges	<u>2,810</u>	<u>2,810</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>431,287</u>	<u>402,660</u>	<u>28,627</u>
Excess of Revenues Over (Under) Expenditures	(291,734)	(178,106)	113,628
Other Financing Sources:			
Transfers In	<u>290,000</u>	<u>229,515</u>	<u>(60,485)</u>
Net Change in Fund Balance	(1,734)	51,409	53,143
Fund Balance at Beginning of Year	<u>7,446</u>	<u>7,446</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,712</u></u>	<u><u>\$58,855</u></u>	<u><u>\$53,143</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, 2010

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$277,000	\$0	(\$277,000)
Expenditures:			
Capital Outlay	<u>26,000</u>	<u>260</u>	<u>25,740</u>
Net Change in Fund Balance	251,000	(260)	(251,260)
Fund Balance at Beginning of Year	<u>25,476</u>	<u>25,476</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$276,476</u></u>	<u><u>\$25,216</u></u>	<u><u>(\$251,260)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ODOT PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$0	\$494,284	\$494,284
Expenditures:			
Capital Outlay	3,001	0	3,001
Net Change in Fund Balance	(3,001)	494,284	497,285
Fund Balance at Beginning of Year	3,001	3,001	0
Fund Balance at End of Year	\$0	\$497,285	\$497,285

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
PROPERTY ACQUISITION FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$891,000	\$397,052	(\$493,948)
Other	9,000	22,118	13,118
Total Revenues	900,000	419,170	(480,830)
Expenditures:			
Capital Outlay	500,000	343,657	156,343
Net Change in Fund Balance	400,000	75,513	(324,487)
Fund Balance at Beginning of Year	8,258	8,258	0
Fund Balance at End of Year	\$408,258	\$83,771	(\$324,487)

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Revenue in Lieu of Taxes	\$200,000	\$150,507	(\$49,493)
Expenditures:			
Capital Outlay	300,000	1,852	298,148
Net Change in Fund Balance	(100,000)	148,655	248,655
Fund Balance at Beginning of Year	204,884	204,884	0
Fund Balance at End of Year	<u>\$104,884</u>	<u>\$353,539</u>	<u>\$248,655</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
F.C. DIAL TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Capital Outlay			
Other	186,459	0	186,459
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	(186,459)	0	186,459
Fund Balance at Beginning of Year	186,459	186,459	0
	<u> </u>	<u> </u>	<u> </u>
Fund Balance at End of Year	<u> </u> \$0	<u> </u> \$186,459	<u> </u> \$186,459

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Statistical Section

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STATISTICAL TABLES

This part of the City of Franklin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	104-115
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	116-117
These schedules contain information to help the reader assess the City's most significant local revenue source, the income tax.	
Debt Capacity	118-124
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	125-126
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating information	128-133
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented *GASB Statement No. 34* in 2003. Schedules presenting government-wide information include information beginning in that year.

City of Franklin, Ohio
Net Assets by Component
Last Nine Years
(accrual basis of accounting)

	2002	2003	2004	2005	2006
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$55,740,255	\$56,532,075	\$39,097,305	\$38,402,623	\$37,961,827
Restricted For:					
Debt Service	3,676,478	2,978,941	2,682,897	1,808,834	2,824,993
Capital Outlay	52,069	613,671	500,657	209,519	381,125
Fire Protection	0	0	0	741,999	1,007,644
Transportation	0	0	0	572,347	481,120
Other Purposes (1)	2,294,537	1,257,743	1,530,592	413,483	459,472
Leisure Time Activities Expendable	0	0	0	0	0
Leisure Time Activities Nonexpendable	0	0	0	0	0
Unrestricted	2,837,894	3,985,482	3,481,163	4,566,811	4,187,811
<i>Total Governmental Activities Net Assets</i>	<u>64,601,233</u>	<u>65,367,912</u>	<u>47,292,614</u>	<u>46,715,616</u>	<u>47,303,992</u>
Business-Type Activities:					
Invested in Capital Assets, Net of Related Debt	4,282,115	4,353,963	15,608,556	15,441,096	14,506,779
Restricted For:					
Current Debt Service	284,255	186,995	268,031	275,515	587,392
Revenue Bonds Replacement and Improvement	347,706	292,020	292,020	302,020	295,220
Unrestricted	1,228,884	1,247,141	903,200	991,690	1,749,945
<i>Total Business-Type Activities</i>	<u>6,142,960</u>	<u>6,080,119</u>	<u>17,071,807</u>	<u>17,010,321</u>	<u>17,139,336</u>
Primary Government:					
Invested in Capital Assets, Net of Related Debt	60,022,370	60,886,038	54,705,861	53,843,719	52,468,606
Restricted	6,655,045	5,329,370	5,274,197	4,323,717	6,036,966
Unrestricted	4,066,778	5,232,623	4,384,363	5,558,501	5,937,756
<i>Total Primary Government Net Assets</i>	<u>\$70,744,193</u>	<u>\$71,448,031</u>	<u>\$64,364,421</u>	<u>\$63,725,937</u>	<u>\$64,443,328</u>

(1) 2005 was the first year Other Purposes was further classified.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$39,414,521	\$40,600,904	\$40,499,186	\$40,076,220
2,969,595	2,813,950	2,609,134	2,186,575
402,419	299,798	479,323	1,234,693
997,563	1,078,765	907,226	378,208
513,502	369,520	747,319	858,921
612,035	845,165	925,090	704,089
0	20,957	240,340	276,950
0	1,003,387	1,002,296	1,077,699
2,263,639	2,348,013	1,615,731	3,488,267
<u>47,173,274</u>	<u>49,380,459</u>	<u>49,025,645</u>	<u>50,281,622</u>
14,664,105	15,491,196	16,509,392	16,980,657
802,640	610,290	620,446	566,309
333,769	217,630	232,630	247,630
1,752,795	2,434,615	2,015,800	2,215,717
<u>17,553,309</u>	<u>18,753,731</u>	<u>19,378,268</u>	<u>20,010,313</u>
54,078,626	56,092,100	57,008,578	57,056,877
6,631,523	7,259,462	7,763,804	7,531,074
4,016,434	4,782,628	3,631,531	5,703,984
<u>\$64,726,583</u>	<u>\$68,134,190</u>	<u>\$68,403,913</u>	<u>\$70,291,935</u>

City of Franklin, Ohio
Changes in Net Assets
Last Eight Years
(accrual basis of accounting)

	2003	2004	2005
Program Revenues:			
Charges for Services and Sales:			
General Government	\$752,181	\$764,504	\$765,938
Security of Persons and Property:			
Police	5,960	12,700	0
Fire	130,411	123,408	122,804
Other	85,910	86,240	86,240
Public Health and Welfare	40,756	27,091	44,657
Leisure Time Activities	4,006	0	0
Transportation	2,370	0	25
Operating Grants, Contributions and Interest	775,004	818,623	875,940
Capital Grants, Contributions and Interest	911,937	405,132	122,817
<i>Total Governmental Activities Program Revenues</i>	<u>2,708,535</u>	<u>2,237,698</u>	<u>2,018,421</u>
Business-Type Activities:			
Charges for Services:			
Water	1,861,483	1,981,390	2,295,097
Sewer	2,264,851	2,504,671	2,352,990
Trash	544,882	505,317	562,349
Stormwater Utility	0	178,027	440,221
Capital Grants, Contributions and Interest	0	0	722
<i>Total Business-Type Activities Program Revenues</i>	<u>4,671,216</u>	<u>5,169,405</u>	<u>5,651,379</u>
<i>Total Primary Government Program Revenues</i>	<u>7,379,751</u>	<u>7,407,103</u>	<u>7,669,800</u>
Expenses:			
Governmental Activities:			
Current:			
General Government	2,211,334	2,412,056	3,248,993
Security of Persons and Property	4,141,438	4,841,373	4,675,721
Public Health and Welfare	56,199	41,799	27,626
Leisure Time Activities	325,441	351,631	291,418
Economic Development	72,448	59,266	88,113
Basic Utility Services	240,755	85,097	91,914
Transportation	774,499	966,961	2,177,960
Interest and Fiscal Charges	551,880	673,890	632,945
Depreciation on Infrastructure	1,477,591	1,508,864	0
<i>Total Governmental Activities Expenses</i>	<u>9,851,585</u>	<u>10,940,937</u>	<u>11,234,690</u>
Business-Type Activities:			
Water	1,932,440	2,159,557	1,735,657
Sewer	2,259,319	2,472,482	2,798,516
Trash	528,627	521,098	537,279
Stormwater Utility	0	365,404	595,199
<i>Total Business-Type Activities Expenses</i>	<u>4,720,386</u>	<u>5,518,541</u>	<u>5,666,651</u>
Net (Expense)/Revenue:			
Governmental Activities	(7,143,050)	(8,703,239)	(9,216,269)
Business-Type Activities	(49,170)	(349,136)	(15,272)
<i>Total Primary Government Net Expense</i>	<u>(\$7,192,220)</u>	<u>(\$9,052,375)</u>	<u>(\$9,231,541)</u>

2006	2007	2008	2009	2010
\$739,222	\$614,629	\$709,146	\$615,128	\$889,757
56,570	27,997	9,660	17,283	104,619
119,531	127,698	97,292	30,224	68,603
88,199	95,000	104,500	108,680	114,114
68,352	17,929	42,422	105,353	12,805
0	0	0	0	0
863	535	867	1,606	433
1,248,551	1,220,580	1,414,446	1,433,860	1,388,880
75,222	2,255,359	2,871,175	1,410,224	1,189,044
<u>2,396,510</u>	<u>4,359,727</u>	<u>5,249,508</u>	<u>3,722,358</u>	<u>3,768,255</u>
2,571,541	2,372,746	2,391,732	2,514,213	2,485,178
2,267,333	2,302,373	2,546,969	2,596,582	2,944,427
591,737	624,251	649,671	673,260	700,817
448,074	442,470	457,602	421,920	476,739
0	0	0	635,971	0
<u>5,878,685</u>	<u>5,741,840</u>	<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>
<u>8,275,195</u>	<u>10,101,567</u>	<u>11,295,482</u>	<u>10,564,304</u>	<u>10,375,416</u>
2,591,951	2,618,300	2,107,127	2,298,636	2,286,274
5,473,036	5,550,877	5,004,072	5,108,503	4,963,931
64,790	21,911	59,846	11,810	7,199
299,128	345,357	353,315	308,359	300,602
30,476	95,314	84,517	44,630	44,666
57,355	57,355	80,111	84,331	84,329
2,277,692	3,490,439	2,173,257	2,825,088	2,314,682
645,007	585,256	523,872	494,341	461,532
0	0	0	0	0
<u>11,439,435</u>	<u>12,764,809</u>	<u>10,386,117</u>	<u>11,175,698</u>	<u>10,463,215</u>
2,193,130	1,866,287	1,948,802	2,067,302	2,007,702
2,414,728	2,618,355	2,240,853	3,032,843	2,748,200
574,010	584,968	654,623	684,648	684,848
712,710	737,361	674,377	578,995	690,035
<u>5,894,578</u>	<u>5,806,971</u>	<u>5,518,655</u>	<u>6,363,788</u>	<u>6,130,785</u>
(9,042,925)	(8,405,082)	(5,136,609)	(7,453,340)	(6,694,960)
<u>(15,893)</u>	<u>(65,131)</u>	<u>527,319</u>	<u>478,158</u>	<u>476,376</u>
<u>(\$9,058,818)</u>	<u>(\$8,470,213)</u>	<u>(\$4,609,290)</u>	<u>(\$6,975,182)</u>	<u>(\$6,218,584)</u>

(continued)

City of Franklin, Ohio
Changes in Net Assets (Continued)
Last Eight Years
(accrual basis of accounting)

	2003	2004	2005
General Revenues and Other Changes in Net Assets:			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$541,118	\$619,574	\$627,814
Fire	658,349	620,817	650,127
Other Purposes	208,825	224,964	188,120
Income Taxes	5,084,420	4,450,348	5,138,832
Other Local Taxes Levied for General Purposes (1)	0	0	0
Payments in Lieu of Taxes	0	0	0
Grants and Entitlements not Restricted to Specific Programs	586,202	617,246	606,232
Gain on Sale of Capital Assets	0	0	0
Unrestricted Investment Earnings	239,132	209,863	137,003
Contributions and Donations	0	0	0
Other	115,073	174,149	692,525
Transfers	23,150	(11,868,901)	90,448
<i>Total Governmental Activities</i>	7,456,269	(4,951,940)	8,131,101
Business-Type Activities:			
Unrestricted Investment Earnings	0	1,099	43,120
Other	9,479	120,869	1,114
Transfers	(23,150)	11,868,901	(90,448)
<i>Total Business-Type Activities</i>	(13,671)	11,990,869	(46,214)
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	7,442,598	7,038,929	8,084,887
Change in Net Assets			
Governmental Activities	313,219	(13,655,179)	(1,085,168)
Business-Type Activities	(62,841)	11,641,733	(61,486)
Prior Year Restatement of Net Assets	453,460	(5,070,164)	508,170
<i>Total Primary Government Changes in Net Assets</i>	\$703,838	(\$7,083,610)	(\$638,484)

(1) Prior to 2008, the City reported Other Local Taxes with Property Taxes.

2006	2007	2008	2009	2010
\$631,920	\$658,432	\$472,445	\$420,843	\$385,893
642,487	571,233	534,375	492,312	480,797
168,733	193,805	134,236	129,542	131,048
7,115,266	5,639,866	5,322,030	4,822,556	5,900,995
0	0	124,412	160,540	176,828
0	0	0	207,659	150,507
669,145	633,352	502,780	596,149	614,411
0	11,096	0	0	0
338,330	610,369	213,422	56,486	55,726
0	0	0	0	1,886
179,786	182,322	310,224	307,846	191,376
(114,366)	(226,111)	(420,598)	(95,407)	(138,530)
<u>9,631,301</u>	<u>8,274,364</u>	<u>7,193,326</u>	<u>7,098,526</u>	<u>7,950,937</u>
24,489	33,902	10,423	0	2,509
6,053	15,075	14,930	50,972	14,630
114,366	226,111	420,598	95,407	138,530
<u>144,908</u>	<u>275,088</u>	<u>445,951</u>	<u>146,379</u>	<u>155,669</u>
<u>9,776,209</u>	<u>8,549,452</u>	<u>7,639,277</u>	<u>7,244,905</u>	<u>8,106,606</u>
588,376	(130,718)	2,056,717	(354,814)	1,255,977
129,015	209,957	973,270	624,537	632,045
0	0	377,620	0	0
<u>\$717,391</u>	<u>\$79,239</u>	<u>\$3,407,607</u>	<u>\$269,723</u>	<u>\$1,888,022</u>

City of Franklin, Ohio
Program Revenues by Function/Program
Last Eight Years
 (accrual basis of accounting)

Function / Program:	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental Activities:			
General Government	\$801,607	\$818,684	\$845,795
Security of Persons and Property:			
Police	47,406	222,348	70,532
Fire	295,487	66,762	175,757
Other	85,910	0	86,240
Public Health and Welfare	40,756	31,311	45,639
Leisure Time Activities	22,006	16,403	0
Economic Development	0	10,000	2,716
Transportation	1,415,363	1,072,190	791,742
<i>Total Governmental Activities</i>	<u>2,708,535</u>	<u>2,237,698</u>	<u>2,018,421</u>
Business-Type Activities:			
Water	1,861,483	1,981,390	2,295,097
Sewer	2,264,851	2,504,671	2,352,990
Trash	544,882	505,317	562,349
Stormwater Utility	0	178,027	440,221
<i>Total Business-Type Activities</i>	<u>4,671,216</u>	<u>5,169,405</u>	<u>5,650,657</u>
<i>Total Primary Government</i>	<u><u>\$7,379,751</u></u>	<u><u>\$7,407,103</u></u>	<u><u>\$7,669,078</u></u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$995,688	\$833,514	\$1,010,717	\$815,284	\$1,043,409
100,744	159,804	168,656	119,548	144,916
478,813	418,331	449,407	393,310	320,132
88,199	95,000	104,500	108,680	114,114
71,110	18,625	43,268	236,492	138,210
0	0	1,138,136	218,292	112,013
3,852	6,780	15,637	5,972	10,778
<u>658,104</u>	<u>2,827,673</u>	<u>2,319,187</u>	<u>1,824,780</u>	<u>1,884,683</u>
<u>2,396,510</u>	<u>4,359,727</u>	<u>5,249,508</u>	<u>3,722,358</u>	<u>3,768,255</u>
2,571,541	2,372,746	2,391,732	2,884,719	2,485,178
2,267,333	2,302,373	2,546,969	2,596,582	2,944,427
591,737	624,251	649,671	673,260	700,817
<u>448,074</u>	<u>442,470</u>	<u>457,602</u>	<u>687,385</u>	<u>476,739</u>
<u>5,878,685</u>	<u>5,741,840</u>	<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>
<u>\$8,275,195</u>	<u>\$10,101,567</u>	<u>\$11,295,482</u>	<u>\$10,564,304</u>	<u>\$10,375,416</u>

City of Franklin, Ohio
Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund				
Reserved	\$121,963	\$138,332	\$82,602	\$143,769
Unreserved	<u>2,260,470</u>	<u>2,730,502</u>	<u>3,115,075</u>	<u>2,477,149</u>
<i>Total General Fund</i>	<u>2,382,433</u>	<u>2,868,834</u>	<u>3,197,677</u>	<u>2,620,918</u>
All Other Governmental Funds				
Reserved	109,981	153,397	45,906	28,494
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue Funds	1,197,286	1,083,976	1,042,151	1,282,641
Debt Service Fund	67,011	(124,650)	(129,011)	(107,942)
Capital Projects Funds	(2,196,802)	(66,201)	612,292	130,756
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>(822,524)</u>	<u>1,046,522</u>	<u>1,571,338</u>	<u>1,333,949</u>
<i>Total Governmental Funds</i>	<u><u>\$1,559,909</u></u>	<u><u>\$3,915,356</u></u>	<u><u>\$4,769,015</u></u>	<u><u>\$3,954,867</u></u>

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$5,386	\$145,333	\$14,739	\$54,806	\$6,114	\$6,145
<u>3,432,280</u>	<u>3,483,285</u>	<u>1,175,034</u>	<u>1,905,918</u>	<u>1,369,098</u>	<u>3,184,032</u>
<u>3,437,666</u>	<u>3,628,618</u>	<u>1,189,773</u>	<u>1,960,724</u>	<u>1,375,212</u>	<u>3,190,177</u>
167,084	86,965	99,411	1,078,834	1,032,305	1,132,367
1,329,298	1,758,396	1,897,625	2,033,024	2,179,954	1,778,611
(603,359)	174,538	557,710	557,424	623,678	510,324
(17,886)	65,420	208,754	48,781	181,392	1,000,998
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>240,340</u>	<u>276,950</u>
<u>875,137</u>	<u>2,085,319</u>	<u>2,763,500</u>	<u>3,718,063</u>	<u>4,257,669</u>	<u>4,699,250</u>
<u>\$4,312,803</u>	<u>\$5,713,937</u>	<u>\$3,953,273</u>	<u>\$5,678,787</u>	<u>\$5,632,881</u>	<u>\$7,889,427</u>

City of Franklin, Ohio
Changes in Fund Balances - Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2001	2002	2003	2004
Revenues:				
Property Taxes	\$553,312	\$586,426	\$1,411,659	\$1,465,413
Other Local Taxes (1)	0	0	0	0
Income Taxes	4,185,384	4,308,743	4,868,815	4,589,690
Payments in Lieu of Taxes	0	0	0	0
Special Assessments	491,293	470,678	511,435	506,734
Charges for Services	123,252	163,242	234,489	233,138
Fines, Licenses and Permits	698,088	888,535	639,624	613,952
Intergovernmental	2,137,645	1,724,847	2,121,051	1,719,383
Interest	264,572	175,233	260,068	192,540
Contributions and Donations	0	0	0	0
Other	392,324	223,913	244,623	276,808
<i>Total Revenues</i>	<u>8,845,870</u>	<u>8,541,617</u>	<u>10,291,764</u>	<u>9,597,658</u>
Expenditures:				
Current:				
General Government	1,916,202	1,945,897	2,195,294	2,383,552
Security of Persons and Property	3,481,882	3,569,686	4,191,975	4,548,636
Public Health and Welfare	18,503	9,241	56,199	41,799
Leisure Time Activities	232,485	230,120	269,344	275,678
Economic Development	141,755	287,215	72,448	59,266
Basic Utility Services	96,090	90,078	183,400	27,742
Transportation	618,165	773,026	678,954	887,728
Capital Outlay	4,072,598	3,210,715	3,634,022	1,181,176
Debt Service:				
Principal Retirement	332,780	376,349	663,267	1,528,929
Interest and Fiscal Charges	422,142	562,843	620,727	666,419
Issuance Costs	0	0	29,092	0
Current Refunding	0	0	0	0
<i>Total Expenditures</i>	<u>11,332,602</u>	<u>11,055,170</u>	<u>12,594,722</u>	<u>11,600,925</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,486,732)</u>	<u>(2,513,553)</u>	<u>(2,302,958)</u>	<u>(2,003,267)</u>
Other Financing Sources (Uses):				
Bond Anticipation Notes Issued	0	200,000	865,000	1,093,000
Current Refunding	0	0	0	0
Transfers In	1,359,729	1,207,785	2,372,571	2,855,439
Discount on Debt Issued	0	0	(18,825)	0
Refunding Notes Issued	0	0	0	0
General Obligation Bonds Issued	1,410,000	4,625,000	2,220,000	0
Proceeds from Sale of Capital Assets	0	0	0	0
Transfers Out	(1,359,729)	(1,163,785)	(2,282,129)	(2,759,320)
<i>Total Other Financing Sources (Uses)</i>	<u>1,410,000</u>	<u>4,869,000</u>	<u>3,156,617</u>	<u>1,189,119</u>
<i>Net Change in Fund Balances</i>	<u>(\$1,076,732)</u>	<u>\$2,355,447</u>	<u>\$853,659</u>	<u>(\$814,148)</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	10.4%	12.0%	14.7%	21.1%

(1) Prior to 2008, the City reported Other Local Taxes with Property Taxes.

2005	2006	2007	2008	2009	2010
\$1,466,764	\$1,370,974	\$1,406,763	\$1,146,837	\$1,038,798	\$1,011,884
0	0	0	125,956	153,622	172,307
5,181,967	6,958,137	5,398,222	5,513,546	4,937,793	5,844,404
0	0	0	0	207,659	150,507
524,451	344,528	347,421	367,129	392,219	431,696
279,341	238,036	223,945	285,640	257,271	387,196
540,103	672,599	485,236	508,971	504,197	676,215
1,598,288	1,626,424	2,261,029	3,539,564	2,418,831	2,979,788
174,674	551,059	812,926	509,905	270,155	315,503
0	199,519	0	1,138,136	186,659	1,886
1,097,570	187,886	192,777	310,224	389,460	204,505
10,863,158	12,149,162	11,128,319	13,445,908	10,756,664	12,175,891
3,151,782	2,521,962	2,673,282	2,361,988	2,313,715	2,276,450
4,493,448	5,064,237	5,528,164	4,950,296	4,944,740	4,833,128
27,626	64,790	21,911	59,846	11,810	7,199
234,362	244,662	288,923	299,801	275,250	273,552
88,113	30,476	95,314	84,517	44,630	44,666
34,559	0	0	0	0	0
707,360	696,812	1,842,933	894,171	1,348,543	1,115,056
582,822	1,018,125	1,219,077	2,115,784	678,476	326,111
589,479	570,260	616,313	631,369	583,428	619,490
636,119	615,338	598,441	548,796	500,670	461,803
0	0	0	0	0	0
50,000	20,000	103,000	65,000	322,500	100,000
10,595,670	10,846,662	12,987,358	12,011,568	11,023,762	10,057,455
267,488	1,302,500	(1,859,039)	1,434,340	(267,098)	2,118,436
0	0	775,000	710,000	387,500	287,500
(685,000)	(665,000)	(775,000)	(710,000)	(387,500)	(287,500)
1,675,230	2,836,820	5,122,307	2,573,987	3,037,723	1,294,945
0	0	0	0	0	0
685,000	878,000	0	0	0	0
0	0	0	0	0	0
0	0	11,096	18,919	0	0
(1,584,782)	(2,951,186)	(5,035,028)	(2,299,182)	(2,816,531)	(1,156,835)
90,448	98,634	98,375	293,724	221,192	138,110
\$357,936	\$1,401,134	(\$1,760,664)	\$1,728,064	(\$45,906)	\$2,256,546
12.7%	12.3%	11.2%	12.7%	13.4%	12.4%

City of Franklin, Ohio
Income Tax Revenue by Payer Type (1)
Last Ten Years

Year	Individual				Business Accounts		Total		
	Withholding	Percentage of Total	Non-Withholding	Percentage of Total	Total Individual	Percentage of Total		Business Accounts	Percentage of Total
2001	\$3,175,466	76%	\$504,836	12%	\$3,680,302	88%	\$505,082	12%	\$4,185,384
2002	3,208,589	74	475,936	12	3,684,525	86	624,218	14	4,308,743
2003	3,459,715	68	504,189	10	3,963,904	78	1,120,516	22	5,084,420
2004	3,346,509	75	497,533	11	3,844,042	86	606,306	14	4,450,348
2005	3,295,412	64	479,347	9	3,774,759	73	1,364,073	27	5,138,832
2006	2,218,157	31	293,539	5	2,511,696	36	4,603,570	64	7,115,266
2007	3,947,906	70	563,987	10	4,511,893	80	1,127,973	20	5,639,866
2008	3,685,640	71	467,194	9	4,152,834	80	1,038,209	20	5,191,043
2009	3,424,015	71	578,706	12	4,002,721	83	819,835	17	4,822,556
2010	4,162,302	70	683,824	12	4,846,126	82	1,054,869	18	5,900,995

Source: City Income Tax Department

(1) 2003 through 2010 are on an Accrual Basis and 2001 through 2002 are on a Modified Accrual Basis

The City levies a municipal income tax of 1.5 percent. This rate has been the same for all 10 years presented.

City of Franklin, Ohio
Principal Income Taxpayers - Withholding Accounts
2010 and 2001

Range of Withholding Amount	2010		2001	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	5	23.52%	5	22.25%
\$55,001 - 100,000	8	19.20	5	10.66
Total	13	42.72	10	32.91
All Others	1,094	57.28	1,263	67.09
Total Withholding Accounts	1,107	<u>100.00%</u>	1,273	<u>100.00%</u>

Source: City Income Tax Department

City of Franklin, Ohio
 Computation of All Direct and Overlapping Governmental Activities Debt
 December 31, 2010

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin (1)	Amount Applicable to the City of Franklin
Direct			
City of Franklin			
General Obligation Bonds	\$6,263,352	100.00%	\$6,263,352
Special Assessment Bonds	2,088,000	100.00	2,088,000
Police Pension	65,381	100.00	65,381
Bond Anticipation Notes	387,500	100.00	387,500
Total Direct Debt	<u>8,804,233</u>		<u>8,804,233</u>
Overlapping Subdivisions			
Warren County			
General Obligation Bonds	7,753,762	3.47	269,056
Special Assessment Bonds	12,329,258	3.47	427,825
OPWC Loan	25,372	3.47	880
State 166 Loan	5,334,801	3.47	185,118
Franklin City School District			
General Obligation Bonds	3,058,738	45.80	1,400,902
Warren County Vocational School District			
Certificates of Participation	6,637,364	5.55	368,374
Capital Leases	116,520	5.55	6,467
Total Overlapping Debt	<u>35,255,815</u>		<u>2,658,621</u>
Grand Total	<u><u>\$44,060,048</u></u>		<u><u>\$11,462,854</u></u>

Source: Warren County Auditor and Fiscal Officers of Subdivisions

(1) Percentages determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

City of Franklin, Ohio
Ratio of General Obligation Bonded Debt to Estimated
Actual Value and General Obligation Bonded Debt Per Capita
Last Ten Years

Collection Year	General Obligation Bonded Debt (1)	Estimated Actual Value of Taxable Property (2)	Population (3)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2001	\$1,960,000	\$662,076,389	11,760	0.30%	\$166.67
2002	6,430,000	696,469,116	11,924	0.92%	539.25
2003	8,407,080	734,918,260	12,130	1.14%	693.08
2004	8,112,976	771,962,020	12,285	1.05%	660.40
2005	7,803,872	719,769,939	12,410	1.08%	628.84
2006	7,489,768	717,007,040	12,457	1.04%	601.25
2007	7,155,664	710,470,887	12,731	1.01%	562.07
2008	6,816,560	626,097,500	12,622	1.09%	540.05
2009	6,547,456	581,548,775	12,104	1.13%	540.93
2010	6,263,352	583,076,975	13,200	1.07%	474.50

(1) Includes all general obligation debt financed with general government resources

(2) Warren County Auditor

(3) US Census Bureau and the City of Franklin

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements

City of Franklin, Ohio
Ratio of Outstanding Debt by Type to
Total Personal Income and Debt Per Capita
Last Ten Years

Year	Governmental Activities					Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	Police and Fire Pension Liability	Mortgage Revenue Bonds	OWDA Loans	Notes Payable
2001	\$1,960,000	\$4,459,000	\$2,686,000	\$89,928	\$76,401	\$3,810,000	\$2,610,940	\$50,000
2002	6,430,000	4,258,000	1,485,600	69,579	75,337	3,710,000	2,540,442	0
2003	8,407,080	4,042,000	1,098,900	48,043	74,606	3,610,000	2,464,834	0
2004	8,112,976	3,810,000	663,900	568,272	73,448	3,500,000	2,384,256	543,000
2005	7,803,872	3,557,000	1,005,000	0	72,241	3,385,000	2,252,061	1,284,500
2006	7,489,768	3,303,000	955,000	0	70,981	6,168,735	2,156,781	1,245,000
2007	7,155,664	3,023,000	878,000	0	69,668	5,842,028	2,107,550	1,245,000
2008	6,816,560	2,733,000	775,000	0	68,299	5,485,321	3,067,762	1,225,000
2009	6,547,456	2,421,000	710,000	0	66,871	5,118,614	2,991,797	1,090,000
2010	6,263,352	2,088,000	387,500	0	65,381	4,736,907	2,923,288	895,000

Sources:

- (1) US Census Bureau and the City of Franklin
- (2) Per capita income multiplied by population

Total Outstanding Debt	Population (1)	Personal Income (2)	Ratio of Debt to Personal Income	Debt Per Capita
\$15,742,269	11,760	\$222,828,480	7.03%	\$1,339
18,568,958	11,924	232,124,508	7.97	1,557
19,745,463	12,130	242,430,180	8.11	1,628
19,655,852	12,285	251,903,925	7.77	1,600
19,359,674	12,410	260,907,840	7.39	1,560
21,389,265	12,457	272,322,477	7.83	1,717
20,320,910	12,731	279,425,641	7.25	1,596
20,170,942	12,622	273,114,836	7.36	1,598
18,945,738	12,104	267,401,568	7.09	1,565
17,359,428	13,200	248,556,000	6.98	1,315

City of Franklin, Ohio
 Computation of Legal Debt Margin
 Last Ten Years

	2001	2002	2003	2004
Total Assessed Property Value	<u>\$213,883,444</u>	<u>\$214,155,190</u>	<u>\$226,444,640</u>	<u>\$240,632,700</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>22,457,762</u>	<u>22,486,295</u>	<u>23,776,687</u>	<u>25,266,434</u>
Debt Outstanding:				
General Obligation Bonds	\$1,960,000	\$6,430,000	\$8,407,080	\$8,130,000
Mortgage Revenue Bonds	3,810,000	3,710,000	3,610,000	3,500,000
Special Assessment Bonds	4,459,000	4,258,000	4,042,000	3,810,000
Bond Anticipation Notes	2,736,000	1,485,600	1,098,900	1,206,900
OWDA Loans	<u>2,610,940</u>	<u>2,540,442</u>	<u>2,464,834</u>	<u>2,384,256</u>
Total Gross Indebtedness	15,575,940	18,424,042	19,622,814	19,031,156
Less:				
Mortgage Revenue Bonds	(3,810,000)	(3,710,000)	(3,610,000)	(3,500,000)
Special Assessment Bonds	(4,459,000)	(4,258,000)	(4,042,000)	(3,810,000)
Bond Anticipation Notes	(50,000)	0	0	0
OWDA Loans	<u>(2,610,940)</u>	<u>(2,540,442)</u>	<u>(2,464,834)</u>	<u>(2,384,256)</u>
Total Net Debt Applicable to Debt Limit	<u>4,646,000</u>	<u>7,915,600</u>	<u>9,505,980</u>	<u>9,336,900</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$17,811,762</u>	<u>\$14,570,695</u>	<u>\$14,270,707</u>	<u>\$15,929,534</u>
Legal Debt Margin as a Percentage of the Debt Limit	79.31%	64.80%	60.02%	63.05%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$11,763,589</u>	<u>\$11,778,535</u>	<u>\$12,454,455</u>	<u>\$13,234,799</u>
Total Gross Indebtedness	15,575,940	18,424,042	19,622,814	19,031,156
Less:				
Mortgage Revenue Bonds	(3,810,000)	(3,710,000)	(3,610,000)	(3,500,000)
Special Assessment Bonds	(4,459,000)	(4,258,000)	(4,042,000)	(3,810,000)
Bond Anticipation Notes	(50,000)	0	0	0
OWDA Loans	<u>(2,610,940)</u>	<u>(2,540,442)</u>	<u>(2,464,834)</u>	<u>(2,384,256)</u>
Net Debt Within 5 ½ % Limitations	<u>4,646,000</u>	<u>7,915,600</u>	<u>9,505,980</u>	<u>9,336,900</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,117,589</u>	<u>\$3,862,935</u>	<u>\$2,948,475</u>	<u>\$3,897,899</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	60.51%	32.80%	23.67%	29.45%

Source: City Financial Records

2005	2006	2007	2008	2009	2010
<u>\$253,954,030</u>	<u>\$240,026,372</u>	<u>\$246,303,533</u>	<u>\$219,771,600</u>	<u>\$219,559,180</u>	<u>\$209,315,445</u>
<u>42,963,265</u>	<u>25,202,769</u>	<u>25,861,871</u>	<u>23,076,018</u>	<u>23,053,714</u>	<u>21,978,122</u>
\$7,820,000	\$7,505,000	\$7,170,000	\$6,830,000	\$6,560,000	\$6,275,000
3,385,000	6,140,000	5,815,000	5,460,000	5,095,000	4,715,000
3,557,000	3,303,000	3,023,000	2,733,000	2,421,000	2,088,000
2,289,500	2,200,000	2,123,000	2,000,000	1,800,000	1,282,500
<u>2,252,061</u>	<u>2,156,781</u>	<u>2,107,550</u>	<u>3,067,762</u>	<u>2,991,797</u>	<u>2,923,288</u>
19,303,561	21,304,781	20,238,550	20,090,762	18,867,797	17,283,788
(3,385,000)	(6,140,000)	(5,815,000)	(5,460,000)	(5,095,000)	(4,715,000)
(3,557,000)	(3,303,000)	(3,023,000)	(2,733,000)	(2,421,000)	(2,088,000)
0	(1,245,000)	(1,245,000)	(1,225,000)	(1,090,000)	(895,000)
<u>(2,252,061)</u>	<u>(2,156,781)</u>	<u>(2,107,550)</u>	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>
<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>
<u>\$32,853,765</u>	<u>\$16,742,769</u>	<u>\$17,813,871</u>	<u>\$15,471,018</u>	<u>\$15,783,714</u>	<u>\$15,315,622</u>
76.47%	66.43%	68.88%	67.04%	68.46%	69.69%
<u>\$22,504,567</u>	<u>\$13,201,450</u>	<u>\$13,546,694</u>	<u>\$12,087,438</u>	<u>\$12,075,755</u>	<u>\$11,512,349</u>
19,303,561	21,304,781	20,238,550	20,090,762	18,867,797	17,283,788
(3,385,000)	(6,140,000)	(5,815,000)	(5,460,000)	(5,095,000)	(4,715,000)
(3,557,000)	(3,303,000)	(3,023,000)	(2,733,000)	(2,421,000)	(2,088,000)
0	(1,245,000)	(1,245,000)	(1,225,000)	(1,090,000)	(895,000)
<u>(2,252,061)</u>	<u>(2,156,781)</u>	<u>(2,107,550)</u>	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>
<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>
<u>\$12,395,067</u>	<u>\$4,741,450</u>	<u>\$5,498,694</u>	<u>\$4,482,438</u>	<u>\$4,805,755</u>	<u>\$4,849,849</u>
55.08%	35.92%	40.59%	37.08%	39.80%	42.13%

City of Franklin, Ohio
Pledged Revenue Coverage
Last Ten Years

Year	Water Service Charges and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2001	\$1,765,279	\$1,370,517	\$394,762	\$122,971	\$312,520	0.91%
2002	1,989,942	1,430,133	559,809	170,498	396,219	0.99
2003	1,861,656	1,429,768	431,888	175,608	309,978	0.89
2004	1,981,390	1,594,548	386,842	190,578	417,373	0.64
2005	2,295,691	1,188,049	1,107,642	247,195	445,222	1.60
2006	2,571,541	1,508,805	1,062,736	220,280	350,372	1.86
2007	2,406,648	1,260,316	1,146,332	374,231	278,503	1.76
2008	2,391,732	1,371,576	1,020,156	460,266	379,841	1.21
2009	2,514,213	1,433,729	1,080,484	526,963	420,605	1.14
2010	2,487,687	1,421,148	1,066,539	570,624	377,330	1.13

(1) Direct operating expenses do not include depreciation expense.

City of Franklin, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Income (3)	School Enrollment (4)	Unemployment Rate (5) Warren County
2001	11,760	\$222,828,480	\$18,948	3,125	3.3%
2002	11,924	232,124,508	19,467	3,101	4.0
2003	12,130	242,430,180	19,986	3,097	4.4
2004	12,285	251,903,925	20,505	2,992	4.3
2005	12,410	260,907,840	21,024	2,838	4.2
2006	12,457	272,322,477	21,861	2,927	4.9
2007	12,731	279,425,641	21,948	2,953	4.7
2008	12,622	273,114,836	21,638	2,927	8.5
2009	12,104	267,401,568	22,092	3,030	9.3
2010	13,200	248,556,000	18,830	3,030	8.4

- Sources:
- (1) US Census Bureau and the City of Franklin
 - (2) Per capita income multiplied by population
 - (3) U.S. Department of Commerce, Bureau of the Census and Computation
based on change in Warren County
 - (4) Ohio Department of Education and Franklin City School District Treasurer
 - (5) Ohio Department of Job and Family Services, Office of Workforce Development

City of Franklin, Ohio

Principal Employers

2010 and 2001

2010

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Franklin City School District	546	1	5.41%
Wal-Mart	426	2	4.22
Cox Media	373	3	3.70
Faurecia	273	4	2.71
CBS Personnel	258	5	2.56
Ample Industries	256	6	2.54
Burrows Paper Company	242	7	2.40
ADESA	231	8	2.29
City of Franklin	209	9	2.07
Classic Healthcare	194	10	1.92
Total	3,008		29.82
All Other Employers	7,077		70.18
Total Employment within the City	10,085		100.00%

2001

<u>Employer</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Franklin City School District	567	1	6.60%
CBS Personnel	563	2	6.56
Cox Media	460	3	5.36
Burrows Paper Company	349	4	4.07
Ample Industries	324	5	3.77
Newark Group, Inc.	312	6	3.63
Faurecia	274	7	3.19
ADESA	257	8	2.99
City of Franklin	223	9	2.60
Atlas Roofing	186	10	2.17
Total	3,515		40.94
All Other Employers	5,070		59.06
Total Employment within the City	8,585		100.00%

Source: City of Franklin Tax Department

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City of Franklin, Ohio
City Government Employees by Function/Program
Last Ten Years

Function/Program	2001		2002		2003		2004	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	17	31	17	31	18	32	18	32
Security of Persons and Property	41	93	41	94	42	95	41	94
Leisure Time Activities	2	52	2	52	2	52	2	52
Economic Development	1	1	0	0	0	0	0	0
Basic Utility Services	16	21	16	22	16	22	16	22
<i>Total Number of Employees</i>	<u>77</u>	<u>198</u>	<u>76</u>	<u>199</u>	<u>78</u>	<u>201</u>	<u>77</u>	<u>200</u>

Source: City Payroll Records

2005		2006		2007		2008		2009		2010	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
20	34	20	34	18	28	18	28	21	28	20	28
40	95	43	96	43	74	41	74	29	63	27	60
2	52	2	52	2	52	2	52	2	71	2	52
0	0	0	0	0	0	0	0	0	0	0	0
16	24	16	24	18	27	18	27	19	25	19	25
<u>78</u>	<u>205</u>	<u>81</u>	<u>206</u>	<u>81</u>	<u>181</u>	<u>79</u>	<u>181</u>	<u>71</u>	<u>187</u>	<u>68</u>	<u>165</u>

City of Franklin, Ohio
 Capital Assets Statistics by Function/Program
 Last Ten Years

Function/Program	2001	2002	2003	2004
General Government:				
Government Center	1	1	1	1
Security of Persons and Property:				
Number of Police Stations	1	1	1	1
Number of Fire/EMS Stations	1	1	1	1
Leisure Time Activities:				
Number of Parks	6	6	6	6
Number of Swimming Pools	1	1	1	1
Number of Libraries	1	1	1	1
Basic Utility Services:				
Miles of Water Mains	64	64	44	48
Miles of Sanitary Sewers	55.00	55.00	44.00	44.00
Water Treatment Facility	0	0	0	0
Transportation:				
Miles of Streets	72.70	110.00	110.00	110.00
Number of Street Lights	867	867	913	929

Source: City capital assets records

2005	2006	2007	2008	2009	2010
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
6	6	6	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
48	48	48	48	49	49
44.00	44.00	44.00	44.00	46.00	46.00
0	0	1	1	1	1
110.00	110.00	110.00	110.00	109.00	109.00
929	929	929	929	929	929

City of Franklin, Ohio
 Operating Indicators by Function/Program
 Last Ten Years

Function/Program	2001	2002	2003	2004	2005
General Government:					
Active Income Tax Accounts	8,287	8,232	8,294	8,772	9,470
Individual	5,832	5,861	5,874	6,266	6,888
Business	1,182	1,125	1,174	1,205	1,240
Withholding	1,273	1,246	1,246	1,301	1,342
Clerk of Courts:					
Traffic Court Cases	9,188	11,320	8,179	7,726	7,461
Civil Court Cases	602	674	830	804	779
Small Claims Court Cases	85	91	93	71	62
Security of Persons and Property:					
Police Calls	20,766	22,076	23,631	24,358	24,031
Physical Arrests	785	872	878	737	696
Citations	2,164	2,681	1,998	2,949	2,487

Source: Department reports

2006	2007	2008	2009	2010
8,972	7,400	7,468	7,276	6,974
6,432	5,402	5,551	5,430	5,409
1,173	1,056	972	867	842
1,367	942	945	979	663
7,356	6,336	6,180	6,014	8,273
643	658	965	632	601
55	53	99	98	49
24,893	24,864	21,645	24,655	25,202
794	2,216	1,357	1,190	2,189
2,235	1,696	1,958	1,809	767

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Dave Yost • Auditor of State

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
JULY 14, 2011