

City of Franklin, Ohio

Independent Auditors' Report on
Internal Controls and Compliance
December 31, 2007



Mary Taylor, CPA
Auditor of State

Members of Council
City of Franklin
1 Benjamin Franklin Way
Franklin, Ohio 45005

We have reviewed the *Independent Auditor's Report* of the City of Franklin, Warren County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 29, 2008

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

City Council
City of Franklin, Ohio
1 Ben Franklin Way
Franklin, Ohio 45005

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, Ohio (the "City") as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described as findings 2007-1 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial report.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2007-2, 2007-3, 2007-4, & 2007-5.

We noted certain matters that we reported to management of the City of Franklin, Ohio in a separate letter dated June 25, 2008.

This report is intended solely for the information and use of management, others within the organization, and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Middletown, Ohio
June 25, 2008

Finding 2007-1 – Audit Adjustments

During the course of our audit, we identified material misstatements in the financial statements for the year under audit that were not initially identified by the City's internal control. Throughout the year, the City maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The following audit adjustments were necessary to correct the December 31, 2007 financial statements. A description of the adjustments follows:

- **Cash.** During the conversion process it was noted that the city had various reconciling items including interest that had been earned during the year but not recorded. The reconciling items and the unrecorded interest were post during the conversion process, but the city was unable to reconcile all of the differences noted on the various bank reconciliations.
- **Capital Assets.** Both the General Fund and the Storm Water Utility fund had a capital assets that were not identified and recorded. The audit adjustment included a \$50,290 adjustment to the General fund and \$48,018 to the Storm Water Utility fund to record capital assets not reflected on the financial statements.
- **Accrued Interest.** The Storm Water Utility fund was adjusted \$36,327 to remove prior year accrued interest that was not removed during the conversion process.
- **Income Taxes.** An audit adjustment was necessary to correct income tax receivables in the financial statements. Income tax receivables reported at December 31, 2007 were understated by \$197,474.

Management response: The city has reconciled all bank accounts and interest will be posted on a timely basis.

Finding 2007-2 – Invoices Dated Prior to Purchase Orders

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that for the year ended December 31, 2007, 4.5% of the expenditures tested, the invoice was dated prior to the purchase order by the Finance Director, thus causing those expenditures not to be certified in a timely manner. Without timely certification, the City increases the risk that purchase may be made for an improper public purpose, expend more funds than are appropriated, or that are available in the treasury or in the process of collection. Thus a negative fund balance may result. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection.

Management response: The Finance Director is in the process of establishing a Purchase Order Policy.

Finding 2007-3 – Expenditure in Excess of Appropriations

During the course of our audit, we identified the following fund appropriation accounts that had an excess of expenditures over appropriations in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund/Department/Object</u>	<u>Final Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Special Revenue Funds			
Joint Recreation Fund 220	\$111,000	\$117,788	(\$6,788)

With expenditures exceeding appropriations, the City is spending monies that have not been appropriated by the City Council. We recommend that the City monitor its budget on a more regular basis. If additional expenditures/expenses are necessary, the City should follow its policy and procedures and have City Council amend its appropriations as necessary.

Management response: The Finance Director will monitor appropriations to ensure that expenditures do not exceed appropriations.

Finding 2007-4 – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.28 requires subdivision to obtain from the budget commission an increased amended certificate if the City intends to appropriate and expend excess revenue. Total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriations. It was noted during the audit that the City had one fund with appropriations exceeding its certificate of estimated resources during 2007 in the following fund:

<u>Fund</u>	<u>Estimated Resources and Balances</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Enforcement & Education	\$1,903	\$2,200	(\$297)

We recommend that the City review monthly its latest certificate of estimated resources and compare it to appropriations, and ensure that estimated resources exceed appropriations.

Management response: The Finance Director will monitor receipts throughout the year to determine if amended resources need to be filed.

Finding 2007-5 – Allocation of Interest

Ohio Revised Code Sections 135.21, 135.351, & 5705.10 maintain various requirements regarding the allocation of interest among funds. As a general rule, interest earned must be credited to the general fund of the subdivision with some exceptions; including, but no limited to, interest derived from a motor vehicle license or fuel tax must follow the principal. It was noted during the audit that the City did not allocate interest earned to funds derived from motor vehicle license or fuel tax. We recommend that the city properly record interest earnings in the required funds according to the requirements above.

Management response: Has been corrected in 2008

City of Franklin
 Status of Prior Audit Findings
 Year Ended December 31, 2007

Finding Number	Finding Summary	Fully Corrected?	
2006-1	It was noted during the audit that the individual departments did not complete a physical inventory count at December 31, 2006. Amounts have been estimated based on prior year balances for financial statements recording. Physical counts of inventory should be performed at least quarterly.	Yes	
2006-2	During our testing of internal controls over the processing of payroll, we selected a sample of 60 payroll checks paid from throughout the year. Our test indicated that fifteen percent (15%) of the timecards did not contain an approving department head signature. This signature is used to ensure the amount of hours reported on the timecard have been approved by the department head.	Yes	
2006-3	During the course of our audit, we identified fund appropriation accounts that had an excess of expenditures over appropriations in noncompliance with Ohio Revised Code Section 5705.41(B):	No	Repeated as Finding 2007-3

City of Franklin
 Status of Prior Audit Findings
 Year Ended December 31, 2007

Finding Number	Finding Summary	Fully Corrected?	
2006-4	It was noted during the audit that for the year ended December 31, 2006, 16% of the expenditures tested, the invoice was dated prior to the purchase order by the Finance Director, thus causing those expenditures not to be certified in a timely manner. Without timely certification, the City increases the risk that purchase may be made for an improper public purpose, expend more funds than are appropriated, or that are available in the treasury or in the process of collection. Thus a negative fund balance may result. It may also result in unnecessary purchases.	No	Repeated as Finding 2007-2
2006-5	Ohio Revised Code Section 5705.28 requires subdivision to obtain from the budget commission an increased amended certificate if the City intends to appropriate and expend excess revenue. Total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriations. It was noted during the audit that the City had appropriations exceeding its certificate of estimated resources during 2006.	No	Repeated as Finding 2007-4
2006-6	Ohio Revised Code Section 5705.28 requires that the taxing authority of each subdivision must adopt a tax budget for the succeeding year before July 15. Per review of the board minutes we noted that the City did approve the tax budget until August 8.	Yes	

City of Franklin
 Status of Prior Audit Findings
 Year Ended December 31, 2007

Finding Number	Finding Summary	Fully Corrected?	
2006-7	Ohio Revised Code Section 5705.10 requires that money paid into any fund shall be used only for the purpose for which such fund was established. We noted that the State Issue II fund had a negative cash fund balance at December 31, 2006.	Yes	
2006-8	Ohio Revised Code Sections 135.21, 135.351, & 5705.10 maintain various requirements regarding the allocation of interest among funds. As a general rule, interest earned must be credited to the general fund of the subdivision with some exceptions; including, but no limited to, interest derived from a motor vehicle license or fuel tax must follow the principal. It was noted during the audit that the City did not allocate interest earned to funds derived from motor vehicle license or fuel tax.	No	Repeated as Finding 2007-5
2006-9	Ohio Revised Code Sections 5705.14, 5705.15, & 5705.16 states that money may be transferred only by approved resolution of the taxing authority. During our testing of transfers made during 2006 we noted that the board had approved at the appropriation level, however, we recommend that the City approve each transfer individually by separate resolution and clearly denote the purpose of the transfer in order for Council to better monitor the City's transfers.	Yes	

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007

Issued by:
Office of the Finance Director
Mike Robinette
Finance Director

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007

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Comprehensive Annual Financial Report
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CITY OF FRANKLIN

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

June 25, 2008

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, 2007, 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 the 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.

The accounting firm of Clark, Shaffer & Hackett has issued an unqualified ("clean") opinion on the City of Franklin's financial statements for the year ended December 31, 2007. The Independent Auditor's Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's 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 two hundred years. Today, Franklin's industrial base is becoming increasingly diversified due to its strategic position along Interstate 75, its easy access to other major transportation arteries, and the diligence of the City Council, Mayor, and Chamber of Commerce.

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. The City has one blended component unit (the Franklin Municipal Building Corporation) included in its reporting entity.

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

The Joint Recreation Facility was determined to be a joint venture. The Public Entities Pool of Ohio is a shared risk pool in which the City participates. The Warren County General Health District, the Joint Emergency Medical Service and the Miami Valley Regional Planning Commission 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 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 INTIATIVE

The City of Franklin has accomplished a lot in the recent past. This progress will be continuing into the near future. For instance, the City purchased 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 issues 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 the operating aspect away from Earthtech. Operating the plant with City staff will save taxpayers approximately \$100,000 per year.

For economic development reasons, the City of Franklin is also in the process of replacing the Franklin Business Park Water Tower. The existing water tower, with a capacity of 500,000 gallons, will be replaced with a 1,000,000 gallon tank. The new tank will allow for the development of the three surrounding business parks and maintain the water pressure in the surrounding residential areas as well. The water tower will cost approximately \$2.5 million with \$1 million of the funding being State Issue II Grant funds and the rest funded through revenue bonds.

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 SR 73 at I-75. This improvement has significantly improved the traffic flow on SR 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 is near completion. This project is also a key for the SR 73 corridor. 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 SR 73 at I-75, such as widening the bridge over SR 73 to accommodate additional traffic on SR 73 in the future. These improvements will increase the road capacity to handle the next twenty years' projection of growth.

LOCAL ECONOMY

Economic development, especially in the current state of the economy, is a community priority because the creation/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 City has had numerous 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 lot 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 (real and personal property) 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 SR 73 and I-75 is planned. The interest is the City of Franklin is not subsidizing as the City's Economic Development Director continues to work on many exciting projects.

A City initiative that has been very successful is Franklin's Downtown Improvement Program. This program consists of funds set aside by the City for grants and loans to encourage downtown property owners to enhance their properties and thus attract additional development. Pisanello's Pizza, for example, used these funds to convert an empty building to a pizza shop and catering business. Other businesses have used the funds to repair or replace siding, windows, awnings and to make other façade improvements. This program was established in 2001 for exterior renovations and, due to its success, was expanded in 2003 to include interior improvements.

A further initiative that has created interest in Franklin's downtown is the City's mural program. Local citizen, and nationally renowned artist, Eric Henn has completed several murals to date and several have won national awards. Additional murals are planned in the downtown area, including one that will be completed in 2008 at the Main/3rd Street intersection. Contributions from local owners, the Middletown Community Foundation and the City have contributed to this tourism initiative.

FINANCIAL PLANNING AND POLICIES

The cash fund balance in the General Fund (54.28 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.)

As a part of the Fire Department Strategic Plan, Council envisions the building of a fire substation and training facility co-located with a fire themed recreation park on approximately six acres of land owned by the City of Franklin on Deardoff Road. This project is estimated to cost between \$1.5 and 2.5 million and is in the early planning stages.

OTHER INFORMATION

Independent Audit

An audit team from Clark, Schaefer & Hackett has performed this year's audit. The results of the audit are presented in the Independent Auditor's 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, 2006. 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.

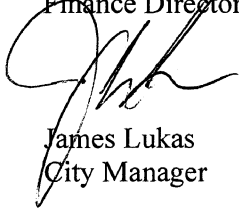
Acknowledgments

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 "MIKE ROBINETTE" in all capital letters. The signature is stylized with a large, looped initial "M".

Mike Robinette
Finance Director

A handwritten signature in black ink that reads "James Lukas" in a cursive style. The signature is written in a fluid, connected script.

James Lukas
City Manager

City of Franklin, Ohio

List of Principal Officials

December 31, 2007

OFFICE HELD

NAME OF OFFICIAL

Executive:

City Manager	James Lucas
Finance Director	Mike Robinette
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:

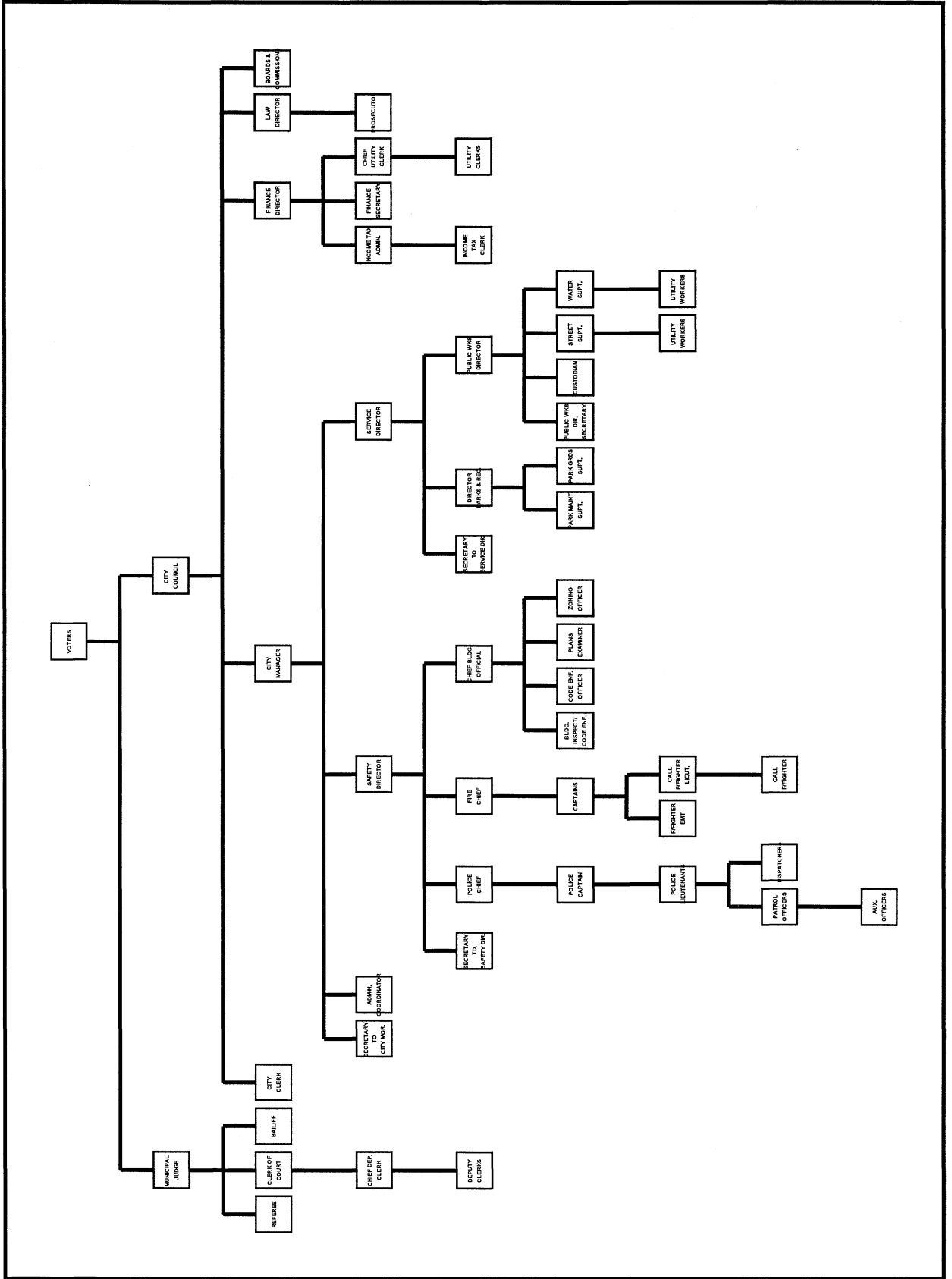
Municipal Court Judge	Ruppert Ruppert
Municipal Court Clerk	Sherry Mullins

Administrative:

City Clerk	Jane McGee
Income Tax Administrator	David Fouch
Police Chief	Gordon Ellis (Active Military Duty)
Acting Police Chief	Ross Coulton
Fire Chief	Jonathan Westendorf
Public Works Director	Howard Lewis
Chief Building Official	Don Woods

CITY of FRANKLIN

2007 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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Financial Section



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

City Council
City of Franklin, Ohio:

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, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City of Franklin, Ohio's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Franklin, Ohio'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 that 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, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof 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 25, 2008, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin, Ohio's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Middletown, Ohio
June 25, 2008

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2007
(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, 2007. 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 decreased \$130,718, and net assets of business-type activities increased \$209,957, resulting in a total increase in net assets of \$79,239.
- General revenues of governmental activities accounted for \$8,500,475 or 65.6 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$4,359,727 or 34.4 percent of total governmental revenues of \$12,960,172.
- The City had \$12,764,809 in expenses related to governmental activities; only \$4,359,727 of these expenses were offset by program specific charges for services and sales, and grants and contributions.
- Enterprise funds reflected a total operating income of \$383,796. The Water and Trash Funds reflected an operating income of \$908,689 and \$39,283, respectively, while the Sewer and Stormwater Utility Funds reflected an operating loss of \$310,184 and \$253,992, respectively.

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 police, fire, public health and welfare, leisure time activities, economic development, basic utility services, transportation, and general government.

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 8. 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, 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 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and Other Assets	\$14,787,456	\$16,915,774	\$3,923,194	\$6,497,722	\$18,710,650	\$23,413,496
Nondepreciable Capital Assets	19,213,623	19,112,406	1,408,754	1,547,347	20,622,377	20,659,753
Depreciable Capital Assets, Net	31,155,402	30,488,644	22,132,736	19,504,257	53,288,138	49,992,901
Total Assets	65,156,481	66,516,824	27,464,684	27,549,326	92,621,165	94,066,150
Liabilities:						
Current and Other Liabilities	6,167,608	6,783,155	739,082	622,312	6,906,690	7,405,467
Long-Term Liabilities:						
Due Within One Year	864,113	810,415	545,046	460,304	1,409,159	1,270,719
Due in More Than One Year	10,951,486	11,619,262	8,831,263	9,327,374	19,782,749	20,946,636
Total Liabilities	17,983,207	19,212,832	10,115,391	10,409,990	28,098,598	29,622,822
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	39,414,521	37,961,827	14,554,208	14,506,779	53,968,729	52,468,606
Restricted	5,495,114	5,154,354	1,136,409	882,612	6,631,523	6,036,966
Unrestricted	2,263,639	4,187,811	1,658,676	1,749,945	3,922,315	5,937,756
Total Net Assets	\$47,173,274	\$47,303,992	\$17,349,293	\$17,139,336	\$64,522,567	\$64,443,328

Total net assets increased \$79,239. Net assets of the City's governmental activities decreased by \$130,718. This was primarily due to an increase in transportation expenses of \$1,212,747, related to road paving projects that were paid for in part by the City, on roads capitalized by the Ohio Department of Transportation. This was offset by additions to capital assets, net of depreciation expense and deletions, of \$767,975. Invested in Capital Assets, Net of Related Debt increased by \$1,452,694, due to capital asset additions, net of depreciation expense and deletions, and because the City paid down debt utilized to construct those assets.

The net assets of the City's business-type activities increased by \$209,957. The primary reason for the increase, was due to decreased expenses for Water operations related to the City's purchase of the water treatment plant in 2007. In addition, the business-type activities received \$313,390 in capital assets from the governmental activities. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services and sales and to closely monitor the trends of our growing community in order to adjust for budgetary issues and changes in city policy where necessary.

Table 2 shows the changes in net assets for the years ended December 31, 2007 and December 31, 2006.

*Table 2
Changes in Net Assets*

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$883,788	\$1,072,737	\$5,741,840	\$5,878,685	\$6,625,628	\$6,951,422
Operating Grants, Contributions and Interest	1,220,580	1,248,551	0	0	1,220,580	1,248,551
Capital Grants and Contributions and Interest	2,255,359	75,222	0	0	2,255,359	75,222
Total Program Revenues	4,359,727	2,396,510	5,741,840	5,878,685	10,101,567	8,275,195
General Revenues:						
Property and Other Local Taxes	1,423,470	1,443,140	0	0	1,423,470	1,443,140
Income Taxes	5,639,866	7,115,266	0	0	5,639,866	7,115,266
Grants and Entitlements	633,352	669,145	0	0	633,352	669,145
Unrestricted Investment Earnings	610,369	338,330	33,902	24,489	644,271	362,819
Gain on Sale of Capital Assets	11,096	0	0	0	11,096	0
Miscellaneous	182,322	179,786	15,075	6,053	197,397	185,839
Total General Revenues	8,500,475	9,745,667	48,977	30,542	8,549,452	9,776,209
Total Revenues	12,860,202	12,142,177	5,790,817	5,909,227	18,651,019	18,051,404
Program Expenses:						
General Government	2,618,300	2,591,951	0	0	2,618,300	2,591,951
Security of Persons and Property:						
Police	3,439,538	3,465,323	0	0	3,439,538	3,465,323
Fire	1,794,200	1,680,757	0	0	1,794,200	1,680,757
Other	317,139	326,956	0	0	317,139	326,956
Public Health and Welfare	21,911	64,790	0	0	21,911	64,790
Leisure Time Activities	345,357	299,128	0	0	345,357	299,128
Economic Development	95,314	30,476	0	0	95,314	30,476
Basic Utility Services	57,355	57,355	0	0	57,355	57,355
Transportation	3,490,439	2,277,692	0	0	3,490,439	2,277,692
Interest and Fiscal Charges	585,256	645,007	0	0	585,256	645,007
Water	0	0	1,866,287	2,193,130	1,866,287	2,193,130
Sewer	0	0	2,618,355	2,414,728	2,618,355	2,414,728
Trash	0	0	584,968	574,010	584,968	574,010
Stormwater Utility	0	0	737,361	712,710	737,361	712,710
Total Expenses	12,764,809	11,439,435	5,806,971	5,894,578	18,571,780	17,334,013
Increase (Decrease) in Net Assets Before Transfers	95,393	702,742	(16,154)	14,649	79,239	717,391
Transfers	(226,111)	(114,366)	226,111	114,366	0	0
Increase (Decrease) in Net Assets	(130,718)	588,376	209,957	129,015	79,239	717,391
Beginning Net Assets	47,303,992	46,715,616	17,139,336	17,010,321	64,443,328	63,725,937
Ending Net Assets	\$47,173,274	\$47,303,992	\$17,349,293	\$17,139,336	\$64,522,567	\$64,443,328

Charges for Services and Sales decreased by \$188,949 in the governmental activities, due mainly to decreases in revenues for building permits. In 2006, the construction of two new businesses, Wal-Mart and Walgreens, resulted in large amounts of building permit collections for that year. Capital grants, contributions and interest in the governmental activities increased by \$2,180,137 due to the City's receipt of assets constructed by outside developers which were donated to the City upon the completion of construction.

Charges for services and sales in the business-type activities decreased by \$136,845 in 2007. This was primarily related to decreases in Sewer tap-in fees.

Income taxes decreased by \$1,475,400 in 2007, due to the City's receipt of a large one-time payment on business profits that was received in 2006.

Program expenses for transportation increased by \$1,212,747 due to the City's participation in an Ohio Department of Transportation road paving project during 2007. The City paid a portion of paving costs for roads reported by the State of Ohio as capital assets of the State.

Program expenses for water operations decreased by \$326,843, due to the City's purchase of the water treatment plant. Prior to the purchase of the plant, the City contracted water treatment services to an outside firm. Program expenses for sewer operations increased by \$203,627. The increase in program expenses for the sewer operations was related to payments to the Franklin Regional Wastewater Treatment Corporation. Payments for this service vary from year to year. In 2006, the City only paid \$6,309, while in 2007, their required payment was \$143,696. The increase in stormwater utility operations was due to increased personal services.

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 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006
General Government	\$2,618,300	(\$1,784,786)	\$2,591,951	(\$1,596,263)
Security of Persons and Property:				
Police	3,439,538	(3,279,734)	3,465,323	(3,364,579)
Fire	1,794,200	(1,375,869)	1,680,757	(1,201,944)
Other	317,139	(222,139)	326,956	(238,757)
Public Health and Welfare	21,911	(3,286)	64,790	6,320
Leisure Time Activities	345,357	(345,357)	299,128	(299,128)
Economic Development	95,314	(88,534)	30,476	(26,624)
Basic Utility Services	57,355	(57,355)	57,355	(57,355)
Transportation	3,490,439	(662,766)	2,277,692	(1,619,588)
Interest and Fiscal Charges	585,256	(585,256)	645,007	(645,007)
Total Expenses	<u>\$12,764,809</u>	<u>(\$8,405,082)</u>	<u>\$11,439,435</u>	<u>(\$9,042,925)</u>

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 6.98 percent of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants, contributions and interest comprise another 27.45 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.

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.

The Trash Fund charges fees to citizens for the collection of residential garbage. The City outsources the actual collection services.

The Stormwater Utility Fund was established to provide a funding mechanism to support OPEA 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 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 \$11,128,319 and expenditures of \$12,987,358. The General Fund's balance decreased by \$2,438,845 primarily due to increases in transfers out to other funds, the majority of which increases were related to transfers out to the Nonmajor Capital Projects fund for road paving projects.

The Fire Levy fund's balance increased by only \$10,749. The City transfers monies from the General fund to aid with the operating expenses of the Fire Levy fund. In 2007, the amount transferred was adequate to cover expenditures and to maintain a fund balance consistent with that of the prior year.

The Debt Service Fund's balance increased by \$383,172 due primarily to transfers in from the General fund and Other Nonmajor Government funds for scheduled debt service payments.

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) basis by City Council in the form of an appropriations resolution.

Original General Fund budgeted revenues were \$7,733,031 and final budgeted revenues were \$7,758,430, which reflects overall increases in anticipated revenues, with an offsetting decrease in interest, for a net increase of \$25,399. The City's final actual revenues were \$7,912,428 at year-end, which represents a two percent increase over final budgeted revenues.

Original General Fund appropriations were \$6,178,496. Final appropriations were \$7,342,863. This represented an increase of 19 percent due mainly in general government expenditures. This increase was attributable to the City's return of a portion of an overpayment of income taxes by a local business during 2007. The City's final actual expenditures were \$6,801,889 at year-end, which represented a 7 percent decrease from final budgeted expenditures. This is attributable to savings in all of the General Fund departments for 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$19,001,595	\$18,964,095	\$1,095,364	\$982,864	\$20,096,959	\$19,946,959
Construction in Progress	212,028	148,311	313,390	564,483	525,418	712,794
Land Improvements	384,501	435,959	10,133	10,337	394,634	446,296
Buildings	5,557,738	5,676,561	59,959	60,626	5,617,697	5,737,187
Equipment	443,623	477,002	22,251	39,292	465,874	516,294
Vehicles	693,555	658,678	125,317	77,299	818,872	735,977
Infrastructure	24,075,985	23,240,444	21,915,076	19,316,703	45,991,061	42,557,147
Totals	<u>\$50,369,025</u>	<u>\$49,601,050</u>	<u>\$23,541,490</u>	<u>\$21,051,604</u>	<u>\$73,910,515</u>	<u>\$70,652,654</u>

Capital assets increased by \$3,257,861, which was due mainly to the City's purchase of the water treatment plant in the business-type activities, as well as road improvement projects in the governmental activities.

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

Debt

At December 31, 2007, the City of Franklin had \$20,271,242 in debt outstanding.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Special Assessment Bonds	\$3,023,000	\$3,303,000	\$0	\$0	\$3,023,000	\$3,303,000
General Obligation Bonds	7,155,664	7,489,768	0	0	7,155,664	7,489,768
Bond Anticipation Notes	775,000	878,000	1,245,000	1,245,000	2,020,000	2,123,000
Short Term Notes	103,000	77,000	20,000	0	123,000	77,000
OWDA Loan	0	0	2,107,550	2,156,781	2,107,550	2,156,781
Mortgage Revenue Bonds	0	0	5,842,028	6,168,735	5,842,028	6,168,735
	<u>\$11,056,664</u>	<u>\$11,747,768</u>	<u>\$9,214,578</u>	<u>\$9,570,516</u>	<u>\$20,271,242</u>	<u>\$21,318,284</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 Improvements Capital Improvement and Issue II Capital Projects Funds. The 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 \$16,351,639 as of December 31, 2007. The more restrictive unvoted legal debt margin was \$4,732,763 as of the same date. See Notes 15 and 16 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, 2007

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,147,470	\$2,310,217	\$9,457,687
Accrued Interest Receivable	33,320	0	33,320
Accounts Receivable	291,905	877,827	1,169,732
Intergovernmental Receivable	937,361	0	937,361
Materials and Supplies Inventory	138,727	18,690	157,417
Income Taxes Receivable	1,626,017	0	1,626,017
Property Taxes Receivable	1,573,588	0	1,573,588
Other Local Taxes Receivable	34,515	0	34,515
Internal Balances	319,498	(319,498)	0
Special Assessments Receivable	2,662,895	0	2,662,895
Cash and Cash Equivalents with Trustee	0	828,662	828,662
Deferred Charges	22,160	207,296	229,456
Nondepreciable Capital Assets	19,213,623	1,408,754	20,622,377
Depreciable Capital Assets, Net	31,155,402	22,132,736	53,288,138
Total Assets	65,156,481	27,464,684	92,621,165
Liabilities			
Accounts Payable	3,893,971	137,182	4,031,153
Accrued Wages and Benefits	171,166	35,183	206,349
Intergovernmental Payable	314,444	45,319	359,763
Contracts Payable	145,666	258,285	403,951
Accrued Interest Payable	82,781	136,034	218,815
Deferred Revenue	1,454,495	0	1,454,495
Notes Payable	103,000	20,000	123,000
Refundable Deposits	0	107,079	107,079
Matured Compensated Absences Payable	2,085	0	2,085
Long-Term Liabilities:			
Due Within One Year	864,113	545,046	1,409,159
Due in More Than One Year	10,951,486	8,831,263	19,782,749
Total Liabilities	17,983,207	10,115,391	28,098,598
Net Assets			
Invested in Capital Assets, Net of Related Debt	39,414,521	14,554,208	53,968,729
Restricted for:			
Debt Service	2,969,595	802,640	3,772,235
Capital Outlay	402,419	0	402,419
Fire Protection	997,563	0	997,563
Transportation	513,502	0	513,502
Other Purposes	612,035	0	612,035
Revenue Bonds Replacement and Improvement	0	333,769	333,769
Unrestricted	2,263,639	1,658,676	3,922,315
Total Net Assets	\$47,173,274	\$17,349,293	\$64,522,567

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$2,618,300	\$614,629	\$218,885	\$0
Security of Persons and Property:				
Police	3,439,538	27,997	55,824	75,983
Fire	1,794,200	127,698	214,650	75,983
Other	317,139	95,000	0	0
Public Health and Welfare	21,911	17,929	696	0
Leisure Time Activities	345,357	0	0	0
Economic Development	95,314	0	6,780	0
Basic Utility Services	57,355	0	0	0
Transportation	3,490,439	535	723,745	2,103,393
Interest and Fiscal Charges	585,256	0	0	0
Total Governmental Activities	<u>12,764,809</u>	<u>883,788</u>	<u>1,220,580</u>	<u>2,255,359</u>
Business-Type Activities:				
Water	1,866,287	2,372,746	0	0
Sewer	2,618,355	2,302,373	0	0
Trash	584,968	624,251	0	0
Stormwater Utility	737,361	442,470	0	0
Total Business-Type Activities	<u>5,806,971</u>	<u>5,741,840</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$18,571,780</u>	<u>\$6,625,628</u>	<u>\$1,220,580</u>	<u>\$2,255,359</u>

General Revenues:

Taxes

Property Taxes Levied For:

 General Purposes

 Fire

 Other Purposes

Income Taxes

Other Local Taxes Levied For General Purposes

Grants and Entitlements not Restricted to Specific Programs

Gain on Sale of Capital Assets

Unrestricted Investment Earnings

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets 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>
(\$1,784,786)	\$0	(\$1,784,786)
(3,279,734)	0	(3,279,734)
(1,375,869)	0	(1,375,869)
(222,139)	0	(222,139)
(3,286)	0	(3,286)
(345,357)	0	(345,357)
(88,534)	0	(88,534)
(57,355)	0	(57,355)
(662,766)	0	(662,766)
(585,256)	0	(585,256)
<u>(8,405,082)</u>	<u>0</u>	<u>(8,405,082)</u>
0	506,459	506,459
0	(315,982)	(315,982)
0	39,283	39,283
0	(294,891)	(294,891)
<u>0</u>	<u>(65,131)</u>	<u>(65,131)</u>
<u>(8,405,082)</u>	<u>(65,131)</u>	<u>(8,470,213)</u>
517,552	0	517,552
571,233	0	571,233
193,805	0	193,805
5,639,866	0	5,639,866
140,880	0	140,880
633,352	0	633,352
11,096	0	11,096
610,369	33,902	644,271
182,322	15,075	197,397
(226,111)	226,111	0
<u>8,274,364</u>	<u>275,088</u>	<u>8,549,452</u>
(130,718)	209,957	79,239
<u>47,303,992</u>	<u>17,139,336</u>	<u>64,443,328</u>
<u>\$47,173,274</u>	<u>\$17,349,293</u>	<u>\$64,522,567</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	<u>General</u>	<u>Fire Levy</u>	<u>Debt Service</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,459,977	\$1,313,036	\$104,826
Materials and Supplies Inventory	12,850	4,194	0
Intergovernmental Receivable	407,674	27,605	0
Income Taxes Receivable	1,626,017	0	0
Property Taxes Receivable	600,581	723,039	0
Other Local Taxes Receivable	34,515	0	0
Accounts Receivable	291,905	0	0
Interfund Receivable	175,302	92,799	545,683
Special Assessments Receivable	0	0	2,571,328
Accrued Interest Receivable	33,320	0	0
Total Assets	<u>\$7,642,141</u>	<u>\$2,160,673</u>	<u>\$3,221,837</u>
Liabilities:			
Accounts Payable	\$3,700,360	\$184,820	\$0
Accrued Wages and Benefits	80,202	72,004	0
Contracts Payable	0	0	0
Intergovernmental Payable	150,730	41,105	0
Accrued Interest Payable	597	1,792	0
Matured Compensated Absences Payable	0	2,085	0
Interfund Payable	403,395	0	92,799
Deferred Revenue	2,097,084	749,949	2,571,328
Notes Payable	20,000	60,000	0
Total Liabilities	<u>6,452,368</u>	<u>1,111,755</u>	<u>2,664,127</u>
Fund Balances:			
Reserved:			
Reserved for Encumbrances	14,739	19,790	0
Unreserved, Undesignated, Reported in:			
General Fund	1,175,034	0	0
Special Revenue Funds	0	1,029,128	0
Debt Service Funds	0	0	557,710
Capital Projects Funds	0	0	0
Total Fund Balances	<u>1,189,773</u>	<u>1,048,918</u>	<u>557,710</u>
Total Liabilities and Fund Balances	<u>\$7,642,141</u>	<u>\$2,160,673</u>	<u>\$3,221,837</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$1,269,631	\$7,147,470
121,683	138,727
502,082	937,361
0	1,626,017
249,968	1,573,588
0	34,515
0	291,905
116,802	930,586
91,567	2,662,895
0	33,320
<u>\$2,351,733</u>	<u>\$15,376,384</u>
\$8,791	\$3,893,971
18,960	171,166
145,666	145,666
122,609	314,444
687	3,076
0	2,085
114,894	611,088
760,254	6,178,615
23,000	103,000
<u>1,194,861</u>	<u>11,423,111</u>
79,621	114,150
0	1,175,034
868,497	1,897,625
0	557,710
208,754	208,754
<u>1,156,872</u>	<u>3,953,273</u>
<u>\$2,351,733</u>	<u>\$15,376,384</u>

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*CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007*

Total Governmental Fund Balances \$3,953,273

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	19,001,595	
Construction in Progress	212,028	
Infrastructure	59,614,744	
Other Capital Assets	11,917,345	
Accumulated Depreciation	(40,376,687)	
Total capital assets		50,369,025

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	151,680	
Special Assessments	2,662,895	
Charges for Services	315,680	
Shared Taxes and Local Government Revenue Assistance	637,514	
Income Taxes	928,187	
Interest	28,164	
		4,724,120

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 22,160

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

Accrued Interest on Bonds	(79,705)	
Discount on Bonds	14,336	
Notes	(775,000)	
Bonds	(10,193,000)	
Police Pension	(69,668)	
Compensated Absences	(792,267)	
Total liabilities		(11,895,304)

Net Assets of Governmental Activities \$47,173,274

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, 2007

	General	Fire Levy	Debt Service
Revenues:			
Property Taxes	\$517,779	\$573,293	\$0
Other Local Taxes	137,963	0	0
Income Taxes	5,398,222	0	0
Special Assessments	0	0	258,747
Charges for Services	121,157	1,325	0
Fines, Licenses and Permits	457,179	0	0
Intergovernmental	683,754	164,716	0
Interest	610,752	0	201,899
Other	142,991	8,667	7
Total Revenues	8,069,797	748,001	460,653
Expenditures:			
Current:			
General Government	2,559,392	0	0
Security of Persons and Property:			
Police	3,116,089	0	0
Fire	0	1,592,275	0
Other	205,372	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	33,400	0	0
Economic Development	0	0	0
Transportation	3,772	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	615,000
Interest and Fiscal Charges	597	16,419	577,027
Current Refunding	0	60,000	43,000
Total Expenditures	5,918,622	1,668,694	1,235,027
Excess of Revenues Over (Under)			
Expenditures	2,151,175	(920,693)	(774,374)
Other Financing Sources (Uses):			
Bond Anticipation Notes Issued	0	0	775,000
Current Refunding	0	0	(775,000)
Transfers In	4,780	931,442	1,157,546
Proceeds from Sale of Capital Assets	0	0	0
Transfers Out	(4,594,800)	0	0
Total Other Financing Sources (Uses)	(4,590,020)	931,442	1,157,546
Net Change in Fund Balances	(2,438,845)	10,749	383,172
Fund Balances at Beginning of Year	3,628,618	1,038,169	174,538
Fund Balances at End of Year	\$1,189,773	\$1,048,918	\$557,710

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$177,728	\$1,268,800
0	0
0	5,398,222
88,674	347,421
101,463	223,945
28,057	485,236
1,412,559	2,261,029
275	812,926
41,112	192,777
<u>1,849,868</u>	<u>10,990,356</u>
113,890	2,673,282
387,852	3,503,941
117,104	1,709,379
109,472	314,844
21,911	21,911
255,523	288,923
95,314	95,314
1,839,161	1,842,933
1,219,077	1,219,077
1,313	616,313
4,398	598,441
0	103,000
<u>4,165,015</u>	<u>12,987,358</u>
<u>(2,315,147)</u>	<u>(1,859,039)</u>
0	775,000
0	(775,000)
3,028,539	5,122,307
11,096	11,096
<u>(440,228)</u>	<u>(5,035,028)</u>
<u>2,599,407</u>	<u>98,375</u>
284,260	(1,760,664)
<u>872,612</u>	<u>5,713,937</u>
<u>\$1,156,872</u>	<u>\$3,953,273</u>

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, 2007

Net Change in Fund Balances - Total Governmental Funds		(\$1,760,664)
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 Asset Additions	1,187,213	
Current Year Depreciation	<u>(1,906,213)</u>	(719,000)
Donations of capital assets are not reported in the governmental funds. However, in the statement of activities, their value at the time of donation is reported as revenue.		
		1,486,975
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets are removed from the capital assets account in the statement of net assets and offset against the proceeds from the disposal of capital assets, resulting in a gain on sale of capital assets in the statement of activities.		
Proceeds from Sale of Capital Assets	(11,096)	
Gain on sale of capital assets	<u>11,096</u>	0
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	16,707	
Special Assessments	(252,421)	
Charges for Services	69,152	
Shared Taxes and Local Government Revenue Assistance	159,114	
Income Taxes	241,644	
Interest	<u>(384)</u>	233,812
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	615,000	
Note Principal Retirement	878,000	
Police Pension Principal Retirement	<u>1,313</u>	1,494,313
Governmental funds report premiums, discounts and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities		
Amortization of Bond Discounts	(896)	
Amortization of Bond Issuance Costs	<u>(1,385)</u>	(2,281)
Note 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.		
		(775,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount of interest on the statement of activities is the result of the following:		
Decrease in Accrued Interest		15,466
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		<u>(104,339)</u>
Change in Net Assets of Governmental Activities		<u><u>(\$130,718)</u></u>
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, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property and Other Local Taxes	\$500,000	\$650,158	\$660,122	\$9,964
Income Taxes	5,455,502	5,486,000	5,470,040	(15,960)
Charges for Services	120,835	134,450	121,157	(13,293)
Fines, Licenses, and Permits	464,300	494,410	465,537	(28,873)
Intergovernmental	529,967	663,558	531,379	(132,179)
Interest	520,778	215,000	522,166	307,166
Other	141,650	114,854	142,027	27,173
Total Revenues	<u>7,733,031</u>	<u>7,758,430</u>	<u>7,912,428</u>	<u>153,998</u>
Expenditures:				
Current:				
General Government	2,637,769	3,819,759	3,428,956	390,803
Security of Persons and Property:				
Police Law Enforcement	3,393,417	3,282,155	3,134,863	147,292
Building Inspection	147,310	210,449	204,670	5,779
Leisure Time Activities	0	30,500	33,400	(2,900)
Total Expenditures	<u>6,178,496</u>	<u>7,342,863</u>	<u>6,801,889</u>	<u>540,974</u>
Excess of Revenues Over Expenditures	<u>1,554,535</u>	<u>415,567</u>	<u>1,110,539</u>	<u>694,972</u>
Other Financing Sources (Uses):				
Transfers In	0	0	4,780	4,780
Transfers Out	2,068,072	(4,771,587)	(4,727,530)	44,057
Total Other Financing Sources (Uses)	<u>2,068,072</u>	<u>(4,771,587)</u>	<u>(4,722,750)</u>	<u>48,837</u>
Net Change in Fund Balance	3,622,607	(4,356,020)	(3,612,211)	743,809
Fund Balance at Beginning of Year	7,754,515	7,754,515	7,754,515	0
Prior Year Encumbrances Appropriated	<u>152,175</u>	<u>152,175</u>	<u>152,175</u>	<u>0</u>
Fund Balance at End of Year	<u>\$11,529,297</u>	<u>\$3,550,670</u>	<u>\$4,294,479</u>	<u>\$743,809</u>

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, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property and Other Local Taxes	\$600,000	\$616,382	\$573,293	(\$43,089)
Charges for Services	1,023	1,041	1,325	284
Intergovernmental	340,283	338,959	440,582	101,623
Other	6,694	8,000	8,667	667
Total Revenues	<u>948,000</u>	<u>964,382</u>	<u>1,023,867</u>	<u>59,485</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	1,965,609	1,968,763	1,573,071	395,692
Capital Outlay	8,311	84,046	53,632	30,414
Total Expenditures	<u>1,973,920</u>	<u>2,052,809</u>	<u>1,626,703</u>	<u>426,106</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,025,920)</u>	<u>(1,088,427)</u>	<u>(602,836)</u>	<u>485,591</u>
Other Financing Sources (Uses):				
Transfers In	670,000	670,000	960,000	290,000
Transfers Out	0	(136,873)	(95,500)	41,373
Total Other Financing Sources (Uses)	<u>670,000</u>	<u>533,127</u>	<u>864,500</u>	<u>331,373</u>
Net Change in Fund Balance	(355,920)	(555,300)	261,664	816,964
Fund Balance at Beginning of Year	821,947	821,947	821,947	0
Prior Year Encumbrances Appropriated	25,763	25,763	25,763	0
Fund Balance at End of Year	<u>\$491,790</u>	<u>\$292,410</u>	<u>\$1,109,374</u>	<u>\$816,964</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2007

	Water	Sewer	Trash	Stormwater Utility	Total
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$734,789	\$288,710	\$163,887	\$681,983	\$1,869,369
Materials and Supplies Inventory	18,690	0	0	0	18,690
Accounts Receivable	327,374	416,389	58,364	75,700	877,827
Interfund Receivable	0	0	0	0	0
Restricted Assets:					
Cash and Cash Equivalents with Trustee	381,022	0	0	0	381,022
Total Current Assets	1,461,875	705,099	222,251	757,683	3,146,908
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	387,312	53,536	0	0	440,848
Cash and Cash Equivalents with Trustee	447,640	0	0	0	447,640
Deferred Charges	207,296	0	0	0	207,296
Nondepreciable Capital Assets	1,333,754	37,500	0	37,500	1,408,754
Depreciable Capital Assets, Net	6,417,215	4,223,121	0	11,492,400	22,132,736
Total Noncurrent Assets	8,793,217	4,314,157	0	11,529,900	24,637,274
Total Assets	10,255,092	5,019,256	222,251	12,287,583	27,784,182
Liabilities:					
Current Liabilities:					
Accounts Payable	9,266	59,679	5,352	62,885	137,182
Accrued Wages and Benefits	14,646	18,088	376	2,073	35,183
Contracts Payable	0	145,009	0	113,276	258,285
Intergovernmental Payable	17,967	19,295	1,865	6,192	45,319
Accrued Interest Payable	98,846	0	0	37,188	136,034
Interfund Payable	319,498	0	0	0	319,498
Notes Payable	0	0	0	20,000	20,000
OWDA Loans Payable	105,266	0	0	0	105,266
Compensated Absences Payable	33,772	33,807	0	17,201	84,780
Revenue Bonds Payable	355,000	0	0	0	355,000
Total Current Liabilities	954,261	275,878	7,593	258,815	1,496,547
Long Term Liabilities:					
Compensated Absences Payable	44,970	68,395	0	3,586	116,951
Notes Payable	0	0	0	1,225,000	1,225,000
Revenue Bonds Payable	5,487,028	0	0	0	5,487,028
OWDA Loans Payable	2,002,284	0	0	0	2,002,284
Refundable Deposits	53,543	53,536	0	0	107,079
Total Long Term Liabilities	7,587,825	121,931	0	1,228,586	8,938,342
Total Liabilities	8,542,086	397,809	7,593	1,487,401	10,434,889
Net Assets:					
Invested in Capital Assets, Net of Related Debt (Deficit)	8,687	4,260,621	0	10,284,900	14,554,208
Restricted for:					
Debt Service	802,640	0	0	0	802,640
Revenue Bonds	333,769	0	0	0	333,769
Replacement and Improvement	567,910	360,826	214,658	515,282	1,658,676
Total Net Assets	\$1,713,006	\$4,621,447	\$214,658	\$10,800,182	\$17,349,293

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Water	Sewer	Trash	Stormwater Utility	Total
Operating Revenues:					
Charges for Services	\$2,372,746	\$2,302,373	\$624,251	\$442,470	\$5,741,840
Other	0	5,798	0	0	5,798
Total Operating Revenues	2,372,746	2,308,171	624,251	442,470	5,747,638
Operating Expenses:					
Personal Services	466,967	448,347	54,452	162,447	1,132,213
Contractual Services	632,906	1,950,312	508,993	19,550	3,111,761
Supplies and Materials	156,549	71,952	21,523	124,716	374,740
Depreciation	203,741	147,134	0	389,749	740,624
Other	3,894	610	0	0	4,504
Total Operating Expenses	1,464,057	2,618,355	584,968	696,462	5,363,842
Operating Income (Loss)	908,689	(310,184)	39,283	(253,992)	383,796
Non-Operating Revenues/(Expenses)					
Interest	33,902	0	0	0	33,902
Other Non-Operating Revenues	6,000	0	569	2,708	9,277
Interest and Fiscal Charges	(402,230)	0	0	(40,899)	(443,129)
Total Non-Operating Revenues (Expenses)	(362,328)	0	569	(38,191)	(399,950)
Income (Loss) Before Transfers	546,361	(310,184)	39,852	(292,183)	(16,154)
Transfers In	24,279	1,508	0	4,161	29,948
Contributed Capital	313,390	0	0	0	313,390
Transfers Out	(47,000)	(45,227)	0	(25,000)	(117,227)
Change in Net Assets	837,030	(353,903)	39,852	(313,022)	209,957
Net Assets at Beginning of Year	875,976	4,975,350	174,806	11,113,204	17,139,336
Net Assets at End of Year	\$1,713,006	\$4,621,447	\$214,658	\$10,800,182	\$17,349,293

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Water	Sewer	Trash	Stormwater Utility	Totals
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received from Customers	\$2,338,064	\$2,314,648	\$613,930	\$425,194	\$5,691,836
Cash Paid for Employee Services and Benefits	(478,357)	(441,583)	(57,406)	(159,063)	(1,136,409)
Cash Paid to Suppliers for Goods and Services	(781,233)	(1,957,610)	(526,797)	(115,147)	(3,380,787)
Utility Deposits Received	25,096	25,096	0	0	50,192
Utility Deposits Returned	(17,918)	(17,918)	0	0	(35,836)
Other Operating Revenues	0	5,798	0	0	5,798
Other Non-Operating Revenues	6,000	0	569	2,708	9,277
Net Cash Provided by Operating Activities	1,091,652	(71,569)	30,296	153,692	1,204,071
Cash Flows from Noncapital Financing Activities:					
Repayment of Short Term Loan from Another Fund	0	0	0	389,500	389,500
Repayment of Short Term Loan to Another Fund	(3,279)	(1,508)	0	(4,161)	(8,948)
Operating Transfers - In From Other Funds	24,279	1,508	0	4,161	29,948
Operating Transfers - Out To Other Funds	(47,000)	(45,227)	0	(25,000)	(117,227)
Net Cash Provided by (Used for) Noncapital Financing Activities	(26,000)	(45,227)	0	364,500	293,273
Cash Flows from Capital and Related Financing Activities:					
Acquisition of Capital Assets	(2,461,880)	(37,500)	0	(417,740)	(2,917,120)
Interest Paid on OWDA Loans	(76,226)	0	0	0	(76,226)
Principal Paid on OWDA Loans	(49,231)	0	0	0	(49,231)
Interest Paid on Mortgage Revenue Bonds	(202,277)	0	0	0	(202,277)
Principal Paid on Mortgage Revenue Bonds	(325,000)	0	0	0	(325,000)
Principal Paid on Bond Anticipation Notes	0	0	0	(1,245,000)	(1,245,000)
Interest Paid on Bond Anticipation Notes	0	0	0	(40,038)	(40,038)
Proceeds of Bond Anticipation Notes	0	0	0	1,245,000	1,245,000
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,114,614)	(37,500)	0	(457,778)	(3,609,892)
Cash Flows from Investing Activities:					
Interest	33,902	0	0	0	33,902
Net Cash Provided By Investing Activities	33,902	0	0	0	33,902
Net Increase (Decrease) in Cash and Cash Equivalents	(2,015,060)	(154,296)	30,296	60,414	(2,078,646)
Cash and Cash Equivalents at Beginning of Year	3,965,823	496,542	133,591	621,569	5,217,525
Cash and Cash Equivalents at End of Year	\$1,950,763	\$342,246	\$163,887	\$681,983	\$3,138,879

(continued)

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007
(continued)

	Water	Sewer	Trash	Stormwater Utility	Totals
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by Operating Activities:</u>					
Operating Income (Loss)	\$908,689	(\$310,184)	\$39,283	(\$253,992)	\$383,796
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Provided by Operating Activities:</u>					
Depreciation Expense	203,741	147,134	0	389,749	740,624
Other Non-Operating Revenues	6,000	0	569	2,708	9,277
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(34,682)	12,275	(10,321)	(17,276)	(50,004)
Decrease in Materials and Supplies Inventory	8,046				8,046
Increase in Accounts Payable	4,070	59,323	3,719	58,405	125,517
Increase (Decrease) in Contracts Payable		5,941	0	(29,286)	(23,345)
Increase (Decrease) in Accrued Wages and Benefits	9,460	5,404	(1,414)	2,073	15,523
Increase (Decrease) in Compensated Absences Payable	(19,564)	4,790	0	(657)	(15,431)
Increase (Decrease) in Due to Other Governments	(1,286)	(3,430)	(1,540)	1,968	(4,288)
Increase (Decrease) in Refundable Deposits Payable	7,178	7,178	0	0	14,356
Total Adjustments	182,963	238,615	(8,987)	407,684	820,275
Net Cash Provided by (Used for) Operating Activities	<u>\$1,091,652</u>	<u>(\$71,569)</u>	<u>\$30,296</u>	<u>\$153,692</u>	<u>\$1,204,071</u>

Noncash Capital Financing Activities:

During 2007, the Water Fund received assets in the amount of \$313,390 from governmental activities. The assets were recorded as capital assets and capital contributions in the Water Fund.

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2007

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$20
Cash in Segregated Accounts	<u>34,360</u>
Total Assets	<u><u>\$34,380</u></u>
Liabilities:	
Intergovernmental Payable	\$17,893
Undistributed Monies	12,316
Deposits Held and Due to Others	<u>4,171</u>
Total Liabilities	<u><u>\$34,380</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

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, street maintenance and repair force, planning and zoning, a park 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 has one blended component unit included in its reporting entity.

The Franklin Municipal Building Corporation was created under State statute as a corporation whose only purpose is to provide funding for the construction of the City's administration and service buildings. The City appoints a majority of the governing board and is liable for the debt of the organization. Because this service entirely benefits the City, the Franklin Municipal Building Corporation is presented as a blended component unit of the City and has been included as part of the primary government. There was no financial activity in the Corporation in 2007.

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:

Public Entities Pool of Ohio

Jointly Governed Organizations:

Warren County General Health District

Joint Emergency Medical Service (JEMS)

Miami Valley Regional Planning Commission

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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.

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

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

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

Stormwater Utility Fund - 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, 2007

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 reporting government 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 four 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 (i.e. revenues) and decreases (i.e. 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 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, 2007

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. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one 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, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7) 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, 2007, but were levied to finance 2008 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, 2007

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 resolution, 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 resolution is Council's authorization to spend resources and sets annual limits on expenditures 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 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 appropriation resolution 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 appropriation resolution 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.

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." Cash deposits on hand for future principal and interest payments on mortgage revenue bonds in excess of the amount required by the bond trust indenture are presented as "Cash and Cash Equivalents with Trustee."

During the year, investments were limited to nonnegotiable and negotiable certificates of deposit, STAROhio, Federal Home Loan Bank Step Up Coupon Bonds, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Medium Term Notes, Federal Home Loan Mortgage Corporation Medium Term Step Up Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Medium Term Step Up Notes and money market mutual funds. 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2007. 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, 2007.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General fund during 2007 amounted to \$610,752 which includes \$302,015 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.

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 five thousand dollars. 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 expensed.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets except for land and construction in progress 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:

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 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 ten 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. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTERFUND RECEIVABLES/PAYABLES

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” 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 and bond premiums and discounts are recognized in the period in which the debt is issued.

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.

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the operation of police programs.

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 and Sewer enterprise funds have restricted net assets relative to those resources necessary to comply with various covenants of bond financing agreements.

The government wide statement of net assets reports \$6,631,523 of restricted net assets, of which none are restricted by enabling legislation.

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, 2007

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$20,751 and \$40,301, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the 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) rather than cost (budget).
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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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	(\$2,438,845)	\$10,749
Revenue Accruals	(35,478)	275,866
Expenditure Accruals	(883,828)	245,653
Encumbrances	(23,754)	(203,662)
Net Increase in Fair Value of Investments - 2007	(9,633)	0
Unrecorded Cash	24,315	0
Unrecorded Interest	(112,258)	
Transfers	(132,730)	(66,942)
Budget Basis	(\$3,612,211)	\$261,664

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;

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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;
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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS

As of December 31, 2007, the City had the following investments:

Investment Type	Fair Value/ Cost	Investment Maturities (in Years)		
		Less Than 1	1-2	2-5
Negotiable Certificate of Deposit	\$45,002	\$45,002	\$0	\$0
STAROhio	6,604,043	6,604,043	0	0
Federal Home Loan Bank Step Up Coupon Bonds	204,537	0	204,537	0
Federal Farm Credit Bank Bonds	111,028	0	0	111,028
Federal Home Loan Bank Notes	254,408	0	0	254,408
Federal Home Loan Bank Bonds	330,862	50,762	0	280,100
Federal Home Loan Mortgage Corporation Medium Term Notes	547,101	250,879	35,090	261,132
Federal Home Loan Mortgage Corporation Medium Term Step Up Notes	45,287	45,287	0	0
Federal Home Loan Mortgage Corporation Notes	251,106	0	0	251,106
Federal National Mortgage Association Medium Term Step Up Notes	202,947	202,947	0	0
Western Asset Government Money Market Mutual Fund	262,236	262,236	0	0
Morgan Stanley Money Market Mutual Fund	16,496	16,496	0	0
Total Investments	<u>\$8,875,053</u>	<u>\$7,477,652</u>	<u>\$239,627</u>	<u>\$1,157,774</u>

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 negotiable certificate of deposit is in a denomination of less than \$100,000, and is insured by the Federal Deposit Insurance Corporation. It is, therefore, not subject to credit risk. STAROhio carries a rating of AAAM by Standard & Poor's. The Federal Home Loan Bank Step Up Coupon Bonds, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Medium Term Notes, Federal Home Loan Mortgage Corporation Medium Term Step Up Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Step Up Medium Term Notes and Western Asset Government Money Market Fund carry a rating of Aaa by Moody's. The Federal Home Loan Bank Notes and the Morgan Stanley Money Market Mutual Fund are not rated. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no additional policy regarding credit risk.

CONCENTRATION OF CREDIT RISK

The City places no limit on the amount it may invest in any one issuer. The City's investments in the Federal Home Loan Mortgage Corporation Medium Term Notes represent 6.12 percent of the City's total investments.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY

COMPLIANCE

The following accounts had an excess of expenditures over final appropriations for the year-ended December 31, 2007:

<u>Fund Type/Fund/Department/Object</u>	<u>Final Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
General Government			
Clerk Treasurer			
Other	\$55,701	\$58,657	(\$2,956)
Leisure Time Activities			
Other	30,500	33,400	(2,900)
Special Revenue Funds			
Court Fund			
Municipal Court			
Other	97,000	119,691	(22,691)
FEMA Fund			
Transfers Out	0	4,780	(4,780)
Enterprise Funds			
Water Fund			
Deposit Refunds	17,543	17,918	(375)
Interest and Fiscal Charges	262,548	413,882	(151,334)
Stormwater Utility Fund			
Capital Outlay	433,179	625,291	(192,112)

ACCOUNTABILITY

At year-end, the Police and Fire Pension nonmajor special revenue fund and the Capital Improvement nonmajor capital projects fund had deficit fund balances of \$73,298 and \$84,270, respectively. These deficits are 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.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 was 12.5. This will be reduced to 6.25 percent for 2008 and zero for 2009.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 7 - PROPERTY TAXES (continued)

The full tax rate for all City operations for the year ended December 31, 2007, was \$5.73 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$206,768,470
Personal Property	13,200,385
Public Utility Personal Property	12,408,660
Totals	\$232,377,515

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Franklin. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007 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 2007 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.

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 2007, the proceeds were allocated to the General Fund.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2007 consisted of intergovernmental, including grants, entitlements and shared revenues, taxes, accounts (including utility), interfund, special assessments and interest on investments receivables. 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 9 – RECEIVABLES (continued)

Special assessments expected to be collected in more than one year for the City amount to \$2,370,831. The City has \$102,122 in delinquent special assessments at December 31, 2007. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of intergovernmental receivables follows:

	Amount
<u>Governmental Activities:</u>	
Local Government Assistance	\$199,463
Estate Tax	4,923
Homestead, Rollback and Exemption	58,257
10,000 Personal Property Tax Exemption	1,374
Charges for Services	23,775
Gas Tax	236,813
Motor Vehicle Tax	75,662
Permissive Motor Vehicle Tax	10,925
Reimbursement for St. Rt. 73 Turn Lane	170,665
Firefighters Grant	155,504
Total Governmental Activities	\$937,361

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance At December 31, 2006	Additions	Deletions	Balance At December 31, 2007
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$18,964,095	\$37,500	\$0	\$19,001,595
Construction in Progress	148,311	612,867	(549,150)	212,028
Total Capital Assets, Not Being Depreciated	19,112,406	650,367	(549,150)	19,213,623
Depreciable Capital Assets:				
Land Improvements	1,268,173	0	0	1,268,173
Buildings	6,869,171	0	0	6,869,171
Equipment	1,048,894	36,732	(23,320)	1,062,306
Vehicles	2,622,474	176,077	(80,856)	2,717,695
Infrastructure	57,254,582	2,360,162	0	59,614,744
Total Depreciable Capital Assets	69,063,294	2,572,971	(104,176)	71,532,089
Total Capital Assets At Historical Cost	88,175,700	3,223,338	(653,326)	90,745,712
Less Accumulated Depreciation:				
Land Improvements	(832,214)	(51,458)	0	(883,672)
Buildings	(1,192,610)	(118,823)	0	(1,311,433)
Equipment	(571,892)	(70,111)	23,320	(618,683)
Vehicles	(1,963,796)	(141,200)	80,856	(2,024,140)
Infrastructure	(34,014,138)	(1,524,621)	0	(35,538,759)
Total Accumulated Depreciation	(38,574,650)	(1,906,213) *	104,176	(40,376,687)
Depreciable Capital Assets, Net	30,488,644	666,758	0	31,155,402
Governmental Activities Capital Assets, Net	\$49,601,050	\$1,317,125	(\$549,150)	\$50,369,025

Additions to governmental depreciable capital assets include \$1,486,975 in assets donated by outside entities, such as property developers.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 10 - CAPITAL ASSETS (continued)

	Balance At December 31, 2006	Additions	Deletions	Balance At December 31, 2007
Business-Type Activities				
Capital Assets Not Being Depreciated:				
Land	\$982,864	\$112,500	\$0	\$1,095,364
Construction in Progress	564,483	645,612	(896,705)	313,390
Total Capital Assets, Not Being Depreciated	<u>1,547,347</u>	<u>758,112</u>	<u>(896,705)</u>	<u>1,408,754</u>
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	72,700	0	0	72,700
Equipment	134,272	0	0	134,272
Vehicles	344,334	48,018	(27,862)	364,490
Infrastructure	32,301,571	3,321,085	0	35,622,656
Total Depreciable Capital Assets	<u>32,865,798</u>	<u>3,369,103</u>	<u>(27,862)</u>	<u>36,207,039</u>
Total Capital Assets At Historical Cost	<u>34,413,145</u>	<u>4,127,215</u>	<u>(924,567)</u>	<u>37,615,793</u>
Less Accumulated Depreciation:				
Land Improvements	(2,584)	(204)	0	(2,788)
Buildings	(12,074)	(667)	0	(12,741)
Equipment	(94,980)	(17,041)	0	(112,021)
Vehicles	(267,035)	0	27,862	(239,173)
Infrastructure	(12,984,868)	(722,712)	0	(13,707,580)
Total Accumulated Depreciation	<u>(13,361,541)</u>	<u>(740,624)</u>	<u>27,862</u>	<u>(14,074,303)</u>
Depreciable Capital Assets, Net	<u>19,504,257</u>	<u>2,628,479</u>	<u>0</u>	<u>22,132,736</u>
Business-Type Activities Capital Assets, Net	<u>\$21,051,604</u>	<u>\$3,386,591</u>	<u>(\$896,705)</u>	<u>\$23,541,490</u>

Additions to business-type capital assets not being depreciated include \$313,390 in assets transferred in from governmental activities.

* Depreciation expense was charged to governmental programs as follows:

General Government	\$31,422
Security of Persons and Property:	
Police	65,245
Fire	60,827
Leisure Time Activities	51,158
Basic Utility Services	57,355
Transportation	1,640,206
Total Depreciation Expense	<u>\$1,906,213</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

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 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional 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 that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 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. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$207,168, \$253,133, and \$227,417 respectively; 72.52 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$1,108 made by the City and \$760 made by the plan members.

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 the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$236,640 and \$153,808 for the year ended December 31, 2007, \$172,653 and \$70,557 for the year ended December 31, 2006, and \$180,307 and \$67,772 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 88.35 percent has been contributed for police and 68.78 percent has been contributed for firefighters for 2007.

NOTE 12 – POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description - OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten 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 require, 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 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 12 – POSTEMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$136,459, \$123,815 and \$95,253 respectively; 72.52 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which 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 healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&B Board of Trustees to provide healthcare 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 - OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 12 – POSTEMPLOYMENT BENEFITS (continued)

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$125,280 and \$60,186 for the year ended December 31, 2007, \$113,878 and \$33,650 for the year ended December 31, 2006, and \$118,926 and \$32,322 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 81.2 percent has been contributed for police and 30.39 percent has been contributed for firefighters for 2007.

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.

Accumulated Unpaid Sick Leave

City employees earn sick leave at a rate of 4.62 hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, every employee will be paid for a maximum of 150 days of sick leave hours. Those employees that 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 United Healthcare. The City provides life insurance and accidental death and dismemberment insurance to most employees as part of the health care plan. The employees share the cost of the monthly premium with the City. The premium varies with employee depending on the terms of the union contract. Dental insurance is provided by the City to all employees through Anthem Blue Cross/Blue Shield.

DEFERRED COMPENSATION

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 14 - 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. In 2003, the City joined the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

General, Automobile, Police Professional and Public Officials' Liability Coverage (Casualty Coverage)

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Members can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

The City has elected to pay for coverage with the following limits:

General and Public Officials' Liability - each occurrence	\$10,000,000
Automobile Liability - each accident	10,000,000
Police Professional Liability - each claim	
\$3,000 Deductible	10,000,000
Automobile Physical Damage	
\$500 Deductible	Replacement Cost
Property Coverage	Replacement Cost

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 14 - RISK MANAGEMENT (continued)

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

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

NOTE 15 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2007 follows:

Types/Issues	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007	Due Within One Year
<u>Special Assessment Bonds with Governmental Commitment</u>					
6.85% - 1991					
Franklin Commerce					
Improvement - \$1,340,000	\$545,000	\$0	\$95,000	\$450,000	\$100,000
7.125% - 1989					
Shady Glenn - \$170,000	36,000	0	9,000	27,000	9,000
6.00% - 1995					
Miller Stub Street - \$78,513	46,000	0	4,000	42,000	4,000
5.75% - 1995					
Shotwell Drive - \$227,000	136,000	0	12,000	124,000	12,000
5.80% - 1997					
Franklin Commerce Center - \$577,400	380,000	0	30,000	350,000	30,000
5.00% - 1998					
Scholl Road - \$514,177	360,000	0	25,000	335,000	25,000
5.00% - 1998					
Fourth Street Improvement - \$337,705	235,000	0	15,000	220,000	15,000
5.00% - 1998					
Schumaker-Franklin - \$1,322,708	945,000	0	60,000	885,000	60,000
5.00% - 1998					
Deardoff Phase II - \$158,410	115,000	0	5,000	110,000	10,000
5.70% - 1999					
Eastlawn Sewer Line Extension - \$119,779	85,000	0	5,000	80,000	5,000
5.125% - 2001					
Shotwell Drive Phase III - \$490,000	420,000	0	20,000	400,000	20,000
TOTAL-Special					
Assessment Bonds	<u>\$3,303,000</u>	<u>\$0</u>	<u>\$280,000</u>	<u>\$3,023,000</u>	<u>\$290,000</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Types/Issues	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007	Due Within One Year
<u>General Obligation Bonds</u>					
(Unvoted)					
4.25% - 6.10% 1994					
Road Extension - \$1,730,000	\$335,000	\$0	\$165,000	\$170,000	\$170,000
4.625% - 5.125% 2001					
Street Improvement - \$920,000	780,000	0	35,000	745,000	35,000
3.00% - 5.25% 2002					
Public Works Facility - \$4,625,000	4,425,000	0	50,000	4,375,000	50,000
4.00% - 5.00% 2003					
Various Purpose - \$960,000	855,000	0	35,000	820,000	35,000
1.50% - 4.65% 2003					
Administrative and Court Facility					
Improvements - \$1,260,000	1,110,000	0	50,000	1,060,000	50,000
Discount on Debt Issue	(15,232)	0	(896)	(14,336)	0
TOTAL-General					
Obligation Bonds	<u>7,489,768</u>	<u>0</u>	<u>334,104</u>	<u>7,155,664</u>	<u>340,000</u>
<u>Other Long-Term Obligations</u>					
3.75% - 2006					
Consolidated Fire Equipment and					
Stormwater Study Bond	385,000	0	385,000	0	0
Anticipation Notes - \$550,000					
4.05% - 2006					
Road Improvement Bond					
Anticipation Notes \$280,000	280,000	0	280,000	0	0
3.75% - 2006					
Road Improvement and Street Sweeper					
Bond Anticipation Notes \$270,000	213,000	0	213,000	0	0
3.67% - 2007					
Consolidated Fire Equipment and					
Stormwater Study Bond					
Anticipation Notes - \$530,000	0	325,000	0	325,000	0
3.67% - 2007					
Road Improvement Bond					
Anticipation Notes \$280,000	0	260,000	0	260,000	0
3.67% - 2007					
Road Improvement and Street Sweeper					
Bond Anticipation Notes \$213,000	0	190,000	0	190,000	0
Compensated Absences	687,928	334,529	230,190	792,267	232,744
2.50% - Police and Fire Pension	70,981	0	1,313	69,668	1,369
TOTAL-Other Long-Term					
Obligations	<u>1,636,909</u>	<u>1,109,529</u>	<u>1,109,503</u>	<u>1,636,935</u>	<u>234,113</u>
TOTAL- All General					
Long-Term Obligations	<u>\$12,429,677</u>	<u>\$1,109,529</u>	<u>\$1,723,607</u>	<u>\$11,815,599</u>	<u>\$864,113</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 15 - LONG -TERM OBLIGATIONS (continued)

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 November 1, 1994, the City issued \$1,730,000 in General Obligation Bonds for the purpose of making road improvements. The bonds will be paid from the Debt Service fund with transfers from the Capital Improvement Capital projects fund.

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

Redemption Dates	Premium - % of Par Value
September 1, 2006 and thereafter	100%

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%) and the General fund (78%)..

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:

Year	Amount
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	\$575,000

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 15 - LONG -TERM OBLIGATIONS (continued)

<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:

<u>Year</u>	<u>Amount</u>
2010	\$50,000
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>\$960,000</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% of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

On March 6, 2007, the City paid \$20,000 toward the \$405,000 fire equipment note and refinanced the remaining \$385,000.

On March 6, 2007, the City refinanced the \$280,000 road improvement note into a new note.

On March 6, 2007, the City paid \$57,000 toward the \$270,000 road improvement and street sweeper note and refinanced the remaining \$213,000.

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations reported in the business-type activities of the City during 2007 were as follows

Types/Issues	Balance January 1, 2007	Increases	Decreases	Balance December 31, 2007	Due Within One Year
6.70% OWDA Loans - \$2,947,907	\$2,156,781	\$0	\$49,231	\$2,107,550	\$105,266
4.000% - 4.125% - Mortgage Revenue Refunding Bonds - \$6,140,000	6,140,000	0	325,000	5,815,000	355,000
Unamortized Gain	(32,280)	0	(1,918)	(30,362)	0
Premium on Debt Issue	61,015	0	3,625	57,390	0
3.75% - 2006 Consolidated Fire Equipment and Stormwater Study Bond Anticipation Notes - \$550,000	145,000	0	145,000	0	0
3.65% - 2006 Stormwater Drainage Improvement Project Bond Anticipation Notes - \$1,100,000	1,100,000	0	1,100,000	0	0
3.67% - 2007 Consolidated Fire Equipment and Stormwater Study Bond Anticipation Notes - \$530,000	0	135,000	0	135,000	0
3.67% - 2007 Stormwater Drainage Improvement Project Bond Anticipation Notes - \$1,100,000	0	1,090,000	0	1,090,000	0
Compensated Absences	217,162	21,698	37,129	201,731	84,780
TOTAL - Business Type-Activities	\$9,787,678	\$1,246,698	\$1,658,067	\$9,376,309	\$545,046

The Ohio Water Development Authority (OWDA) loans are for the construction of water mains. 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 enterprise 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 Loan and the Mortgage Revenue Refunding Bonds in the City 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 57 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$10,882,653, with principal and interest of \$3,261,639 remaining on the OWDA Loan and \$7,621,014 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year were \$652,734, with \$125,457 paid on the OWDA Loans and \$527,277 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,146,332.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 15 - LONG -TERM OBLIGATIONS (continued)

On March 11, 2007, the City reissued the \$1,100,000 note for the City's stormwater drainage system.

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

As of December 31, 2007, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,351,639 with an unvoted debt margin of \$4,732,763.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2007 are:

Governmental Activities				
Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2008	\$340,000	\$342,790	\$290,000	\$167,292
2009	270,000	325,939	312,000	150,212
2010	285,000	315,155	333,000	131,818
2011	300,000	303,301	345,000	112,191
2012	310,000	290,562	236,000	91,951
2013-2017	1,785,000	1,234,465	1,337,000	255,558
2018-2022	2,220,000	761,952	170,000	21,442
2023-2027	1,660,000	251,240	0	0
Totals	<u>\$7,170,000</u>	<u>\$3,825,404</u>	<u>\$3,023,000</u>	<u>\$930,464</u>

Business-Type Activities				
Year	Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2008	\$355,000	\$234,194	\$105,266	\$145,648
2009	365,000	219,992	112,539	138,374
2010	380,000	205,392	120,316	130,598
2011	395,000	190,194	128,630	122,284
2012	415,000	174,394	137,518	113,396
2013-2017	2,325,000	610,168	843,960	410,608
2018-2022	1,580,000	171,680	659,321	93,181
	<u>\$5,815,000</u>	<u>\$1,806,014</u>	<u>\$2,107,550</u>	<u>\$1,154,089</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 15 - LONG -TERM OBLIGATIONS (continued)

REVENUE HOUSING BONDS

The City served as the issuer of \$7,220,000 in revenue housing bonds in 1997 and \$4,500,000 in 2007. The proceeds of the \$7,220,000 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, 2007 on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$6,190,000. The outstanding balance at December 31, 2007 on the Sound Preservation 202 LP revenue housing bonds is \$4,487,456.

NOTE 16 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year-ended December 31, 2007 follows:

Fund Type	Balance January 1, 2007	Increase	Decrease	Balance December 31, 2007
<u>Governmental</u>				
General				
3.67% - 2007 Road Improvement Bond Anticipation Notes \$280,000	\$0	\$20,000	\$0	\$20,000
Special Revenue				
Bond Anticipation Notes \$57,000	57,000	0	57,000	0
3.75% - 2006 Consolidated Fire Equipment and Stormwater Study				
Bond Anticipation Notes \$550,000	20,000	0	20,000	0
3.67% - 2007 Consolidated Fire Equipment and Stormwater Study				
Bond Anticipation Notes \$530,000	0	60,000	0	60,000
Total Special Revenue	<u>77,000</u>	<u>60,000</u>	<u>77,000</u>	<u>60,000</u>
Capital Projects				
3.67% - 2007 Road Improvement and Street Sweeper				
Bond Anticipation Notes \$213,000	0	23,000	0	23,000
Total Governmental Funds	<u>\$77,000</u>	<u>\$103,000</u>	<u>\$77,000</u>	<u>\$103,000</u>
<u>Business-Type Activities</u>				
3.67% - 2007				
Stormwater Drainage Improvement Project Bond Anticipation				
Notes - \$1,100,000	\$0	\$10,000	\$0	\$10,000
3.67% - 2007 Consolidated Fire Equipment and Stormwater Study				
Bond Anticipation Notes \$530,000	0	10,000	0	10,000
Total Business-Type Funds	<u>\$0</u>	<u>\$20,000</u>	<u>\$0</u>	<u>\$20,000</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 16 - SHORT-TERM OBLIGATIONS (continued)

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.

NOTE 17 - INTERFUND ACTIVITY

INTERFUND RECEIVABLE/PAYABLE

Interfund balances at December 31, 2007, consist of the following individual fund receivables and payables:

		Receivable				
		General	Fire Levy	Debt Service	Nonmajor Governmental	Total
Payable	General	\$0	\$0	\$401,487	\$1,908	\$403,395
	Debt Service Fund	0	92,799	0	0	92,799
	Nonmajor Governmental	0	0	0	114,894	114,894
	Water	175,302	0	144,196	0	319,498
	Total	\$175,302	\$92,799	\$545,683	\$116,802	\$930,586

The amount due to the General fund from the Water fund relates to note issuance costs paid by the General fund on behalf of the Water fund. The amount due to the Fire Levy fund from the Debt Service fund is related to overages of transfers from the Fire Levy fund for debt service payments. The amount due to the Debt Service fund from the General fund is for principal and interest payments. The amount due to the Debt Service fund from the Water fund relates to interest and fiscal charges paid by the General fund on behalf of the Water fund. The amount due to the All Other Governmental Funds from the General fund is related to misposted special assessments and homestead and rollback receipts. The amount due from the Nonmajor Governmental funds to the Nonmajor Governmental funds relates to misposted capital expenditures in Capital Projects funds.

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	Nonmajor Governmental Funds	Water	Sewer	Stormwater Utility	Total
Transfers to	General	\$0	\$4,780	\$0	\$0	\$0	\$4,780
	Fire Levy	\$931,442	\$0	\$0	\$0	\$0	\$931,442
	Debt Service	604,871	435,448	47,000	45,227	25,000	1,157,546
	Nonmajor Governmental Funds	3,028,539	0	0	0	0	3,028,539
	Water	24,279	0	0	0	0	24,279
	Sewer	1,508	0	0	0	0	1,508
	Stormwater Utility	4,161	0	0	0	0	4,161
	Total	\$4,594,800	\$440,228	\$47,000	\$45,227	\$25,000	\$5,152,255

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 17 - INTERFUND ACTIVITY (continued)

The transfer from the General fund to the Fire Levy fund was for operating monies for the fire department. Transfers from the General, Nonmajor Governmental, Water, Sewer and Stormwater Utility funds 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 Water, Sewer and Stormwater Utility fund were for interest and fiscal charges that were initially paid out of incorrect funds. Transfers from the General fund to the Nonmajor Governmental funds included amounts transferred for the construction of capital assets, upkeep of park facilities and grants made to local businesses for improvements in the downtown area.

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 ten members, five appointed by each entity. The funding for the operations of the pool is charges for services, with the remainder of the budget being financed equally by the City and Township. There is no explicit and measurable equity interest in the Joint Recreation Facility. The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's contribution, which totaled \$30,500 in 2007. 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, 2007 prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	\$115,047
Operating Expenditures	117,789
Excess of Operating Revenues	
Under Expenditures	(2,742)
Fund Balance Beginning of Year	2,745
Fund Balance at End of Year	\$3

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 18 - JOINT VENTURES/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

SHARED RISK POOL

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to section 2744.081, of the Ohio Revised Code, by the execution of an intergovernmental contract (“Participation Agreements”). PEP enables the subscribing subdivisions to pool risk for property, liability and public official liability. PEP has no employees, rather it is administered through contracts with various professionals. Pursuant to a contract, the firm of Accordia of Ohio administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative and claims functions to a “Pool Operator,” currently Pottering Insurance. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP and others as required.

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes annual payments to PEP for the coverage it is provided, based on rates established by PEP.

Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

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 \$6,341 during 2007 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. Financial information may be obtained from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 18 - JOINT VENTURES/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

The Miami Valley Regional Planning Commission (the Commission) is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami and Montgomery Counties, and various cities residing within these counties, including the City of Franklin. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses which affect the development of the region. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the General fund. The City contributed \$1,140 for the operation of the Commission during 2007. Financial information may be obtained by writing to 40 West Fourth Street, Dayton, Ohio 45402.

NOTE 19 - 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, 2007, to December 31, 2007, 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 20 – SUBSEQUENT EVENTS

The City issued the following Bond Anticipation Notes on March 13, 2008, with maturity on March 11, 2009.

<u>Note</u>	<u>Amount Issued</u>
Road Improvement	\$260,000
Road Improvement and Street Sweeper	190,000
Consolidated Fire Equipment and Stormwater Drainage Study	460,000
Stormwater Drainage Improvement	1,100,000

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007

NOTE 20 – SUBSEQUENT EVENTS (continued)

On March 13, 2008, the City paid \$60,000 toward the \$385,000 fire equipment note and refinanced the remaining \$325,000. The City also paid \$20,000 toward road improvement note and reissued the remaining \$260,000. \$23,000 was paid toward the \$213,000 road improvement note and the remaining amount of \$190,000 was reissued.

On March 13, 2008 the City paid \$10,000 toward the stormwater drainage study note and refinanced the remaining \$135,000. The City also paid \$10,000 toward the \$1,100,000 note and reissued the remaining \$1,090,000.

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 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.

FEMA

To account for reimbursable grants from the federal government for police officers sent to New Orleans due to the aftermath of hurricane Katrina and for repairs and expenses incurred by the City during the 2004 Ohio winter ice storm

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 accumulate 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)

Firemen's Indemnity

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

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

Issue II

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

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.

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$887,224	\$382,407	\$1,269,631
Materials and Supplies Inventory	121,683	0	121,683
Intergovernmental Receivable	331,417	170,665	502,082
Property and Other Local Taxes Receivable	249,968	0	249,968
Interfund Receivable	1,908	114,894	116,802
Special Assessments Receivable	91,567	0	91,567
Total Assets	\$1,683,767	\$667,966	\$2,351,733
Liabilities:			
Accounts Payable	\$4,491	\$4,300	\$8,791
Accrued Wages and Benefits	18,960	0	18,960
Contracts Payable	0	145,666	145,666
Intergovernmental Payable	122,609	0	122,609
Accrued Interest Payable	0	687	687
Interfund Payable	0	114,894	114,894
Deferred Revenue	589,589	170,665	760,254
Notes Payable	0	23,000	23,000
Total Liabilities	735,649	459,212	1,194,861
Fund Balances:			
Reserved for Encumbrances	79,621	0	79,621
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	868,497	0	868,497
Capital Projects Funds	0	208,754	208,754
Total Fund Balances	948,118	208,754	1,156,872
Total Liabilities and Fund Balances	\$1,683,767	\$667,966	\$2,351,733

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property Taxes	\$177,728	\$0	\$177,728
Special Assessments	88,674	0	88,674
Charges for Services	101,463	0	101,463
Fines, Licenses and Permits	28,057	0	28,057
Intergovernmental	966,806	445,753	1,412,559
Interest	275	0	275
Other	38,154	2,958	41,112
Total Revenues	1,401,157	448,711	1,849,868
Expenditures:			
Current:			
General Government	113,890	0	113,890
Security of Persons and Property:			
Police	387,852	0	387,852
Fire	117,104	0	117,104
Other	109,472	0	109,472
Public Health and Welfare	21,911	0	21,911
Leisure Time Activities	247,490	8,033	255,523
Economic Development	95,314	0	95,314
Transportation	744,501	1,094,657	1,839,158
Capital Outlay	15,001	1,204,079	1,219,080
Debt Service:			
Principal Retirement	1,313	0	1,313
Interest and Fiscal Charges	3,711	687	4,398
Total Expenditures	1,857,559	2,307,456	4,165,015
Excess of Revenues Under Expenditures	(456,402)	(1,858,745)	(2,315,147)
Other Financing Sources (Uses):			
Transfers In	651,812	2,376,727	3,028,539
Proceeds from Sale of Capital Assets	11,096	0	11,096
Transfers Out	(63,780)	(376,448)	(440,228)
Total Other Financing Sources (Uses)	599,128	2,000,279	2,599,407
Net Change in Fund Balances	142,726	141,534	284,260
Fund Balances at Beginning of Year	805,392	67,220	872,612
Fund Balances at End of Year	\$948,118	\$208,754	\$1,156,872

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2007

	<u>Transportation</u>	<u>E-911</u>	<u>Court</u>	<u>Recreation</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$240,643	\$156,186	\$206,217	\$157,122
Materials and Supplies Inventory	119,833	0	0	1,850
Intergovernmental Receivable	323,400	0	0	0
Property and Other Local Taxes Receivable	0	0	0	0
Interfund Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
Total Assets	<u><u>\$683,876</u></u>	<u><u>\$156,186</u></u>	<u><u>\$206,217</u></u>	<u><u>\$158,972</u></u>
Liabilities:				
Accounts Payable	\$2,178	\$0	\$903	\$1,410
Accrued Wages and Benefits	14,504	0	0	4,456
Intergovernmental Payable	20,565	0	4,616	6,672
Deferred Revenue	240,212	0	0	0
Total Liabilities	<u><u>277,459</u></u>	<u><u>0</u></u>	<u><u>5,519</u></u>	<u><u>12,538</u></u>
Fund Balances:				
Reserved for Encumbrances	27,340	0	42,481	9,800
Unreserved, Undesignated (Deficit)	379,077	156,186	158,217	136,634
Total Fund Balances (Deficit)	<u><u>406,417</u></u>	<u><u>156,186</u></u>	<u><u>200,698</u></u>	<u><u>146,434</u></u>
Total Liabilities and Fund Balances	<u><u>\$683,876</u></u>	<u><u>\$156,186</u></u>	<u><u>\$206,217</u></u>	<u><u>\$158,972</u></u>

Community Development & Improvement	Street Lighting	U.S. Filter	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$19,220	\$39,412	\$51,110	\$17,314	\$887,224
0	0	0	0	121,683
0	0	1,151	6,866	331,417
0	0	37,250	212,718	249,968
0	0	1,908	0	1,908
0	91,567	0	0	91,567
<u>\$19,220</u>	<u>\$130,979</u>	<u>\$91,419</u>	<u>\$236,898</u>	<u>\$1,683,767</u>
\$0	\$0	\$0	\$0	\$4,491
0	0	0	0	18,960
0	0	0	90,756	122,609
0	91,567	38,370	219,440	589,589
0	91,567	38,370	310,196	735,649
0	0	0	0	79,621
19,220	39,412	53,049	(73,298)	868,497
19,220	39,412	53,049	(73,298)	948,118
<u>\$19,220</u>	<u>\$130,979</u>	<u>\$91,419</u>	<u>\$236,898</u>	<u>\$1,683,767</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, 2007

	Transportation	E-911	Court	FEMA	Recreation
Revenues:					
Property and Other Local Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	0
Charges for Services	535	0	100,928	0	0
Fines, Licenses and Permits	0	0	28,057	0	0
Intergovernmental	704,519	230,251	5,004	0	0
Interest	275	0	0	0	0
Other	26,490	0	0	0	10,801
Total Revenues	731,819	230,251	133,989	0	10,801
Expenditures:					
Current:					
General Government	0	0	113,890	0	0
Security of Persons and Property:					
Police	0	74,065	21,317	0	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Public Health and Welfare	0	0	21,911	0	0
Leisure Time Activities	0	0	0	0	247,490
Economic Development	0	0	0	0	0
Transportation	744,501	0	0	0	0
Capital Outlay	0	0	15,001	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	724	0	0	0	0
Total Expenditures	745,225	74,065	172,119	0	247,490
Excess of Revenues Over (Under) Expenditures	(13,406)	156,186	(38,130)	0	(236,689)
Other Financing Sources (Uses):					
Transfers In	153,288	0	0	0	268,000
Proceeds from Sale of Capital Assets	0	0	11,096	0	0
Transfers Out	(59,000)	0	0	(4,780)	0
Total Other Financing Sources (Uses)	94,288	0	11,096	(4,780)	268,000
Net Change in Fund Balances	80,882	156,186	(27,034)	(4,780)	31,311
Fund Balances (Deficit) at Beginning of Year	325,535	0	227,732	4,780	115,123
Fund Balances (Deficit) at End of Year	\$406,417	\$156,186	\$200,698	\$0	\$146,434

Community Development & Improvement	Street Lighting	U.S. Filter	Police and Fire Pension	Firemen's Indemnity	Total Nonmajor Special Revenue Funds
\$0	\$0	\$29,631	\$148,097	\$0	\$177,728
0	88,674	0	0	0	88,674
0	0	0	0	0	101,463
0	0	0	0	0	28,057
0	0	6,834	20,198	0	966,806
0	0	0	0	0	275
863	0	0	0	0	38,154
<u>863</u>	<u>88,674</u>	<u>36,465</u>	<u>168,295</u>	<u>0</u>	<u>1,401,157</u>
0	0	0	0	0	113,890
0	0	0	292,470	0	387,852
0	0	0	102,143	14,961	117,104
0	109,472	0	0	0	109,472
0	0	0	0	0	21,911
0	0	0	0	0	247,490
50,900	0	44,414	0	0	95,314
0	0	0	0	0	744,501
0	0	0	0	0	15,001
0	0	0	1,313	0	1,313
0	0	0	2,987	0	3,711
<u>50,900</u>	<u>109,472</u>	<u>44,414</u>	<u>398,913</u>	<u>14,961</u>	<u>1,857,559</u>
<u>(50,037)</u>	<u>(20,798)</u>	<u>(7,949)</u>	<u>(230,618)</u>	<u>(14,961)</u>	<u>(456,402)</u>
40,000	0	0	190,524	0	651,812
0	0	0	0	0	11,096
0	0	0	0	0	(63,780)
<u>40,000</u>	<u>0</u>	<u>0</u>	<u>190,524</u>	<u>0</u>	<u>599,128</u>
(10,037)	(20,798)	(7,949)	(40,094)	(14,961)	142,726
29,257	60,210	60,998	(33,204)	14,961	805,392
<u>\$19,220</u>	<u>\$39,412</u>	<u>\$53,049</u>	<u>(\$73,298)</u>	<u>\$0</u>	<u>\$948,118</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2007

	Issue II	Capital Improvement	ODOT Project	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$289,265	\$30,624	\$62,518	\$382,407
Intergovernmental Receivable	0	170,665	0	170,665
Interfund Receivable	0	0	114,894	114,894
Total Assets	\$289,265	\$201,289	\$177,412	\$667,966
Liabilities:				
Accounts Payable	\$4,300	\$0	\$0	\$4,300
Contracts Payable	145,666	0	0	145,666
Accrued Interest Payable	687	0	0	687
Interfund Payable	0	114,894	0	114,894
Deferred Revenue	0	170,665	0	170,665
Notes Payable	23,000	0	0	23,000
Total Liabilities	173,653	285,559	0	459,212
Fund Balances:				
Unreserved, Undesignated (Deficit)	115,612	(84,270)	177,412	208,754
Total Liabilities and Fund Balances	\$289,265	\$201,289	\$177,412	\$667,966

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Issue II	Capital Improvement	ODOT Project	Total Nonmajor Capital Projects Funds
Revenues:				
Intergovernmental	\$441,325	\$4,428	\$0	\$445,753
Other	2,958	0	0	2,958
Total Revenues	444,283	4,428	0	448,711
Expenditures:				
Current:				
Leisure Time Activities	0	8,033	0	8,033
Transportation	0	152,064	942,593	1,094,657
Capital Outlay	1,204,079	0	0	1,204,079
Debt Service:				
Interest and Fiscal Charges	687	0	0	687
Total Expenditures	1,204,766	160,097	942,593	2,307,456
Excess of Revenues Under Expenditures	(760,483)	(155,669)	(942,593)	(1,858,745)
Other Financing Sources (Uses):				
Transfers In	1,200,000	56,722	1,120,005	2,376,727
Transfers Out	(23,000)	(353,448)	0	(376,448)
Total Other Financing Sources (Uses)	1,177,000	(296,726)	1,120,005	2,000,279
Net Change in Fund Balances	416,517	(452,395)	177,412	141,534
Fund Balances (Deficit) at Beginning of Year	(300,905)	368,125	0	67,220
Fund Balances (Deficit) at End of Year	\$115,612	(\$84,270)	\$177,412	\$208,754

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.

Corwin Tax

To account for the collection and distribution of income tax revenues for the Village of Corwin within Warren County.

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2007

	<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	\$17	\$20
Cash in Segregated Accounts	34,360	0	0	34,360
Intergovernmental Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$34,360</u></u>	<u><u>\$3</u></u>	<u><u>\$17</u></u>	<u><u>\$34,380</u></u>
Liabilities:				
Intergovernmental Payable	\$17,893	\$0	\$0	\$17,893
Undistributed Monies	12,296	3	17	12,316
Deposits Held and Due to Others	<u>4,171</u>	<u>0</u>	<u>0</u>	<u>4,171</u>
Total Liabilities	<u><u>\$34,360</u></u>	<u><u>\$3</u></u>	<u><u>\$17</u></u>	<u><u>\$34,380</u></u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Balance 1/1/07	Additions	Reductions	Balance 12/31/07
MUNICIPAL COURT				
Assets:				
Cash in Segregated Accounts	\$55,142	\$34,360	\$55,142	\$34,360
Liabilities:				
Intergovernmental Payable	\$24,795	\$17,893	\$24,795	\$17,893
Undistributed Monies	26,508	12,296	26,508	12,296
Deposits Held and Due to Others	3,839	4,171	3,839	4,171
Total Liabilities	<u>\$55,142</u>	<u>\$34,360</u>	<u>\$55,142</u>	<u>\$34,360</u>
JOINT RECREATION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,745	\$115,047	\$117,789	\$3
Liabilities:				
Undistributed Monies	\$2,745	\$115,047	\$117,789	\$3
BUILDING STANDARDS FEE				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$5,454	\$5,437	\$17
Intergovernmental Receivable	2,872	0	2,872	0
Total Assets	<u>\$2,872</u>	<u>\$5,454</u>	<u>\$8,309</u>	<u>\$17</u>
Liabilities:				
Intergovernmental Payable	\$2,872	\$0	\$2,872	\$0
Undistributed Monies	0	5,454	5,437	17
Total Liabilities	<u>\$2,872</u>	<u>\$5,454</u>	<u>\$8,309</u>	<u>\$17</u>
CORWIN TAX				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$24,553	\$0	\$24,553	\$0
Liabilities:				
Undistributed Monies	\$24,553	\$0	\$24,553	\$0
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$27,298	\$120,501	\$147,779	\$20
Cash in Segregated Accounts	55,142	34,360	55,142	34,360
Intergovernmental Receivable	2,872	0	2,872	0
Total Assets	<u>\$85,312</u>	<u>\$154,861</u>	<u>\$205,793</u>	<u>\$34,380</u>
Liabilities:				
Intergovernmental Payable	\$27,667	\$17,893	\$27,667	\$17,893
Undistributed Monies	53,806	132,797	174,287	12,316
Deposits Held and Due to Others	3,839	4,171	3,839	4,171
Total Liabilities	<u>\$85,312</u>	<u>\$154,861</u>	<u>\$205,793</u>	<u>\$34,380</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, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property and Other Local Taxes	\$500,000	\$650,158	\$660,122	\$9,964
Income Taxes	5,455,502	5,486,000	5,470,040	(15,960)
Charges for Services	120,835	134,450	121,157	(13,293)
Fines, Licenses, and Permits	464,300	494,410	465,537	(28,873)
Intergovernmental	529,967	663,558	531,379	(132,179)
Interest	520,778	215,000	522,166	307,166
Other	141,650	114,854	142,027	27,173
Total Revenues	7,733,031	7,758,430	7,912,428	153,998
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Clerk and Council				
Personal Services	69,761	70,170	70,170	0
Other	107,490	116,281	109,812	6,469
Total Clerk and Council	177,251	186,451	179,982	6,469
Municipal Court				
Personal Services	569,003	589,001	581,732	7,269
Other	124,316	132,432	111,090	21,342
Total Municipal Court	693,319	721,433	692,822	28,611
Mayor's and Administrative Office				
Personal Services	279,266	278,017	271,045	6,972
Other	19,392	17,398	16,831	567
Total Mayor's and Administrative Office	298,658	295,415	287,876	7,539
Clerk Treasurer				
Personal Services	160,087	151,866	151,866	0
Other	23,000	55,701	58,657	(2,956)
Total Clerk Treasurer	183,087	207,567	210,523	(2,956)
Income Tax Administration				
Personal Services	181,028	181,029	178,348	2,681
Other	126,930	1,101,891	1,088,343	13,548
Total Income Tax Administration	307,958	1,282,920	1,266,691	16,229
Solicitor				
Personal Services	135,709	135,711	125,444	10,267
Other	83,950	64,922	39,633	25,289
Total Solicitor	219,659	200,633	165,077	35,556
Civil Service Commission				
Other	18,500	18,500	10,602	7,898

(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, 2007
(continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Planning Commission				
Personal Services	\$0	\$1,100	\$700	\$400
Other	17,300	20,200	18,814	1,386
Total Planning Commission	17,300	21,300	19,514	1,786
Building and Grounds				
Personal Services	55,442	57,142	52,312	4,830
Other	111,171	124,458	114,068	10,390
Total Building and Grounds	166,613	181,600	166,380	15,220
Special Appropriations				
Other	281,334	424,850	358,774	66,076
Engineering				
Other	125,000	125,000	70,715	54,285
Judicial System				
Probation				
Personal Services	141,005	148,000	0	148,000
Other	8,085	6,090	0	6,090
Total Judicial System	149,090	154,090	0	154,090
Total General Government	2,637,769	3,819,759	3,428,956	390,803
Security of Persons and Property				
Police Law Enforcement				
Personal Services	2,504,073	2,632,203	2,542,610	89,593
Other	889,344	649,952	592,253	57,699
Total Police Law Enforcement	3,393,417	3,282,155	3,134,863	147,292
Building Inspection				
Personal Services	88,340	90,778	90,473	305
Other	58,970	119,671	114,197	5,474
Total Building Inspection	147,310	210,449	204,670	5,779
Total Security of Persons and Property	3,540,727	3,492,604	3,339,533	153,071
Leisure Time Activities				
Other	0	30,500	33,400	(2,900)

(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, 2007
(continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Total Expenditures	<u>\$6,178,496</u>	<u>\$7,342,863</u>	<u>\$6,801,889</u>	<u>\$540,974</u>
Excess of Revenues Over Expenditures	<u>1,554,535</u>	<u>415,567</u>	<u>1,110,539</u>	<u>694,972</u>
Other Financing Sources (Uses):				
Transfers In	0	0	4,780	4,780
Transfers Out	<u>2,068,072</u>	<u>(4,771,587)</u>	<u>(4,727,530)</u>	<u>44,057</u>
Total Other Financing Sources (Uses)	<u>2,068,072</u>	<u>(4,771,587)</u>	<u>(4,722,750)</u>	<u>48,837</u>
Net Change in Fund Balance	3,622,607	(4,356,020)	(3,612,211)	743,809
Fund Balance at Beginning of Year	7,754,515	7,754,515	7,754,515	0
Prior Year Encumbrances Appropriated	<u>152,175</u>	<u>152,175</u>	<u>152,175</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$11,529,297</u></u>	<u><u>\$3,550,670</u></u>	<u><u>\$4,294,479</u></u>	<u><u>\$743,809</u></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, 2007

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property and Other Local Taxes	\$600,000	\$616,382	\$573,293	(\$43,089)
Charges for Services	1,023	1,041	1,325	284
Intergovernmental	340,283	338,959	440,582	101,623
Other	6,694	8,000	8,667	667
Total Revenues	948,000	964,382	1,023,867	59,485
Expenditures:				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,244,378	1,258,775	1,085,322	173,453
Other	721,231	709,988	487,749	222,239
Total Fire	1,965,609	1,968,763	1,573,071	395,692
Capital Outlay				
Other	8,311	84,046	53,632	30,414
Total Expenditures	1,973,920	2,052,809	1,626,703	426,106
Excess of Revenues Over (Under) Expenditures	(1,025,920)	(1,088,427)	(602,836)	485,591
Other Financing Sources (Uses):				
Transfers In	670,000	670,000	960,000	290,000
Transfers Out	0	(136,873)	(95,500)	41,373
Total Other Financing Sources (Uses)	670,000	533,127	864,500	331,373
Net Change in Fund Balance	(355,920)	(555,300)	261,664	816,964
Fund Balance at Beginning of Year	821,947	821,947	821,947	0
Prior Year Encumbrances Appropriated	25,763	25,763	25,763	0
Fund Balance at End of Year	\$491,790	\$292,410	\$1,109,374	\$816,964

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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$450,000	\$460,646	\$10,646
Other	0	7	7
	<u>450,000</u>	<u>460,653</u>	<u>10,653</u>
Total Revenues			
Expenditures:			
Debt Service:			
Principal Retirement	2,940,067	2,815,000	125,067
Interest and Fiscal Charges	786,591	774,406	12,185
	<u>3,726,658</u>	<u>3,589,406</u>	<u>137,252</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>(3,276,658)</u>	<u>(3,128,753)</u>	<u>147,905</u>
Other Financing Sources:			
Transfers In	1,522,344	1,466,766	(55,578)
Notes Issued	1,733,500	1,733,500	0
	<u>3,255,844</u>	<u>3,200,266</u>	<u>(55,578)</u>
Total Other Financing Sources			
Net Change in Fund Balance	(20,814)	71,513	92,327
Fund Balance at Beginning of Year	<u>35,559</u>	<u>35,559</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$14,745</u></u>	<u><u>\$107,072</u></u>	<u><u>\$92,327</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$4,233,069	\$2,333,411	(\$1,899,658)
Deposits Received	22,000	25,096	3,096
Interest	17,500	0	(17,500)
Other	0	45,126	45,126
Total Revenues	<u>4,272,569</u>	<u>2,403,633</u>	<u>(1,868,936)</u>
Expenses:			
Personal Services	541,869	478,357	63,512
Contractual Services	574,218	574,218	0
Materials and Supplies	140,647	140,647	0
Other	315,434	3,894	311,540
Deposit Refunds	17,543	17,918	(375)
Capital Outlay	2,617,014	2,617,014	0
Debt Service:			
Principal Retirement	400,108	374,231	25,877
Interest and Fiscal Charges	262,548	413,882	(151,334)
Total Expenses	<u>4,869,381</u>	<u>4,620,161</u>	<u>249,220</u>
Excess of Revenues Under Expenses	(596,812)	(2,216,528)	(1,619,716)
Transfers In	17,031	21,000	3,969
Transfers Out	(47,000)	(47,000)	0
Net Change in Fund Equity	(626,781)	(2,242,528)	(1,615,747)
Fund Equity at Beginning of Year	1,265,308	1,265,308	0
Prior Year Encumbrances Appropriated	2,441,005	2,441,005	0
Fund Equity (Deficit) at End of Year	<u>\$3,079,532</u>	<u>\$1,463,785</u>	<u>(\$1,615,747)</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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,339,982	\$2,358,952	\$18,970
Deposits Received	21,758	25,096	3,338
Other	0	5,798	5,798
	<hr/>	<hr/>	<hr/>
Total Revenues	2,361,740	2,389,846	28,106
	<hr/>	<hr/>	<hr/>
Expenses:			
Personal Services	495,808	441,583	54,225
Contractual Services	2,035,188	1,890,072	145,116
Materials and Supplies	47,723	47,155	568
Other	75,936	610	75,326
Deposit Refunds	19,161	17,918	1,243
Capital Outlay	57,361	57,361	0
	<hr/>	<hr/>	<hr/>
Total Expenses	2,731,177	2,454,699	276,478
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenses	(369,437)	(64,853)	304,584
Transfers Out	(55,227)	(45,227)	10,000
	<hr/>	<hr/>	<hr/>
Net Change in Fund Equity	(424,664)	(110,080)	314,584
Fund Equity at Beginning of Year	496,420	496,420	0
Prior Year Encumbrances Appropriated	122	122	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	<u>\$71,878</u>	<u>\$386,462</u>	<u>\$314,584</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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$570,000	\$613,930	\$43,930
Other	0	569	569
Total Revenues	<u>570,000</u>	<u>614,499</u>	<u>44,499</u>
Expenses:			
Personal Services	80,854	57,406	23,448
Contractual Services	526,346	510,549	15,797
Materials and Supplies	16,310	16,244	66
Total Expenses	<u>623,510</u>	<u>584,199</u>	<u>39,311</u>
Net Change in Fund Equity	(53,510)	30,300	83,810
Fund Equity at Beginning of Year	<u>133,591</u>	<u>133,591</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$80,081</u></u>	<u><u>\$163,891</u></u>	<u><u>\$83,810</u></u>

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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$629,105	\$424,936	(\$204,169)
Other	0	2,708	2,708
Bond Anticipation Notes Issued	0	389,500	389,500
	<u>629,105</u>	<u>817,144</u>	<u>(201,461)</u>
Total Revenues			
Expenses:			
Personal Services	204,278	159,063	45,215
Contractual Services	35,493	16,054	19,439
Materials and Supplies	11,440	11,440	0
Capital Outlay	433,179	625,291	(192,112)
	<u>684,390</u>	<u>811,848</u>	<u>(127,458)</u>
Total Expenses			
Excess of Revenues Over (Under) Expenses	(55,285)	5,296	(328,919)
Transfers Out	<u>(95,608)</u>	<u>(65,038)</u>	<u>30,570</u>
Net Change in Fund Equity	(150,893)	(59,742)	(298,349)
Fund Equity at Beginning of Year	150,895	150,895	0
Prior Year Encumbrances Appropriated	<u>470,674</u>	<u>470,674</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$470,676</u></u>	<u><u>\$561,827</u></u>	<u><u>(\$298,349)</u></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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$0	\$535	\$535
Intergovernmental	698,938	654,384	(44,554)
Interest	0	275	275
Other	30,000	26,490	(3,510)
Total Revenues	728,938	681,684	(47,254)
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	414,512	395,512	19,000
Other	196,396	181,740	14,656
Total Street Maintenance and Repair	610,908	577,252	33,656
Snow and Ice Removal			
Personal Services	21,843	21,843	0
Other	25,000	22,124	2,876
Total Snow and Ice Removal	46,843	43,967	2,876
Street Cleaning			
Personal Services	500	456	44
Other	14,809	14,290	519
Total Street Cleaning	15,309	14,746	563
Traffic Controls and Marking			
Other	71,360	44,575	26,785
State Highway Maintenance			
Other	90,000	59,306	30,694
Total Transportation	834,420	739,846	94,574
Capital Outlay			
Other	38,300	38,283	17
Total Expenditures	872,720	778,129	94,591
Excess of Revenues Over (Under) Expenditures	(143,782)	(96,445)	47,337
Other Financing Sources (Uses):			
Transfers In	61,000	61,000	0
Transfers Out	(59,000)	(59,000)	0
Total Other Financing Sources (Uses)	2,000	2,000	0
Net Change in Fund Balance	(141,782)	(94,445)	47,337
Fund Balance at Beginning of Year	240,149	240,149	0
Prior Year Encumbrances Appropriated	38,505	38,505	0
Fund Balance at End of Year	\$136,872	\$184,209	\$47,337

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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$111,433	\$230,251	\$118,818
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	21,563	21,563	0
Other	78,575	62,649	15,926
Total Police Law Enforcement	100,138	84,212	15,926
Fire Department			
Other	11,295	11,295	0
Personal Services			0
Total Expenditures	111,433	95,507	15,926
Net Change in Fund Balance	0	134,744	134,744
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$134,744	\$134,744

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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$106,016	\$100,928	(\$5,088)
Fines, Licenses, and Permits	49,329	27,981	(21,348)
Intergovernmental	8,828	5,004	(3,824)
Total Revenues	<u>164,173</u>	<u>133,913</u>	<u>(30,260)</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Other	97,000	119,691	(22,691)
Security of Persons and Property			
Police Law Enforcement			
Other	37,000	22,382	14,618
Public Health and Welfare			
Other	51,200	21,911	29,289
Capital Outlay			
Other	<u>125,000</u>	<u>80,230</u>	<u>44,770</u>
Total Expenditures	<u>310,200</u>	<u>244,214</u>	<u>65,986</u>
Net Change in Fund Balance	(146,027)	(110,301)	35,726
Other Financing Sources:			
Proceeds from Sale of Capital Assets	<u>0</u>	<u>11,096</u>	<u>11,096</u>
Fund Balance at Beginning of Year	224,971	224,971	0
Prior Year Encumbrances Appropriated	<u>25,047</u>	<u>25,047</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$103,991</u></u>	<u><u>\$150,813</u></u>	<u><u>\$46,822</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FEMA FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance With Final Budget
Other Financing Uses:			
Transfers Out	\$0	(\$4,780)	(\$4,780)
Fund Balance at Beginning of Year	<u>4,780</u>	<u>4,780</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$4,780</u></u>	<u><u>\$0</u></u>	<u><u>(\$4,780)</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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other	\$0	\$10,801	\$10,801
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	188,712	177,630	11,082
Other	139,634	76,693	62,941
Total Expenditures	328,346	254,323	74,023
Excess of Revenues Over (Under) Expenditures	(328,346)	(243,522)	84,824
Other Financing Sources:			
Transfers In	255,000	268,000	13,000
Net Change in Fund Balance	(73,346)	24,478	97,824
Fund Balance at Beginning of Year	122,837	122,837	0
Fund Balance at End of Year	\$49,491	\$147,315	\$97,824

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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other	\$284	\$863	\$579
Expenditures:			
Current:			
Economic Development			
Other	54,000	40,000	14,000
Capital Outlay			
Other	40,000	35,681	4,319
Total Expenditures	94,000	75,681	18,319
Excess of Revenues Over (Under) Expenditures	(93,716)	(74,818)	18,898
Other Financing Sources:			
Transfers In	40,000	40,000	0
Net Change in Fund Balance	(53,716)	(34,818)	18,898
Fund Balance at Beginning of Year	54,038	54,038	0
Fund Balance at End of Year	\$322	\$19,220	\$18,898

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, 2007

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Special Assessments	\$88,200	\$88,674	\$474
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	<u>130,000</u>	<u>109,472</u>	<u>20,528</u>
Net Change in Fund Balance	(41,800)	(20,798)	21,002
Fund Balance at Beginning of Year	<u>60,207</u>	<u>60,207</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$18,407</u></u>	<u><u>\$39,409</u></u>	<u><u>\$21,002</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
U.S. FILTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$33,141	\$29,631	(\$3,510)
Intergovernmental	0	6,842	6,842
Total Revenues	33,141	36,473	3,332
Expenditures:			
Current:			
Economic Development			
Other	45,000	44,414	586
Net Change in Fund Balance	(11,859)	(7,941)	3,918
Fund Balance at Beginning of Year	59,051	59,051	0
Fund Balance at End of Year	<u>\$47,192</u>	<u>\$51,110</u>	<u>\$3,918</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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$147,536	\$148,097	\$561
Intergovernmental	0	20,234	20,234
Total Revenues	<u>147,536</u>	<u>168,331</u>	<u>20,795</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	325,089	292,226	32,863
Fire Department			
Other	129,968	103,260	26,708
Total Security of Persons and Property	<u>455,057</u>	<u>395,486</u>	<u>59,571</u>
Debt Service:			
Principal Retirement	1,313	1,313	0
Interest and Fiscal Charges	2,987	2,987	0
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>459,357</u>	<u>399,786</u>	<u>59,571</u>
Excess of Revenues Over (Under) Expenditures	(311,821)	(231,455)	80,366
Other Financing Sources:			
Transfers In	312,804	199,250	(113,554)
Net Change in Fund Balance	983	(32,205)	(33,188)
Fund Balance at Beginning of Year	49,519	49,519	0
Fund Balance at End of Year	<u><u>\$50,502</u></u>	<u><u>\$17,314</u></u>	<u><u>(\$33,188)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIREMEN'S INDEMNITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire Department			
Other	<u>\$14,961</u>	<u>\$14,961</u>	<u>\$0</u>
Total Expenditures	<u>14,961</u>	<u>14,961</u>	<u>0</u>
Net Change in Fund Balance	(14,961)	(14,961)	0
Fund Balance at Beginning of Year	<u>14,961</u>	<u>14,961</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</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, 2007

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$1,021,591	\$479,703	(\$541,888)
Other	0	2,958	2,958
	<u>1,021,591</u>	<u>482,661</u>	<u>(538,930)</u>
Total Revenues	1,021,591	482,661	(538,930)
Expenditures:			
Capital Outlay			
Other	4,682,140	1,168,030	3,514,110
	<u>4,682,140</u>	<u>1,168,030</u>	<u>3,514,110</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,660,549)</u>	<u>(685,369)</u>	<u>2,975,180</u>
Other Financing Sources:			
Notes Issued	2,690,915	0	(2,690,915)
Transfers In	1,200,000	1,200,000	0
	<u>3,890,915</u>	<u>1,200,000</u>	<u>(2,690,915)</u>
Total Other Financing Sources	3,890,915	1,200,000	(2,690,915)
Net Change in Fund Balance	230,366	514,631	284,265
Fund Balance (Deficit) at Beginning of Year	(227,166)	(227,166)	0
Prior Year Encumbrances Appropriated	<u>1,800</u>	<u>1,800</u>	<u>0</u>
Fund Balance at End of Year	<u>\$5,000</u>	<u>\$289,265</u>	<u>\$284,265</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, 2007

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$4,600	\$4,428	(\$172)
Expenditures:			
Capital Outlay			
Other	<u>403,033</u>	<u>398,651</u>	<u>4,382</u>
Excess of Revenues Over (Under) Expenditures	(398,433)	(394,223)	4,210
Other Financing Sources:			
Transfers In	<u>56,722</u>	<u>56,722</u>	<u>0</u>
Net Change in Fund Balance	(341,711)	(337,501)	4,210
Fund Balance at Beginning of Year	<u>368,125</u>	<u>368,125</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$26,414</u></u>	<u><u>\$30,624</u></u>	<u><u>\$4,210</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, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures:			
Current:			
Capital Outlay			
Other	\$1,120,005	\$824,980	\$295,025
Other Financing Sources:			
Transfers In	<u>1,120,005</u>	<u>1,120,005</u>	<u>0</u>
Net Change in Fund Balance	0	295,025	295,025
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$295,025</u></u>	<u><u>\$295,025</u></u>

Statistical Section

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, notes disclosures, and required supplementary information says about the City's overall financial health.

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	100-107
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	108-109
These schedules contain information to help the reader assess the City's most significant local revenue source, the income tax.	
Debt Capacity	110-116
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	117-118
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	120-125
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 Six Years
(accrual basis of accounting)

	2002	2003	2004	2005 (1)	2006	2007
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	\$39,414,521
Restricted:						
Debt Service	3,676,478	2,978,941	2,682,897	1,808,834	2,824,993	2,969,595
Capital Outlay	52,069	613,671	500,657	209,519	381,125	402,419
Fire Protection	0	0	0	741,999	1,007,644	997,563
Transportation	0	0	0	572,347	481,120	513,502
Other Purposes	2,294,537	1,257,743	1,530,592	413,483	459,472	612,035
Unrestricted	<u>2,837,894</u>	<u>3,985,482</u>	<u>3,481,163</u>	<u>4,566,811</u>	<u>4,187,811</u>	<u>2,263,639</u>
<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>	<u>47,173,274</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	14,554,208
Restricted:						
Replacement and Improvement	347,706	292,020	292,020	302,020	295,220	333,769
Current Debt Service	284,255	186,995	268,031	275,515	587,392	802,640
Unrestricted	<u>1,228,884</u>	<u>1,247,141</u>	<u>903,200</u>	<u>991,690</u>	<u>1,749,945</u>	<u>1,658,676</u>
<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>	<u>17,349,293</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	53,968,729
Restricted	6,655,045	5,329,370	5,274,197	4,323,717	6,036,966	6,631,523
Unrestricted	<u>4,066,778</u>	<u>5,232,623</u>	<u>4,384,363</u>	<u>5,558,501</u>	<u>5,937,756</u>	<u>3,922,315</u>
<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>	<u>\$64,522,567</u>

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

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

	2003	2004	2005	2006	2007
Program Revenues:					
Charges for Services and Sales:					
Security of Persons and Property:					
Police	\$5,960	\$12,700	\$0	\$56,570	\$27,997
Fire	130,411	123,408	122,804	119,531	127,698
Other	85,910	86,240	86,240	88,199	95,000
Public Health and Welfare	40,756	27,091	44,657	68,352	17,929
Leisure Time Activities	4,006	0	0	0	0
Transportation	2,370	0	25	863	535
General Government	752,181	764,504	765,938	739,222	614,629
Operating Grants, Contributions and Interest	775,004	818,623	875,940	1,248,551	1,220,580
Capital Grants, Contributions and Interest	911,937	405,132	122,817	75,222	2,255,359
<i>Total Governmental Activities Program Revenues</i>	<u>2,708,535</u>	<u>2,237,698</u>	<u>2,018,421</u>	<u>2,396,510</u>	<u>4,359,727</u>
Business-Type Activities:					
Charges for Services:					
Water	1,861,483	1,981,390	2,295,097	2,571,541	2,372,746
Sewer	2,264,851	2,504,671	2,352,990	2,267,333	2,302,373
Trash	544,882	505,317	562,349	591,737	624,251
Stormwater Utility	0	178,027	440,221	448,074	442,470
Operating Grants, Contributions and Interest	0	0	722	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>4,671,216</u>	<u>5,169,405</u>	<u>5,651,379</u>	<u>5,878,685</u>	<u>5,741,840</u>
<i>Total Primary Government Program Revenues</i>	<u>7,379,751</u>	<u>7,407,103</u>	<u>7,669,800</u>	<u>8,275,195</u>	<u>10,101,567</u>
Expenses:					
Governmental Activities:					
Current:					
Security of Persons and Property	4,141,438	4,841,373	4,675,721	5,473,036	5,550,877
Public Health	56,199	41,799	27,626	64,790	21,911
Leisure Time Activities	325,441	351,631	291,418	299,128	345,357
Economic Development	72,448	59,266	88,113	30,476	95,314
Basic Utility Services	240,755	85,097	91,914	57,355	57,355
Transportation	774,499	966,961	2,177,960	2,277,692	3,490,439
General Government	2,211,334	2,412,056	3,248,993	2,591,951	2,618,300
Interest and Fiscal Charges	551,880	673,890	632,945	645,007	585,256
Depreciation on Infrastructure	1,477,591	1,508,864	0	0	0
<i>Total Governmental Activities Expenses</i>	<u>9,851,585</u>	<u>10,940,937</u>	<u>11,234,690</u>	<u>11,439,435</u>	<u>12,764,809</u>
Business-Type Activities:					
Water	1,932,440	2,159,557	1,735,657	2,193,130	1,866,287
Sewer	2,259,319	2,472,482	2,798,516	2,414,728	2,618,355
Trash	528,627	521,098	537,279	574,010	584,968
Stormwater Utility	0	365,404	595,199	712,710	737,361
<i>Total Business-Type Activities Expenses</i>	<u>4,720,386</u>	<u>5,518,541</u>	<u>5,666,651</u>	<u>5,894,578</u>	<u>5,806,971</u>
Net (Expense)/Revenue:					
Governmental Activities	(7,143,050)	(8,703,239)	(9,216,269)	(9,042,925)	(8,405,082)
Business-Type Activities	(49,170)	(349,136)	(15,272)	(15,893)	(65,131)
<i>Total Primary Government Net Expense</i>	<u>(\$7,192,220)</u>	<u>(\$9,052,375)</u>	<u>(\$9,231,541)</u>	<u>(\$9,058,818)</u>	<u>(\$8,470,213)</u>

(continued)

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

	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets:					
Governmental Activities:					
Property and Other Taxes Levied for:					
General Purposes	\$541,118	\$619,574	\$627,814	\$631,920	\$658,432
Fire	658,349	620,817	650,127	642,487	571,233
Other Purposes	208,825	224,964	188,120	168,733	193,805
Municipal Income Taxes Levied	5,084,420	4,450,348	5,138,832	7,115,266	5,639,866
Grants and Entitlements not Restricted to Specific Programs	586,202	617,246	606,232	669,145	633,352
Gain on Sale of Capital Assets	0	0	0	0	11,096
Unrestricted Investment Earnings	239,132	209,863	137,003	338,330	610,369
Other	115,073	174,149	692,525	179,786	182,322
Transfers	23,150	(11,868,901)	90,448	(114,366)	(226,111)
<i>Total Governmental Activities</i>	<u>7,456,269</u>	<u>(4,951,940)</u>	<u>8,131,101</u>	<u>9,631,301</u>	<u>8,274,364</u>
Business-Type Activities:					
Unrestricted Investment Earnings	0	1,099	43,120	24,489	33,902
Miscellaneous	9,479	120,869	1,114	6,053	15,075
Transfers	(23,150)	11,868,901	(90,448)	114,366	226,111
<i>Total Business-Type Activities</i>	<u>(13,671)</u>	<u>11,990,869</u>	<u>(46,214)</u>	<u>144,908</u>	<u>275,088</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>7,442,598</u>	<u>7,038,929</u>	<u>8,084,887</u>	<u>9,776,209</u>	<u>8,549,452</u>
Change in Net Assets					
Governmental Activities	313,219	(13,655,179)	(1,085,168)	588,376	(130,718)
Business-Type Activities	(62,841)	11,641,733	(61,486)	129,015	209,957
Prior Year Restatement of Net Assets	<u>453,460</u>	<u>(5,070,164)</u>	<u>508,170</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Changes in Net Assets</i>	<u>\$703,838</u>	<u>(\$7,083,610)</u>	<u>(\$638,484)</u>	<u>\$717,391</u>	<u>\$79,239</u>

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

Function / Program:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities					
Security of Persons and Property					
Police	\$47,406	\$222,348	\$70,532	\$100,744	\$159,804
Fire	295,487	66,762	175,757	478,813	418,331
Other	85,910	0	86,240	88,199	95,000
Public Health and Welfare	40,756	31,311	45,639	71,110	18,625
Leisure Time Activities	22,006	16,403	0	0	0
Economic Development	0	10,000	2,716	3,852	6,780
Transportation	1,415,363	1,072,190	791,742	658,104	2,827,673
General Government	801,607	818,684	845,795	995,688	833,514
Total Governmental Activities	<u>2,708,535</u>	<u>2,237,698</u>	<u>2,018,421</u>	<u>2,396,510</u>	<u>4,359,727</u>
Business-Type Activities					
Water	1,861,483	1,981,390	2,295,097	2,571,541	2,372,746
Sewer	2,264,851	2,504,671	2,352,990	2,267,333	2,302,373
Trash	544,882	505,317	562,349	591,737	624,251
Stormwater Utility	0	178,027	440,221	448,074	442,470
Total Business-Type Activities	<u>4,671,216</u>	<u>5,169,405</u>	<u>5,650,657</u>	<u>5,878,685</u>	<u>5,741,840</u>
Total Primary Government	<u><u>\$7,379,751</u></u>	<u><u>\$7,407,103</u></u>	<u><u>\$7,669,078</u></u>	<u><u>\$8,275,195</u></u>	<u><u>\$10,101,567</u></u>

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund						
Reserved	\$263,472	\$611,080	\$394,946	\$121,963	\$138,332	\$82,602
Unreserved	<u>1,092,173</u>	<u>1,445,104</u>	<u>1,977,250</u>	<u>2,260,470</u>	<u>2,730,502</u>	<u>3,115,075</u>
<i>Total General Fund</i>	<u>1,355,645</u>	<u>2,056,184</u>	<u>2,372,196</u>	<u>2,382,433</u>	<u>2,868,834</u>	<u>3,197,677</u>
All Other Governmental Funds						
Reserved	99,741	258,280	82,231	109,981	153,397	45,906
Unreserved, Undesignated (Deficit)						
Reported in:						
Special Revenue Funds	891,027	993,488	857,791	1,197,286	1,083,976	1,042,151
Debt Service Funds	38,123	(1,596)	67,265	67,011	(124,650)	(129,011)
Capital Projects Funds	<u>79,247</u>	<u>5,738</u>	<u>(742,842)</u>	<u>(2,196,802)</u>	<u>(66,201)</u>	<u>612,292</u>
<i>Total All Other Governmental Funds</i>	<u>1,108,138</u>	<u>1,255,910</u>	<u>264,445</u>	<u>(822,524)</u>	<u>1,046,522</u>	<u>1,571,338</u>
<i>Total Governmental Funds</i>	<u><u>\$2,463,783</u></u>	<u><u>\$3,312,094</u></u>	<u><u>\$2,636,641</u></u>	<u><u>\$1,559,909</u></u>	<u><u>\$3,915,356</u></u>	<u><u>\$4,769,015</u></u>

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$143,769	\$5,386	\$145,333	\$14,739
<u>2,477,149</u>	<u>3,432,280</u>	<u>3,483,285</u>	<u>1,175,034</u>
<u>2,620,918</u>	<u>3,437,666</u>	<u>3,628,618</u>	<u>1,189,773</u>
28,494	167,084	86,965	99,411
1,282,641	1,329,298	1,758,396	1,897,625
(107,942)	(603,359)	174,538	557,710
<u>130,756</u>	<u>(17,886)</u>	<u>65,420</u>	<u>208,754</u>
<u>1,333,949</u>	<u>875,137</u>	<u>2,085,319</u>	<u>2,763,500</u>
<u>\$3,954,867</u>	<u>\$4,312,803</u>	<u>\$5,713,937</u>	<u>\$3,953,273</u>

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

	1998	1999	2000	2001	2002	2003
Revenues:						
Property and Other Local Taxes	\$458,753	\$358,939	\$506,263	\$553,312	\$586,426	\$1,411,659
Income Taxes	3,754,920	3,690,372	3,893,976	4,185,384	4,308,743	4,868,815
Special Assessments	482,390	434,661	476,745	491,293	470,678	511,435
Charges for Services	128,794	120,569	139,306	123,252	163,242	234,489
Fines, Licenses and Permits	547,866	657,361	700,802	698,088	888,535	639,624
Intergovernmental	1,920,560	1,679,851	2,205,779	2,137,645	1,724,847	2,121,051
Interest	320,122	341,972	373,495	264,572	175,233	260,068
Contributions and Donations	0	0	0	0	0	0
Other	418,760	103,462	88,638	392,324	223,913	244,623
Total Revenues	8,032,165	7,387,187	8,385,004	8,845,870	8,541,617	10,291,764
Expenditures:						
Current:						
General Government	1,573,030	1,463,470	1,845,467	1,916,202	1,945,897	2,195,294
Security of Persons and Property	3,239,618	2,771,824	3,141,767	3,481,882	3,569,686	4,191,975
Public Health and Welfare	36,220	1,527	13,868	18,503	9,241	56,199
Leisure Time Activities	207,465	329,434	275,370	232,485	230,120	269,344
Economic Development	216,868	26,882	204,321	141,755	287,215	72,448
Basic Utility Services	75,019	57,968	86,758	96,090	90,078	183,400
Transportation	772,064	581,932	846,718	618,165	773,026	678,954
Capital Outlay	695,151	667,085	1,942,353	4,072,598	3,210,715	3,634,022
Debt Service:						
Principal Retirement	317,040	338,924	314,875	332,780	376,349	663,267
Interest and Fiscal Charges	408,993	366,838	389,136	422,142	562,843	620,727
Issuance Costs	0	0	0	0	0	29,092
Current Refunding	0	0	0	0	0	0
Total Expenditures	7,541,468	6,605,884	9,060,633	11,332,602	11,055,170	12,594,722
Excess of Revenues Over (Under) Expenditures	490,697	781,303	(675,629)	(2,486,732)	(2,513,553)	(2,302,958)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	10,098	2,036	176	0	0	0
Transfers - In	1,567,547	1,230,795	970,529	1,359,729	1,207,785	2,372,571
General Obligation Bonds Issued	0	0	0	1,410,000	4,625,000	2,220,000
Bond Anticipation Notes Issued	0	0	0	0	200,000	865,000
Refunding Notes Issued	0	0	0	0	0	0
Inception of Capital Lease	0	0	0	0	0	0
Current Refunding	0	0	0	0	0	0
Discount on Debt Issued	0	0	0	0	0	(18,825)
Transfers - Out	(1,517,410)	(1,165,823)	(970,529)	(1,359,729)	(1,163,785)	(2,282,129)
Total Other Financing Sources (Uses)	60,235	67,008	176	1,410,000	4,869,000	3,156,617
Net Change in Fund Balances	\$550,932	\$848,311	(\$675,453)	(\$1,076,732)	\$2,355,447	\$853,659
Debt Service as a Percentage of Noncapital Expenditures	10.6%	11.9%	9.9%	10.4%	12.0%	14.7%

2004	2005	2006	2007
\$1,465,413	\$1,466,764	\$1,370,974	\$1,406,763
4,589,690	5,181,967	6,958,137	5,398,222
506,734	524,451	344,528	347,421
233,138	279,341	238,036	223,945
613,952	540,103	672,599	485,236
1,719,383	1,598,288	1,626,424	2,261,029
192,540	174,674	551,059	812,926
0	0	199,519	0
276,808	1,097,570	187,886	192,777
<u>9,597,658</u>	<u>10,863,158</u>	<u>12,149,162</u>	<u>11,128,319</u>
2,383,552	3,151,782	2,521,962	2,673,282
4,548,636	4,493,448	5,064,237	5,528,164
41,799	27,626	64,790	21,911
275,678	234,362	244,662	288,923
59,266	88,113	30,476	95,314
27,742	34,559	0	0
887,728	707,360	696,812	1,842,933
1,181,176	582,822	1,018,125	1,219,077
1,528,929	589,479	570,260	616,313
666,419	636,119	615,338	598,441
0	0	0	0
0	50,000	20,000	103,000
<u>11,600,925</u>	<u>10,595,670</u>	<u>10,846,662</u>	<u>12,987,358</u>
<u>(2,003,267)</u>	<u>267,488</u>	<u>1,302,500</u>	<u>(1,859,039)</u>
0	0	0	11,096
2,855,439	1,675,230	2,836,820	5,122,307
0	0	0	0
1,093,000	0	0	775,000
0	685,000	878,000	0
0	0	0	0
0	(685,000)	(665,000)	(775,000)
0	0	0	0
<u>(2,759,320)</u>	<u>(1,584,782)</u>	<u>(2,951,186)</u>	<u>(5,035,028)</u>
<u>1,189,119</u>	<u>90,448</u>	<u>98,634</u>	<u>98,375</u>
<u>(\$814,148)</u>	<u>\$357,936</u>	<u>\$1,401,134</u>	<u>(\$1,760,664)</u>
21.1%	12.7%	12.3%	11.2%

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
1998	2,680,321	71	390,659	11%	3,070,980	82	683,940	18%	3,754,920
1999	2,734,089	74	449,039	12	3,183,128	86	507,244	14	3,690,372
2000	2,983,462	77	453,087	11	3,436,549	88	457,427	12	3,893,976
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

Source: City Income Tax Department

(1) 2003 through 2007 are on an Accrual Basis and 1998 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 ten years presented.

City of Franklin, Ohio
Principal Income Taxpayers - Withholding Accounts
2007 and 1997

Range of Withholding Amount	2007		1997	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	5	23.57%	3	15.00%
\$55,001 - 100,000	8	16.49	4	12.10
Total	13	40.06	7	27.10
All Others	929	59.94	985	72.90
Total Withholding Accounts		<u>100.00%</u>		<u>100.00%</u>

Source: City Income Tax Department

City of Franklin, Ohio
Computation of All Direct and Overlapping Governmental Activities Debt
December 31, 2007

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	7,155,664	100.00%	7,155,664
Special Assessment Bonds	3,023,000	100.00	3,023,000
Police Pension	69,668	100.00	69,668
Bond Anticipation Notes	878,000	100.00	878,000
Total Direct Debt	18,281,996		18,281,996
Overlapping Subdivisions			
Warren County			
General Obligation Bonds	4,954,111	3.90	193,361
Special Assessment Bonds	13,304,853	3.90	519,295
OPWC Loan	177,603	3.90	6,932
ODOT Loan	1,406,261	3.90	54,887
State 166 Loan	7,099,111	3.90	277,082
Capital Leases	11,584	3.90	452
Franklin City School District			
General Obligation Bonds	3,654,988	52.52	1,919,514
Carlisle Local School District			
Tax Anticipation Note	204,000	.11	224
Energy Conservation Improvement Installment Note	455,714	.11	501
Capital Leases	356,601	.11	392
Warren County Vocational School District			
Capital Leases	903,432	5.99	54,152
Total Overlapping Debt	32,528,258		2,971,523
Grand Total	\$39,683,922		\$21,253,519

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 (3)	Estimated Actual Value of Taxable Property (2)	Population (1)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
1998	\$1,392,998	\$483,323,734	11,034	0.29%	\$126.25
1999	1,275,000	515,270,447	11,034	0.25%	115.55
2000	1,160,000	660,194,658	11,396	0.18%	101.79
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

(1) US Census Bureau and the Warren County Office of Economic Development
(2007 data not available)

(2) Warren County Auditor

(3) Includes all general obligation debt financed with general governmental resources

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 Pension Liability	General Obligation Bonds	Mortgage Revenue Bonds	OWDA Loans	Notes Payable
1998	\$1,392,998	\$4,383,270	\$1,015,260	\$170,238	\$79,337	\$4,000	\$4,085,000	\$2,805,364	\$438,000
1999	1,275,000	4,318,000	765,137	133,065	78,399	0	3,995,000	2,745,678	210,000
2000	1,160,000	4,149,000	1,999,478	110,935	77,421	0	3,900,000	2,643,911	100,000
2001	1,960,000	4,459,000	2,686,000	89,928	76,401	0	3,810,000	2,610,940	50,000
2002	6,430,000	4,258,000	1,485,600	69,579	75,337	0	3,710,000	2,540,442	0
2003	8,407,080	4,042,000	1,098,900	48,043	74,606	0	3,610,000	2,464,834	0
2004	8,112,976	3,810,000	663,900	568,272	73,448	0	3,500,000	2,384,256	543,000
2005	7,803,872	3,557,000	1,005,000	0	72,241	0	3,385,000	2,252,061	1,284,500
2006	7,489,768	3,303,000	955,000	0	70,981	0	6,168,735	2,156,781	1,245,000
2007	7,155,664	3,023,000	878,000	0	69,668	0	5,842,028	2,107,550	1,245,000

Note: Population and Personal Income data are presented on page 117.

Total Outstanding Debt	Population	Personal Income	Ratio of Debt to Personal Income	Debt Per Capita
\$14,373,467	11,034	\$191,892,294	7.49%	\$1,303
13,520,279	11,034	197,618,940	6.84	1,225
14,140,745	11,396	210,016,884	6.73	1,241
15,742,269	11,760	222,828,480	7.06	1,339
18,568,958	11,924	232,124,508	8.00	1,557
19,745,463	12,130	242,430,180	8.15	1,628
19,655,852	12,285	251,903,925	7.81	1,600
19,359,674	12,410	260,907,840	7.43	1,560
21,389,265	12,457	272,322,477	7.82	1,717
20,320,910	12,731	279,425,641	7.27	1,596

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

	1998	1999	2000	2001
Total Assessed Property Value	<u>\$161,336,775</u>	<u>\$170,851,857</u>	<u>\$213,083,444</u>	<u>\$214,155,190</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>16,940,361</u>	<u>17,939,445</u>	<u>22,373,762</u>	<u>22,486,295</u>
Debt Outstanding:				
General Obligation Bonds	\$1,396,998	\$1,275,000	\$1,160,000	\$1,960,000
Mortgage Revenue Bonds	4,085,000	3,995,000	3,900,000	3,810,000
Special Assessment Bonds	4,383,270	4,318,000	4,149,000	4,459,000
Bond Anticipation Notes	1,453,260	975,137	2,099,478	2,736,000
OWDA Loans	<u>2,805,364</u>	<u>2,745,678</u>	<u>2,643,911</u>	<u>2,610,940</u>
Total Gross Indebtedness	14,123,892	13,308,815	13,952,389	15,575,940
Less:				
General Obligation Bonds	(4,000)	0	0	0
Mortgage Revenue Bonds	(4,085,000)	(3,995,000)	(3,900,000)	(3,810,000)
Special Assessment Bonds	(4,383,270)	(4,318,000)	(4,149,000)	(4,459,000)
Bond Anticipation Notes	0	(210,000)	(100,000)	(50,000)
OWDA Loans	<u>(2,805,364)</u>	<u>(2,745,678)</u>	<u>(2,643,911)</u>	<u>(2,610,940)</u>
Total Net Debt Applicable to Debt Limit	<u>2,846,258</u>	<u>2,040,137</u>	<u>3,159,478</u>	<u>4,646,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$14,094,103</u>	<u>\$15,899,308</u>	<u>\$19,214,284</u>	<u>\$17,840,295</u>
Legal Debt Margin as a Percentage of the Debt Limit	83.20%	88.63%	85.88%	79.34%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$8,873,523</u>	<u>\$9,396,852</u>	<u>\$11,719,589</u>	<u>\$11,778,535</u>
Total Gross Indebtedness	14,123,892	13,308,815	13,952,389	15,575,940
Less:				
General Obligation Bonds	(4,000)	0	0	0
Mortgage Revenue Bonds	(4,085,000)	(3,995,000)	(3,900,000)	(3,810,000)
Special Assessment Bonds	(4,383,270)	(4,318,000)	(4,149,000)	(4,459,000)
Bond Anticipation Notes	0	(210,000)	(100,000)	(50,000)
OWDA Loans	(2,805,364)	(2,745,678)	(2,643,911)	(2,610,940)
General Obligation Bond Retirement Fund Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Debt Within 5 ½ % Limitations	<u>2,846,258</u>	<u>2,040,137</u>	<u>3,159,478</u>	<u>4,646,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$6,027,265</u>	<u>\$7,356,715</u>	<u>\$8,560,111</u>	<u>\$7,132,535</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	67.92%	78.29%	73.04%	60.56%

Source: City Financial Records

2002	2003	2004	2005	2006	2007
<u>\$226,444,640</u>	<u>\$240,632,700</u>	<u>\$253,954,030</u>	<u>\$240,026,372</u>	<u>\$246,303,533</u>	<u>\$232,377,515</u>
<u>23,776,687</u>	<u>25,266,434</u>	<u>26,665,173</u>	<u>42,963,265</u>	<u>25,861,871</u>	<u>24,399,639</u>
\$6,430,000	\$8,407,080	\$8,130,000	\$7,820,000	\$7,505,000	\$7,170,000
3,710,000	3,610,000	3,500,000	3,385,000	6,140,000	5,815,000
4,258,000	4,042,000	3,810,000	3,557,000	3,303,000	3,023,000
1,485,600	1,098,900	1,206,900	2,289,500	2,200,000	2,123,000
2,540,442	2,464,834	2,384,256	2,252,061	2,156,781	2,107,550
<u>18,424,042</u>	<u>19,622,814</u>	<u>19,031,156</u>	<u>19,303,561</u>	<u>21,304,781</u>	<u>20,238,550</u>
0	0	0	0	0	0
(3,710,000)	(3,610,000)	(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)
(4,258,000)	(4,042,000)	(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)
0	0	0	0	(1,245,000)	(1,245,000)
(2,540,442)	(2,464,834)	(2,384,256)	(2,252,061)	(2,156,781)	(2,107,550)
<u>7,915,600</u>	<u>9,505,980</u>	<u>9,336,900</u>	<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>
<u>\$15,861,087</u>	<u>\$15,760,454</u>	<u>\$17,328,273</u>	<u>\$32,853,765</u>	<u>\$17,401,871</u>	<u>\$16,351,639</u>
66.71%	62.38%	64.98%	76.47%	67.29%	67.02%
<u>\$12,454,455</u>	<u>\$13,234,799</u>	<u>\$13,967,472</u>	<u>\$22,504,567</u>	<u>\$13,546,694</u>	<u>\$12,780,763</u>
18,424,042	19,622,814	19,031,156	19,303,561	21,304,781	20,238,550
0	0	0	0	0	0
(3,710,000)	(3,610,000)	(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)
(4,258,000)	(4,042,000)	(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)
0	0	0	0	(1,245,000)	(1,245,000)
(2,540,442)	(2,464,834)	(2,384,256)	(2,252,061)	(2,156,781)	(2,107,550)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>7,915,600</u>	<u>9,505,980</u>	<u>9,336,900</u>	<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>
<u>\$4,538,855</u>	<u>\$3,728,819</u>	<u>\$4,630,572</u>	<u>\$12,395,067</u>	<u>\$5,086,694</u>	<u>\$4,732,763</u>
36.44%	28.17%	33.15%	55.08%	37.55%	37.03%

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 (2)		Coverage
				Principal	Interest	
1998	\$2,473,634	\$1,496,659	\$976,975	\$144,686	\$414,929	1.75
1999	2,129,119	1,374,631	754,488	281,730	269,481	1.37
2000	1,932,016	1,546,655	385,361	158,810	411,507	0.68
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

(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
1998	11,034	\$191,892,294	\$17,391	3,129	3.3%
1999	11,034	197,618,940	17,910	3,106	3.3
2000	11,396	210,016,884	18,429	3,129	3.0
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

Source: (1) US Census Bureau and the Warren County Office of Economic Development
(2007 data not available)
(2) Per capita income multiplied by population
(3) U.S. Department of Commerce, Bureau of the Census and Computation
based on change of Warren County
(4) Ohio Department of Education and Franklin City School District Treasurer
(5) Ohio Department of Jobs and Family Services, Office of Workforce Development

City of Franklin, Ohio
Principal Employers
Current Year and Nine Years Ago

2007

Employer	Number of Employees	Rank	Percentage of Total Employment
Faurecia	518	1	3.86%
Franklin City School District	490	2	3.65
Dayton Newspapers	474	3	3.53
Burrows	405	4	3.02
Ample Industries	311	5	2.32
Adesa	301	6	2.24
CHS Miami Valley	214	7	1.59
Frisch Ohio	208	8	1.55
City of Franklin	181	9	1.35
Atlas Roofing	179	10	1.33
Total	3,281		24.44
All Other Employers	10,146		75.56
Total Employment within the City	13,427		100.00%

1998

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	552	1	4.89%
Burrows Paper Company	379	2	3.35
Faurecia	352	3	3.12
Newark Group, Inc.	324	4	2.87
Ample Industries	313	5	2.77
Adesa	246	6	2.18
CHS Miami Valley	226	7	2.00
Unifirst	200	8	1.77
Atlas Roofing	197	9	1.74
City of Franklin	190	10	1.68
Total	2,979		26.37
All Other Employers	8,319		73.63
Total Employment within the City	11,298		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	1998		1999		2000		2001		2002	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	16	30	16	30	16	30	17	31	17	31
Security of Persons and Property	35	90	37	92	39	90	41	93	41	94
Leisure Time Activities	2	51	2	52	2	52	2	52	2	52
Economic Development	0	0	1	1	1	1	1	1	0	0
Basic Utility Services	15	17	15	19	16	19	16	21	16	22
<i>Total Number of Employees</i>	<u>68</u>	<u>188</u>	<u>71</u>	<u>194</u>	<u>74</u>	<u>192</u>	<u>77</u>	<u>198</u>	<u>76</u>	<u>199</u>

Source: City Payroll Records

2003		2004		2005		2006		2007	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
18	32	18	32	20	34	20	34	18	28
42	95	41	94	40	95	43	96	43	74
2	52	2	52	2	52	2	52	2	52
0	0	0	0	0	0	0	0	0	0
16	22	16	22	16	24	16	24	18	27
<u>78</u>	<u>201</u>	<u>77</u>	<u>200</u>	<u>78</u>	<u>205</u>	<u>81</u>	<u>206</u>	<u>81</u>	<u>181</u>

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

Function/Program	1998	1999	2000	2001	2002	2003
General Government:						
Government Center	1	1	1	1	1	1
Security of Persons and Property:						
Number of Police Stations	1	1	1	1	1	1
Number of Fire/EMS Stations	1	1	1	1	1	1
Leisure Time Activities:						
Number of Parks	6	6	6	6	6	6
Number of Swimming Pools	1	1	1	1	1	1
Number of Libraries	1	1	1	1	1	1
Basic Utility Services:						
Miles of Water Mains	51	51	51	64	64	44
Miles of Sanitary Sewers	49.76	49.76	49.76	55.00	55.00	44.00
Water Treatment Facility	0	0	0	0	0	0
Transportation:						
Miles of Streets	62.84	62.84	62.84	72.70	110.00	110.00
Number of Street Lights	867	867	867	867	867	913

Source: City capital asset records

2004	2005	2006	2007
1	1	1	1
1	1	1	1
1	1	1	1
6	6	6	6
1	1	1	1
1	1	1	1
48	48	48	48
44.00	44.00	44.00	44.00
0	0	0	1
110.00	110.00	110.00	110.00
929	929	929	929

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

Function/Program	1998	1999	2000	2001	2002	2003
General Government:						
Active Income Tax Accounts	7,796	8,207	8,201	8,287	8,232	8,294
Individual	5,698	5,902	5,874	5,832	5,861	5,874
Business	1,028	1,123	1,121	1,182	1,125	1,174
Withholding	1,070	1,182	1,206	1,273	1,246	1,246
Clerk of Courts:						
Traffic Court Cases	6,224	7,478	8,604	9,188	11,320	8,179
Civil Court Cases	633	570	573	602	674	830
Small Claims Court Cases	86	97	83	85	91	93
Security of Persons and Property:						
Police calls	16,932	18,952	19,495	20,766	22,076	23,631
Physical Arrests	579	825	962	785	872	878
Citations	N/A	N/A	2,243	2,164	2,681	1,998

Source: Department reports

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
8,772	9,470	8,972	7,400
6,266	6,888	6,432	5,402
1,205	1,240	1,173	1,056
1,301	1,342	1,367	942
7,726	7,461	7,356	6,336
804	779	643	658
71	62	55	53
24,358	24,031	24,893	24,864
737	696	794	2,216
2,949	2,487	2,235	1,696

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Mary Taylor, CPA
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
NOVEMBER 13, 2008**