

CITY OF FRANKLIN, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2011



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the City of Franklin, Warren County, prepared by Julian & Grube, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 9, 2012

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Introductory Section

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City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011

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

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2011

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CITY OF FRANKLIN

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

June 25, 2012

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, 2011, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Franklin (the “City”). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the City, specifically with the City Finance Director’s office.

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

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

Julian & Grube, Inc., has issued an unqualified (“clean”) opinion on the City of Franklin’s financial statements for the year ended December 31, 2011. The Independent Accountants’ Report is located at the front of the financial section of this report.

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

FORMATION OF THE CITY

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

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

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

Many changes have occurred in the past 200 years. Today, Franklin's industrial base is becoming increasingly diversified due to its strategic position along Interstate 75, its easy access to other major transportation arteries, and the diligence of the City Council, Mayor, and Chamber of Commerce.

PROFILE OF THE GOVERNMENT AND REPORTING ENTITY

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

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

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

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

The Joint Recreation Facility was determined to be a joint venture. The Ohio Plan is a shared risk pool in which the City participates. The Warren County General Health District, the Joint Emergency Medical Service and the Warren County Fire Response and Life Safety Council of Governments were determined to be jointly governed organizations (See Note 17).

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

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

MAJOR INITIATIVE

The most recent major initiative occurred in 2009 with the establishment of “Franklin Yards,” a rail transload facility that serves the City, the County, and the entire Southwest Ohio region. Faced with an abandoned shingle facility, City staff and Council needed to be creative to find another use for the property. Due to input from area businesses who were looking to rail as a cost-saving measure for transportation expenses, the City partnered with Warren County, R. Good Logistics, and Norfolk Southern to establish a rail hub to facilitate the delivery of raw materials and the shipment of finished goods to and from their intended markets. The venture is doing well and having a positive impact on the local economy. In fact, the facility is at full capacity and in need of expansion.

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

The City of Franklin continues to focus on making significant improvements to the State Route 73 corridor, one of the key areas for economic development in the Dayton region. Also, the City of Franklin, the City of Springboro, the Ohio Department of Transportation, and the Miami Valley Regional Planning Commission are close to finishing significant improvements to State Route 73 at I-75, such as widening the bridge over State Route 73 to accommodate additional traffic on State Route 73 in the future. Ramp improvements to the southbound exit ramp are also planned. These improvements will increase the road capacity to handle the next 20 years’ projection of growth.

As a result of the citizens passing an additional half percent income tax rate increase, the City did commence and complete approximately \$450,000 worth of work in neighborhoods and parks during the year, as well as various paving and improvements on State Route 73 to make the area safer and less congested.

Another project commenced by the City during the year was the beautification of the State Route 123 interchange. The City will plant trees, shrubs, and flowers for this project to demonstrate to its residents and every day visitors the pride it has in the community. This project is currently under design and will be completed in 2013.

LOCAL ECONOMY

Economic development is a community priority because the creation and retention of jobs is essential for the City’s revenue base. City officials understand its importance and have a reputation for creativity, accessibility, and responsiveness when dealing with businesses. Franklin’s officials work hand-in-hand with local and 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.

In 2010, the City had the largest economic development success it had seen in some time with the recruitment of Valued Relationships, Inc., a company that provides personal monitoring service nationwide, to the City. In 2011, Valued Relationships, Inc. has brought over 150 new jobs to the City. By the end of 2012, a new parking lot and renovation to the building they are currently occupying will be complete to allow for an additional 150 employees. The City has also had numerous other economic development successes in the recent past (e.g., the Dayton Daily News printing facility, Burrows Paper Corporation, Ample Industries, and Pfizer). The City is known in the Dayton region for being competitive and creative with our retention or relocation efforts. For instance, the Dayton-Montgomery County Port Authority, realizing the importance of a regional approach to economic development, recently crossed traditional boundaries and assisted the City in retaining a key company within our jurisdiction.

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

FINANCIAL PLANNING AND POLICIES

The cash fund balance in the General Fund (60.87 percent of the total General Fund revenues) exceeds the policy guidelines set by Council for budgetary and planning purposes. (i.e., between 10 and 20 percent of total General Fund revenues.)

OTHER INFORMATION

Independent Audit

An audit team from Julian & Grube, Inc.'s office has performed this year's audit. The results of the audit are presented in the Independent Accountants' Report.

Awards

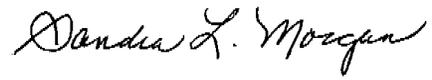
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

A handwritten signature in black ink that reads "Sandra L. Morgan". The signature is written in a cursive, flowing style.

Sandra L. Morgan
Finance Director

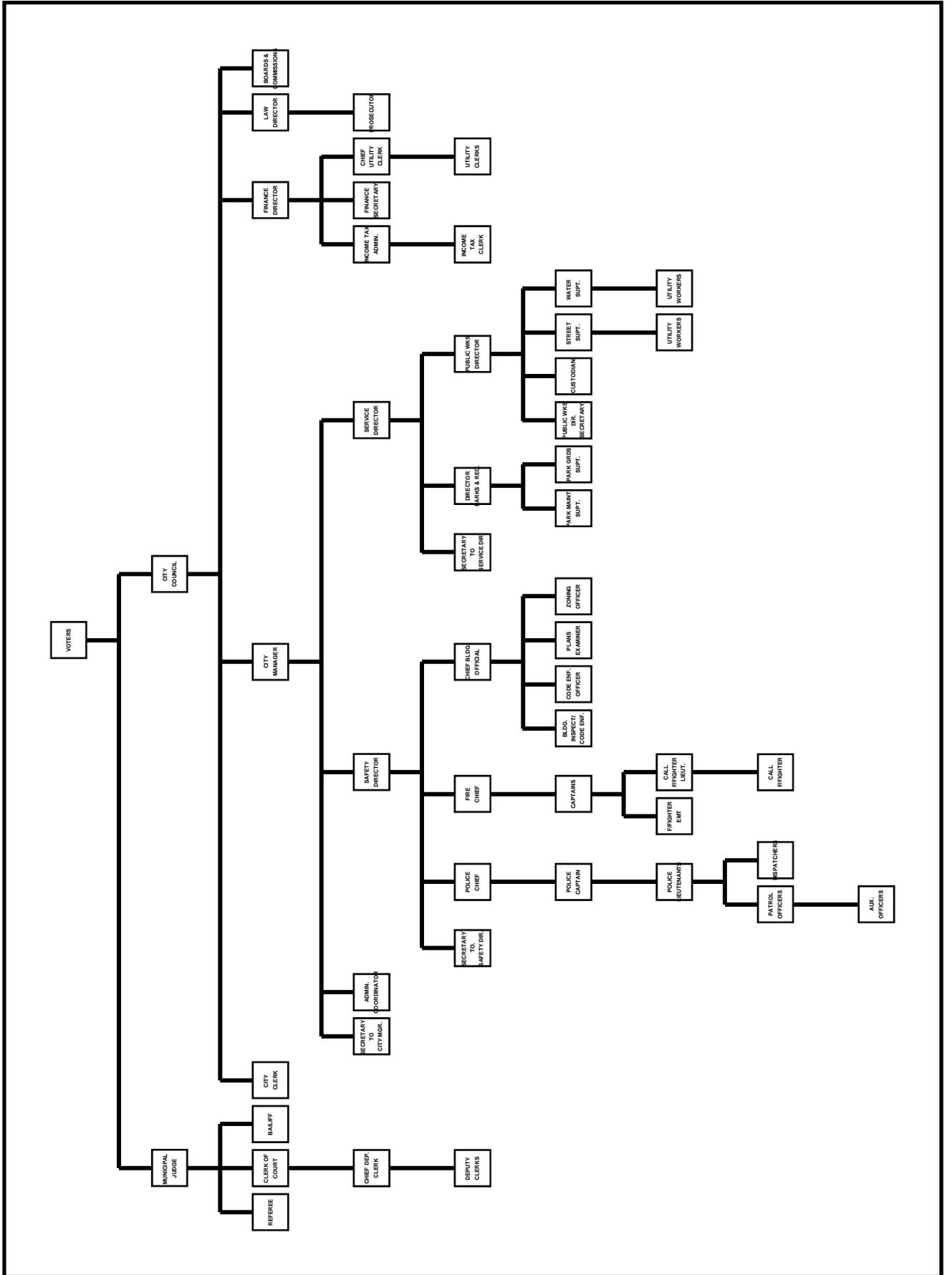
City of Franklin, Ohio

List of Principal Officials

December 31, 2011

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

CITY of FRANKLIN 2011 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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Financial Section

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Franklin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Franklin's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and major special revenue fire levy fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 21, during the year ended December 31, 2011, the City of Franklin adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and had a prior period restatement to fund balances and net assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the City of Franklin's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Members of Council and Mayor
City of Franklin
Page Two

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

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



Julian & Grube, Inc.
June 25, 2012

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
(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, 2011. 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 \$36,216 and net assets of business-type activities increased \$502,891, resulting in a total increase in net assets of \$466,675.
- General revenues and transfers of governmental activities accounted for \$8,244,508 of all governmental revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions and interest, and capital grants, contributions and interest accounted for \$3,056,699 of total governmental revenues and transfers of \$11,301,207.
- The City had \$11,337,423 in expenses related to governmental activities; only \$3,056,699 of these expenses were offset by program specific charges for services and sales, and grants, contributions and interest.
- Enterprise funds reflected total operating income of \$959,142. The Water and Sewer Funds reflected operating income of \$856,563 and \$291,171, respectively, while the Trash and Stormwater Utility Funds reflected operating losses of \$20,058 and \$168,534, 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 general government, police, fire, public health and welfare, leisure time activities, economic development, basic utility services and transportation.

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page nine. 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, Special Assessment Bond, 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 2011 compared to 2010.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	Restated 2010	2011	Restated 2010	2011	Restated 2010
Assets:						
Current and Other Assets	\$14,660,867	\$14,144,237	\$4,714,853	\$4,352,886	\$19,375,720	\$18,497,123
Nondepreciable Capital Assets	19,175,661	19,175,661	1,095,364	1,095,364	20,271,025	20,271,025
Depreciable Capital Assets, Net	28,229,242	29,556,406	23,805,638	24,272,468	52,034,880	53,828,874
Total Assets	<u>62,065,770</u>	<u>62,876,304</u>	<u>29,615,855</u>	<u>29,720,718</u>	<u>91,681,625</u>	<u>92,597,022</u>
Liabilities:						
Current and Other Liabilities	3,365,560	3,266,110	1,186,532	1,042,748	4,552,092	4,308,858
Long-Term Liabilities:						
Due Within One Year	694,660	816,409	634,039	592,107	1,328,699	1,408,516
Due in More Than One Year	7,872,774	8,624,793	7,101,279	7,894,749	14,974,053	16,519,542
Total Liabilities	<u>11,932,994</u>	<u>12,707,312</u>	<u>8,921,850</u>	<u>9,529,604</u>	<u>20,854,844</u>	<u>22,236,916</u>
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	39,349,974	40,076,220	16,772,997	16,980,657	56,122,971	57,056,877
Restricted	6,318,016	6,624,851	878,307	813,939	7,196,323	7,438,790
Unrestricted	4,464,786	3,467,921	3,042,701	2,396,518	7,507,487	5,864,439
Total Net Assets	<u>\$50,132,776</u>	<u>\$50,168,992</u>	<u>\$20,694,005</u>	<u>\$20,191,114</u>	<u>\$70,826,781</u>	<u>\$70,360,106</u>

Net assets of the City's governmental activities decreased insignificantly when compared to the prior year. However, individual components of Total Assets did have significant changes from the prior year. Cash and Cash Equivalents increased as a result of the accumulation of revenue in lieu of taxes received for tax increment financing for future capital projects, as well as interest earned on the F.C. Dial trust. Depreciable Capital Assets, Net demonstrated a significant decrease as a result of current year depreciation exceeding current year additions. Total Liabilities experienced a large decrease due to current year debt repayments.

The decrease in Invested in Capital Assets, Net of Related Debt when compared to the prior year is due to the annual depreciation recognized by the City. Unrestricted net assets increased \$996,865 as a result of the City receiving transfers from its business-type activities for debt repayments.

Net assets of the City's business-type activities increased \$502,891. This was due to greater Charges for Services revenue being collected by the City while trying to maintain a consistent level of operating expenses with the prior year.

Table 2 shows the changes in net assets for the years ended December 31, 2011, and December 31, 2010.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$897,397	\$1,190,331	\$7,016,393	\$6,607,161	\$7,913,790	\$7,797,492
Operating Grants, Contributions and Interest	1,082,600	1,388,880	0	0	1,082,600	1,388,880
Capital Grants, Contributions and Interest	1,076,702	1,027,095	0	0	1,076,702	1,027,095
Total Program Revenues	3,056,699	3,606,306	7,016,393	6,607,161	10,073,092	10,213,467
General Revenues:						
Property Taxes	1,099,611	997,738	0	0	1,099,611	997,738
Income Taxes	5,902,578	5,900,995	0	0	5,902,578	5,900,995
Other Local Taxes	186,011	176,828	0	0	186,011	176,828
Payments in Lieu of Taxes	192,413	150,507	0	0	192,413	150,507
Grants and Entitlements	574,395	614,411	0	0	574,395	614,411
Unrestricted Interest	44,891	55,726	0	2,509	44,891	58,235
Contributions and Donations	11	1,886	0	0	11	1,886
Other	124,598	191,376	25,572	14,630	150,170	206,006
Total General Revenues	8,124,508	8,089,467	25,572	17,139	8,150,080	8,106,606
Total Revenues	11,181,207	11,695,773	7,041,965	6,624,300	18,223,172	18,320,073
Program Expenses:						
General Government	1,965,549	2,400,627	0	0	1,965,549	2,400,627
Security of Persons and Property:						
Police	3,317,703	3,121,441	0	0	3,317,703	3,121,441
Fire	1,672,291	1,476,408	0	0	1,672,291	1,476,408
Other	287,089	263,703	0	0	287,089	263,703
Public Health and Welfare	13,361	7,199	0	0	13,361	7,199
Leisure Time Activities	321,029	276,892	0	0	321,029	276,892
Economic Development	43,926	44,666	0	0	43,926	44,666
Basic Utility Services	101,873	84,329	0	0	101,873	84,329
Transportation	3,154,060	2,277,099	0	0	3,154,060	2,277,099
Interest and Fiscal Charges	460,542	461,532	0	0	460,542	461,532
Water	0	0	2,115,087	1,832,887	2,115,087	1,832,887
Sewer	0	0	2,907,671	2,731,399	2,907,671	2,731,399
Trash	0	0	731,408	684,848	731,408	684,848
Stormwater Utility	0	0	664,908	700,850	664,908	700,850
Total Expenses	11,337,423	10,413,896	6,419,074	5,949,984	17,756,497	16,363,880
Increase (Decrease) in Net Assets Before Transfers	(156,216)	1,281,877	622,891	674,316	466,675	1,956,193
Transfers	120,000	(138,530)	(120,000)	138,530	0	0
Increase (Decrease) in Net Assets	(36,216)	1,143,347	502,891	812,846	466,675	1,956,193
Beginning Net Assets - <i>Restated</i>	50,168,992	49,025,645	20,191,114	19,378,268	70,360,106	68,403,913
Ending Net Assets	\$50,132,776	\$50,168,992	\$20,694,005	\$20,191,114	\$70,826,781	\$70,360,106

Charges for Services and Sales showed a significant decrease of \$292,934 in the governmental activities. This was related to a decrease in court fines collected by the City in 2011. In 2010, traffic citations increased significantly as the State Highway Patrol targeted the construction area around the I-75 ramps. Operating Grants, Contributions and Interest in the governmental activities decreased \$306,280 due primarily to a decrease in revenue received for street lighting assessments.

Governmental program expenses as a percentage of total governmental expenses for 2011 are expressed as follows:

General Government	17.34%
Security of Persons and Property:	
Police	29.26
Fire	14.75
Other	2.53
Public Health and Welfare	0.12
Leisure Time Activities	2.83
Economic Development	0.39
Basic Utility Services	0.90
Transportation	27.82
Interest and Fiscal Charges	4.06
	<u>100.00%</u>

The above chart clearly indicates the City's major source of expenses, 46.54 percent is related to the operating of safety forces. A distant second, 27.82 percent, is the transportation activities within the City. All other forms of governmental operations represent 25.64 percent of expenditures. A comparison to the prior year demonstrates that expenses were relatively consistent with those in the previous year with the exception of Transportation expenses. A significant increase occurred from the previous year as a result of the City's current year depreciation on infrastructure and uncapitalized expenses.

Charges for Services and Sales in the business-type activities increased \$409,232 in 2011. This was related to the City seeing the benefits of amending its billing structure in 2010.

Governmental Activities

The 2.0 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 2011	Net Cost of Services 2011	Total Cost Of Services 2010	Net Cost of Services 2010
General Government	\$1,965,549	\$1,077,901	\$2,400,627	\$1,357,218
Security of Persons and Property:				
Police	3,317,703	3,271,196	3,121,441	2,976,525
Fire	1,672,291	1,428,008	1,476,408	1,156,276
Other	287,089	155,878	263,703	149,589
Public Health and Welfare	13,361	(111,210)	7,199	(131,011)
Leisure Time Activities	321,029	228,850	276,892	164,879
Economic Development	43,926	38,062	44,666	33,888
Basic Utility Services	101,873	101,873	84,329	84,329
Transportation	3,154,060	1,629,624	2,277,099	554,365
Interest and Fiscal Charges	460,542	460,542	461,532	461,532
Total Expenses	\$11,337,423	\$8,280,724	\$10,413,896	\$6,807,590

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only eight percent of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants, contributions and interest comprise another 19.4 percent. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

Business-Type Activities

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

The Water Fund collects the fees charged for the sale of water. Those fees are then used to maintain lines for delivery, to treat water for further consumption, to maintain its treatment facility and storage towers and for the payment of debt incurred for improvements. Net assets increased \$446,923 in the Water Fund during 2011 as a result of the City receiving greater Charges for Services revenue and experiencing a savings with its Contractual Services.

The Sewer Fund conducts the operations of the City's wastewater collection and treatment system. Money that is collected from the fees which are billed based on the number of gallons of water used is placed in this fund for use in the maintenance of the collections system and improvements to the treatment plant. Net assets of the Sewer Fund increased \$238,386 primarily related to the continued effects of the City amending its billing structure in 2010 coupled with lower payments for wastewater treatment.

The Trash Fund charges fees to citizens for the collection of residential garbage. The City outsources the actual collection services. The net assets of the Trash Fund saw a decrease of \$20,058 in 2011. This decrease was the result of the City realizing a slight increase in the cost of contractual services for operations.

The Stormwater Utility Fund was established to provide a funding mechanism to support OEPA mandates associated with stormwater management. Each residence is billed a flat fee each month. For all other nonresidential properties, the fee is computed based on total impervious surfaces of the property divided by the average impervious area of an equivalent residential unit. The Stormwater Utility Fund reported a decrease in net assets of \$162,360 for 2011 primarily due to depreciation expense.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,455,053 and expenditures of \$10,888,746.

The General Fund's balance increased \$677,884 as a result of revenues being higher than expenditures for the year.

The Fire Levy Fund's balance increased \$158,932. This increase was primarily the result of the City transferring monies to the Fire Levy Fund from the General Fund in an excess amount to support operations.

The Special Assessment Bond Fund's balance decreased \$7,580 due to debt service payments exceeding current year revenues.

General Fund Budgeting Highlights

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

Original General Fund budgeted revenues were \$6,908,310 and final budgeted revenues were \$7,708,300, an increase of \$799,990. This increase was primarily the result of an increase in estimated income tax revenues due to the City receiving a voter approved increase to its income tax rate. The City's actual revenues were \$7,277,917 at year-end, which is a significant variance when compared to the final budgeted revenues due to fewer income tax receipts being collected than anticipated.

Original General Fund appropriations were \$5,869,448 while final appropriations were \$5,944,607, an immaterial increase when compared to original appropriations. The City's actual expenditures were \$5,115,105 at year-end, a decrease of \$829,502 when compared to the final appropriations. The largest savings contributing to this decrease was within the Security of Persons and Property – Police account. The City did not expend as much as anticipated for personnel costs for this service.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$19,175,661	\$19,175,661	\$1,095,364	\$1,095,364	\$20,271,025	\$20,271,025
Land Improvements	235,677	258,631	9,317	9,521	244,994	268,152
Buildings	5,082,450	5,201,272	57,290	57,958	5,139,740	5,259,230
Equipment	490,051	577,451	164,259	168,459	654,310	745,910
Vehicles	374,039	487,843	478,509	218,474	852,548	706,317
Infrastructure	22,047,025	23,031,209	23,096,263	23,818,056	45,143,288	46,849,265
Totals	<u>\$47,404,903</u>	<u>\$48,732,067</u>	<u>\$24,901,002</u>	<u>\$25,367,832</u>	<u>\$72,305,905</u>	<u>\$74,099,899</u>

Capital assets decreased \$1,793,994, which was due to depreciation expense and deletions exceeding additions for 2011.

See Note 9 of the notes to the basic financial statements for more detailed information.

Debt

The City had outstanding debt obligations at year-end including special assessment bonds, general obligation bonds, long-term bond anticipation notes, short-term bond anticipation notes, and police and fire pension liability in the amount of \$8,069,327, including a discount on bonds issued of \$10,752 for governmental activities. Business-type activities had debt obligations at year-end consisting of OWDA loans, mortgage revenue bonds, long-term bond anticipation notes, and short-term bond anticipation notes in the amount of \$7,798,537, including an unamortized gain on bonds of \$22,690 and a premium on bonds in the amount of \$42,890. The City's long-term obligations also included compensated absences for governmental activities and business-type activities.

As of December 31, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,231,033 with an unvoted debt margin of \$4,996,017.

See Notes 13 and 14 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, 2011

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$9,478,573	\$3,056,684	\$12,535,257
Accrued Interest Receivable	233	0	233
Accounts Receivable	0	841,008	841,008
Intergovernmental Receivable	644,897	0	644,897
Materials and Supplies Inventory	211,542	32,023	243,565
Income Taxes Receivable	1,176,150	0	1,176,150
Property Taxes Receivable	1,219,228	0	1,219,228
Other Local Taxes Receivable	34,233	0	34,233
Revenue in Lieu of Taxes Receivable	216,942	0	216,942
Special Assessments Receivable	1,662,449	0	1,662,449
Cash and Cash Equivalents with Trustee	0	630,210	630,210
Deferred Charges	16,620	154,928	171,548
Nondepreciable Capital Assets	19,175,661	1,095,364	20,271,025
Depreciable Capital Assets, Net	28,229,242	23,805,638	52,034,880
Total Assets	62,065,770	29,615,855	91,681,625
Liabilities			
Accounts Payable	1,227,129	165,337	1,392,466
Accrued Wages and Benefits Payable	176,021	41,074	217,095
Intergovernmental Payable	332,154	85,257	417,411
Contracts Payable	136,801	464,196	600,997
Accrued Interest Payable	38,013	108,560	146,573
Deferred Revenue	1,314,942	0	1,314,942
Notes Payable	140,500	200,000	340,500
Refundable Deposits	0	122,108	122,108
Long-Term Liabilities:			
Due Within One Year	694,660	634,039	1,328,699
Due in More Than One Year	7,872,774	7,101,279	14,974,053
Total Liabilities	11,932,994	8,921,850	20,854,844
Net Assets			
Invested in Capital Assets, Net of Related Debt	39,349,974	16,772,997	56,122,971
Restricted for:			
Debt Service	1,593,584	615,677	2,209,261
Capital Outlay	1,165,427	0	1,165,427
Fire Protection	494,090	0	494,090
Transportation	1,050,712	0	1,050,712
Other Purposes	621,613	0	621,613
Revenue Bonds Replacement and Improvement	0	262,630	262,630
Leisure Time Activities Expendable	266,190	0	266,190
Leisure Time Activities Nonexpendable	1,126,400	0	1,126,400
Unrestricted	4,464,786	3,042,701	7,507,487
Total Net Assets	\$50,132,776	\$20,694,005	\$70,826,781

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$1,965,549	\$672,936	\$10,572	\$204,140
Security of Persons and Property:				
Police	3,317,703	18,541	27,966	0
Fire	1,672,291	69,060	175,223	0
Other	287,089	131,211	0	0
Public Health and Welfare	13,361	4,884	119,687	0
Leisure Time Activities	321,029	0	2,000	90,179
Economic Development	43,926	0	5,864	0
Basic Utility Services	101,873	0	0	0
Transportation	3,154,060	765	741,288	782,383
Interest and Fiscal Charges	460,542	0	0	0
Total Governmental Activities	<u>11,337,423</u>	<u>897,397</u>	<u>1,082,600</u>	<u>1,076,702</u>
Business-Type Activities:				
Water	2,115,087	2,609,827	0	0
Sewer	2,907,671	3,198,842	0	0
Trash	731,408	711,350	0	0
Stormwater Utility	664,908	496,374	0	0
Total Business-Type Activities	<u>6,419,074</u>	<u>7,016,393</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$17,756,497</u>	<u>\$7,913,790</u>	<u>\$1,082,600</u>	<u>\$1,076,702</u>

General Revenues and Transfers:

Taxes

Property Taxes Levied for:

 General Purposes

 Fire

 Other Purposes

Income Taxes

Other Local Taxes Levied for General Purposes

Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Interest

Contributions and Donations

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year - Restated (See Note 21)

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,077,901)	\$0	(\$1,077,901)
(3,271,196)	0	(3,271,196)
(1,428,008)	0	(1,428,008)
(155,878)	0	(155,878)
111,210	0	111,210
(228,850)	0	(228,850)
(38,062)	0	(38,062)
(101,873)	0	(101,873)
(1,629,624)	0	(1,629,624)
(460,542)	0	(460,542)
<u>(8,280,724)</u>	<u>0</u>	<u>(8,280,724)</u>
0	494,740	494,740
0	291,171	291,171
0	(20,058)	(20,058)
0	(168,534)	(168,534)
<u>0</u>	<u>597,319</u>	<u>597,319</u>
<u>(8,280,724)</u>	<u>597,319</u>	<u>(7,683,405)</u>
381,481	0	381,481
560,031	0	560,031
158,099	0	158,099
5,902,578	0	5,902,578
186,011	0	186,011
192,413	0	192,413
574,395	0	574,395
44,891	0	44,891
11	0	11
124,598	25,572	150,170
120,000	(120,000)	0
<u>8,244,508</u>	<u>(94,428)</u>	<u>8,150,080</u>
(36,216)	502,891	466,675
<u>50,168,992</u>	<u>20,191,114</u>	<u>70,360,106</u>
<u>\$50,132,776</u>	<u>\$20,694,005</u>	<u>\$70,826,781</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	General	Fire Levy	Special Assessment Bond
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$4,741,810	\$694,394	\$151,443
Materials and Supplies Inventory	9,856	17,252	0
Intergovernmental Receivable	248,233	71,647	0
Income Taxes Receivable	1,176,150	0	0
Property Taxes Receivable	470,469	587,096	0
Revenue in Lieu of Taxes Receivable	0	0	0
Other Local Taxes Receivable	34,233	0	0
Interfund Receivable	2,252	0	0
Special Assessments Receivable	0	0	1,536,926
Accrued Interest Receivable	233	0	0
Total Assets	\$6,683,236	\$1,370,389	\$1,688,369
Liabilities:			
Accounts Payable	\$1,085,480	\$78,852	\$0
Accrued Wages and Benefits Payable	123,855	34,806	0
Contracts Payable	0	0	0
Intergovernmental Payable	149,877	39,774	0
Accrued Interest Payable	989	0	0
Interfund Payable	0	0	0
Deferred Revenue	1,265,191	651,093	1,536,926
Notes Payable	50,000	0	0
Total Liabilities	2,675,392	804,525	1,536,926
Fund Balances:			
Nonspendable	17,079	17,252	0
Restricted	0	548,612	151,443
Committed	0	0	0
Assigned	89,926	0	0
Unassigned (Deficit)	3,900,839	0	0
Total Fund Balances	4,007,844	565,864	151,443
Total Liabilities and Fund Balances	\$6,683,236	\$1,370,389	\$1,688,369

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$3,890,926	\$9,478,573
184,434	211,542
325,017	644,897
0	1,176,150
161,663	1,219,228
216,942	216,942
0	34,233
0	2,252
125,523	1,662,449
0	233
<u>\$4,904,505</u>	<u>\$14,646,499</u>
\$62,797	\$1,227,129
17,360	176,021
136,801	136,801
142,503	332,154
1,790	2,779
2,252	2,252
775,221	4,228,431
90,500	140,500
<u>1,229,224</u>	<u>6,246,067</u>
1,310,834	1,345,165
2,437,822	3,137,877
51,662	51,662
56,043	145,969
(181,080)	3,719,759
<u>3,675,281</u>	<u>8,400,432</u>
<u>\$4,904,505</u>	<u>\$14,646,499</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011

Total Governmental Fund Balances \$8,400,432

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

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

Land	19,175,661	
Infrastructure	62,675,483	
Other Capital Assets	12,507,901	
Accumulated Depreciation	(46,954,142)	
Total Capital Assets	47,404,903	47,404,903

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 Taxes	117,800	
Other Local Taxes	654	
Income Taxes	607,563	
Special Assessments	1,662,449	
Intergovernmental	525,023	
	2,913,489	2,913,489

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 16,620

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (35,234)

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

Discount on Bonds	10,752	
Notes	(147,000)	
Bonds	(7,718,000)	
Police Pension	(63,827)	
Compensated Absences	(649,359)	
Total Liabilities	(8,567,434)	(8,567,434)

Net Assets of Governmental Activities \$50,132,776

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, 2011

	<u>General</u>	<u>Fire Levy</u>	<u>Special Assessment Bond</u>
Revenues:			
Property Taxes	\$377,471	\$554,025	\$0
Other Local Taxes	227,839	0	0
Income Taxes	5,973,040	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	246,407
Charges for Services	31,206	82,824	0
Fines, Licenses and Permits	469,628	0	0
Intergovernmental	502,563	201,919	0
Interest	44,866	0	203,182
Contributions and Donations	11	500	0
Other	83,050	10,980	0
Total Revenues	<u>7,709,674</u>	<u>850,248</u>	<u>449,589</u>
Expenditures:			
Current:			
General Government	1,747,281	0	0
Security of Persons and Property:			
Police	2,828,871	0	0
Fire	0	1,411,191	0
Other	163,914	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	26,388	0	0
Economic Development	0	0	0
Transportation	0	0	0
Capital Outlay	476	0	0
Debt Service:			
Principal Retirement	0	0	345,000
Interest and Fiscal Charges	989	0	112,169
Current Refunding	50,000	0	0
Total Expenditures	<u>4,817,919</u>	<u>1,411,191</u>	<u>457,169</u>
Excess of Revenues Over (Under) Expenditures	<u>2,891,755</u>	<u>(560,943)</u>	<u>(7,580)</u>
Other Financing Sources (Uses):			
Bond Anticipation Notes Issued	147,000	0	0
Current Refunding	(147,000)	0	0
Transfers In	0	750,000	0
Transfers Out	(2,213,871)	(30,125)	0
Total Other Financing Sources (Uses)	<u>(2,213,871)</u>	<u>719,875</u>	<u>0</u>
Net Change in Fund Balances	<u>677,884</u>	<u>158,932</u>	<u>(7,580)</u>
Fund Balances at Beginning of Year - Restated (See Note 21)	<u>3,329,960</u>	<u>406,932</u>	<u>159,023</u>
Fund Balances at End of Year	<u>\$4,007,844</u>	<u>\$565,864</u>	<u>\$151,443</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$153,380	\$1,084,876
0	227,839
0	5,973,040
192,413	192,413
115,080	361,487
0	114,030
196,292	665,920
1,643,359	2,347,841
90,204	338,252
2,500	3,011
52,314	146,344
2,445,542	11,455,053
186,226	1,933,507
464,333	3,293,204
180,533	1,591,724
123,913	287,827
13,361	13,361
267,030	293,418
43,926	43,926
1,013,128	1,013,128
1,166,756	1,167,232
301,554	646,554
351,207	464,365
90,500	140,500
4,202,467	10,888,746
(1,756,925)	566,307
0	147,000
0	(147,000)
1,613,996	2,363,996
0	(2,243,996)
1,613,996	120,000
(142,929)	686,307
3,818,210	7,714,125
\$3,675,281	\$8,400,432

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

Net Change in Fund Balances - Total Governmental Funds \$686,307

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

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

Capital Assets Additions	599,541	
Current Year Depreciation	(1,909,761)	
		(1,310,220)

When capital assets are disposed of, the cost of the capital assets is removed from the capital assets account in the statement of net assets, resulting in a loss on disposal of capital assets in the statement of activities. (16,944)

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 Taxes	14,735	
Other Local Taxes	(41,828)	
Income Taxes	(70,462)	
Special Assessments	(229,318)	
Charges for Services	(13,764)	
Intergovernmental	88,537	
Other	(21,746)	
		(273,846)

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	645,000	
Note Principal Retirement	287,500	
Police Pension Principal Retirement	1,554	
Total Long-Term Debt Repayment		934,054

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

Accrued Interest	6,104	
Amortization of Bond Discounts	(896)	
Amortization of Bond Issuance Costs	(1,385)	
		3,823

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

Note Proceeds		(147,000)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in Compensated Absences		87,610
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Change in Net Assets of Governmental Activities:		(\$36,216)
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See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$420,000	\$420,000	\$377,471	(\$42,529)
Other Local Taxes	181,278	151,000	192,793	41,793
Income Taxes	5,243,579	5,850,000	5,576,650	(273,350)
Charges for Services	29,342	20,000	31,206	11,206
Fines, Licenses and Permits	426,866	473,000	453,981	(19,019)
Intergovernmental	483,851	581,000	514,585	(66,415)
Contributions and Donations	11	0	11	11
Interest	45,293	70,000	48,170	(21,830)
Other	78,090	143,300	83,050	(60,250)
Total Revenues	6,908,310	7,708,300	7,277,917	(430,383)
Expenditures:				
Current:				
General Government	2,552,607	2,511,172	2,141,556	369,616
Security of Persons and Property:				
Police	3,131,924	3,176,043	2,809,286	366,757
Other	184,917	184,917	163,535	21,382
Capital Outlay	0	72,475	728	71,747
Total Expenditures	5,869,448	5,944,607	5,115,105	829,502
Excess of Revenues Over Expenditures	1,038,862	1,763,693	2,162,812	399,119
Other Financing Sources (Uses):				
Advances Out	0	(2,252)	(2,252)	0
Transfers In	384,073	419,083	408,469	(10,614)
Transfers Out	(1,964,000)	(2,515,648)	(2,290,259)	225,389
Total Other Financing Sources (Uses)	(1,579,927)	(2,098,817)	(1,884,042)	214,775
Net Change in Fund Balance	(541,065)	(335,124)	278,770	613,894
Fund Balance at Beginning of Year - <i>Restated</i>	4,329,064	4,329,064	4,329,064	0
Prior Year Encumbrances Appropriated	7,040	7,040	7,040	0
Fund Balance at End of Year	\$3,795,039	\$4,000,980	\$4,614,874	\$613,894

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, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$525,000	\$525,000	\$554,025	\$29,025
Charges for Services	82,476	65,000	76,962	11,962
Licenses and Permits	0	3,000	0	(3,000)
Intergovernmental	216,386	207,500	201,919	(5,581)
Contributions and Donations	536	0	500	500
Other	11,767	0	10,980	10,980
Total Revenues	836,165	800,500	844,386	43,886
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	1,637,923	1,627,908	1,400,666	227,242
Excess of Revenues Over (Under) Expenditures	(801,758)	(827,408)	(556,280)	271,128
Other Financing Sources (Uses):				
Transfers In	803,735	750,000	750,000	0
Transfers Out	0	(70,000)	(30,125)	39,875
Total Other Financing Sources (Uses)	803,735	680,000	719,875	39,875
Net Change in Fund Balance	1,977	(147,408)	163,595	311,003
Fund Balance at Beginning of Year	454,530	454,530	454,530	0
Prior Year Encumbrances Appropriated	8,349	8,349	8,349	0
Fund Balance at End of Year	\$464,856	\$315,471	\$626,474	\$311,003

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2011

	Water	Sewer	Trash
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,041,882	\$1,059,696	\$138,193
Materials and Supplies Inventory	30,539	1,484	0
Accounts Receivable	281,423	457,192	64,549
Restricted Assets:			
Cash and Cash Equivalents with Trustee	429,533	0	0
Total Current Assets	1,783,377	1,518,372	202,742
Noncurrent Assets:			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	323,684	61,054	0
Cash and Cash Equivalents with Trustee	200,677	0	0
Deferred Charges	154,928	0	0
Nondepreciable Capital Assets	1,020,364	37,500	0
Depreciable Capital Assets, Net	8,875,747	4,120,751	0
Total Noncurrent Assets	10,575,400	4,219,305	0
Total Assets	12,358,777	5,737,677	202,742
Liabilities:			
Current Liabilities:			
Accounts Payable	138,657	18,371	3,392
Accrued Wages and Benefits Payable	25,323	9,481	1,569
Contracts Payable	0	464,196	0
Intergovernmental Payable	62,176	12,433	2,526
Accrued Interest Payable	94,813	0	0
Compensated Absences Payable	17,655	9,741	0
Notes Payable	0	0	0
Revenue Bonds Payable	415,000	0	0
OWDA Loans Payable	184,862	0	0
Total Current Liabilities	938,486	514,222	7,487
Long Term Liabilities:			
Compensated Absences Payable	32,885	35,112	0
Notes Payable	0	0	0
Revenue Bonds Payable	3,925,200	0	0
OWDA Loans Payable	2,598,675	0	0
Refundable Deposits	61,054	61,054	0
Total Long Term Liabilities	6,617,814	96,166	0
Total Liabilities	7,556,300	610,388	7,487
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,927,302	3,694,055	0
Restricted for:			
Debt Service	615,677	0	0
Revenue Bonds			
Replacement and Improvement	262,630	0	0
Unrestricted	996,868	1,433,234	195,255
Total Net Assets	\$4,802,477	\$5,127,289	\$195,255

See accompanying notes to the basic financial statements

<u>Stormwater Utility</u>	<u>Total</u>
\$432,175	\$2,671,946
0	32,023
37,844	841,008
0	429,533
470,019	3,974,510
0	384,738
0	200,677
0	154,928
37,500	1,095,364
10,809,140	23,805,638
10,846,640	25,641,345
11,316,659	29,615,855
4,917	165,337
4,701	41,074
0	464,196
8,122	85,257
13,747	108,560
6,781	34,177
200,000	200,000
0	415,000
0	184,862
238,268	1,698,463
14,407	82,404
495,000	495,000
0	3,925,200
0	2,598,675
0	122,108
509,407	7,223,387
747,675	8,921,850
10,151,640	16,772,997
0	615,677
0	262,630
417,344	3,042,701
\$10,568,984	\$20,694,005

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>
Operating Revenues:			
Charges for Services	<u>\$2,609,827</u>	<u>\$3,198,842</u>	<u>\$711,350</u>
Operating Expenses:			
Personal Services	661,033	398,127	55,782
Contractual Services	806,837	2,277,974	666,988
Supplies and Materials	97,758	25,422	8,638
Depreciation	183,464	144,857	0
Other	<u>4,172</u>	<u>61,291</u>	<u>0</u>
Total Operating Expenses	<u>1,753,264</u>	<u>2,907,671</u>	<u>731,408</u>
Operating Income (Loss)	<u>856,563</u>	<u>291,171</u>	<u>(20,058)</u>
Non-Operating Revenues/(Expenses):			
Other Non-Operating Revenues	12,183	7,215	0
Interest and Fiscal Charges	<u>(361,823)</u>	<u>0</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(349,640)</u>	<u>7,215</u>	<u>0</u>
Income (Loss) Before Transfers	506,923	298,386	(20,058)
Transfers Out	<u>(60,000)</u>	<u>(60,000)</u>	<u>0</u>
Change in Net Assets	446,923	238,386	(20,058)
Net Assets at Beginning of Year - <i>Restated (See Note 21)</i>	<u>4,355,554</u>	<u>4,888,903</u>	<u>215,313</u>
Net Assets at End of Year	<u><u>\$4,802,477</u></u>	<u><u>\$5,127,289</u></u>	<u><u>\$195,255</u></u>

See accompanying notes to the basic financial statements

<u>Stormwater Utility</u>	<u>Total</u>
<u>\$496,374</u>	<u>\$7,016,393</u>
176,333	1,291,275
61,946	3,813,745
10,749	142,567
415,880	744,201
0	65,463
<u>664,908</u>	<u>6,057,251</u>
<u>(168,534)</u>	<u>959,142</u>
6,174	25,572
0	(361,823)
<u>6,174</u>	<u>(336,251)</u>
(162,360)	622,891
0	(120,000)
<u>(162,360)</u>	<u>502,891</u>
<u>10,731,344</u>	<u>20,191,114</u>
<u><u>\$10,568,984</u></u>	<u><u>\$20,694,005</u></u>

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Water	Sewer	Trash	Stormwater Utility	Totals
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,620,261	\$3,303,814	\$704,340	\$486,064	\$7,114,479
Cash Paid for Employee Services and Benefits	(652,540)	(405,236)	(53,955)	(176,501)	(1,288,232)
Cash Paid to Suppliers for Goods and Services	(775,078)	(2,300,453)	(674,946)	(69,354)	(3,819,831)
Utility Deposits Received	17,726	17,155	0	0	34,881
Utility Deposits Returned	(21,766)	(21,782)	0	0	(43,548)
Other Operating Expenses	(4,172)	(61,291)	0	0	(65,463)
Net Cash Provided by (Used for) Operating Activities	1,184,431	532,207	(24,561)	240,209	1,932,286
<u>Cash Flows from Noncapital Financing Activities:</u>					
Other Non-Operating Revenues	12,183	7,215	0	2,751	22,149
Transfers Out to Other Funds	(60,000)	(60,000)	0	0	(120,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	(47,817)	(52,785)	0	2,751	(97,851)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	0	0	0	(277,371)	(277,371)
Interest Paid on OWDA Loans	(171,360)	0	0	0	(171,360)
Principal Paid on OWDA Loans	(139,751)	0	0	0	(139,751)
Interest Paid on Mortgage Revenue Bonds	(190,194)	0	0	0	(190,194)
Principal Paid on Mortgage Revenue Bonds	(395,000)	0	0	0	(395,000)
Principal Paid on Bond Anticipation Notes	0	0	0	(895,000)	(895,000)
Proceeds of Bond Anticipation Notes	0	0	0	695,000	695,000
Net Cash Used for Capital and Related Financing Activities	(896,305)	0	0	(477,371)	(1,373,676)
Net Increase (Decrease) in Cash and Cash Equivalents	240,309	479,422	(24,561)	(234,411)	460,759
Cash and Cash Equivalents at Beginning of Year	1,755,467	641,328	162,754	666,586	3,226,135
Cash and Cash Equivalents at End of Year	<u>\$1,995,776</u>	<u>\$1,120,750</u>	<u>\$138,193</u>	<u>\$432,175</u>	<u>\$3,686,894</u>
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	\$856,563	\$291,171	(\$20,058)	(\$168,534)	\$959,142
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation Expense	183,464	144,857	0	415,880	744,201
Change in Assets and Liabilities:					
Increase in Materials and Supplies Inventory	(11,202)	(1,484)	0	0	(12,686)
(Increase) Decrease in Accounts Receivable	10,434	104,972	(6,623)	(10,397)	98,386
Increase in Accounts Payable	110,088	422	1,267	4,402	116,179
Increase in Accrued Wages and Benefits Payable	4,058	49	684	776	5,567
Increase (Decrease) in Contracts Payable	(5,582)	4,005	(974)	(974)	(3,525)
Increase in Intergovernmental Payable	43,039	1,842	1,143	2,745	48,769
Decrease in Compensated Absences Payable	(2,391)	(9,000)	0	(3,689)	(15,080)
Increase in Refundable Deposits Payable	(4,040)	(4,627)	0	0	(8,667)
Total Adjustments	327,868	241,036	(4,503)	408,743	973,144
Net Cash Provided by (Used for) Operating Activities	<u>\$1,184,431</u>	<u>\$532,207</u>	<u>(\$24,561)</u>	<u>\$240,209</u>	<u>\$1,932,286</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2011

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$312
Cash in Segregated Accounts	<u>67,052</u>
Total Assets	<u><u>\$67,364</u></u>
Liabilities:	
Intergovernmental Payable	\$38,969
Undistributed Monies	10,122
Deposits Held and Due to Others	<u>18,273</u>
Total Liabilities	<u><u>\$67,364</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 1 – REPORTING ENTITY AND BASIS OF PRESENTATION

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

THE REPORTING ENTITY

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

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

The City is associated with one organization which is defined as a joint venture, one which is defined as a shared risk pool and three organizations which are defined as jointly governed organizations. These organizations are presented in Note 17 of the Basic Financial Statements. These organizations are:

Joint Venture:

Joint Recreation Facility

Shared Risk Pool:

Ohio Government Risk Management Plan

Jointly Governed Organizations:

Warren County General Health District

Joint Emergency Medical Service

Warren County Fire Response and Life Safety Council of Governments

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

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) accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Pronouncements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds. The most significant of the City's accounting policies are described below.

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

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 and intergovernmental revenues restricted for operating expenditures related to the fire department.

Special Assessment Bond - This fund accounts for the resources restricted for payment of principal and interest and fiscal charges on 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 - This fund is used to account for the provision of water treatment and distribution to residential and commercial users in the City.

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY FUNDS

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

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

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

BASIS OF ACCOUNTING

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place and revenue from property taxes/revenue in lieu of taxes is recognized in the year for which the taxes are levied or would have been levied. (See Notes 6 and 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, 2011, but were levied to finance 2012 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, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

CASH AND CASH EQUIVALENTS

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

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2011. 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 net asset value per share which is the price the investment could be sold at December 31, 2011.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2011 amounted to \$44,866, which includes \$24,554 assigned from other funds.

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

MATERIALS AND SUPPLIES INVENTORY

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as expenditures/expenses when used. Materials and supplies inventory consists of expendable supplies held for consumption.

RESTRICTED ASSETS

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

CAPITAL ASSETS

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

CAPITALIZATION OF INTEREST

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

COMPENSATED ABSENCES

Vacation benefits and compensatory time are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation and compensatory time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City’s past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

INTERFUND RECEIVABLES/PAYABLES

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

BOND DISCOUNTS/PREMIUMS/ISSUANCE COSTS

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

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

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

GAIN/LOSS ON REFUNDING

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

FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The nonspendable fund balances for the City include inventory, unclaimed monies, and prepaid items.

Restricted

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

INTERNAL ACTIVITY

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

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

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

NET ASSETS

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 accepted in the United States of America 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.

NOTE 3 – ACCOUNTABILITY

At December 31, 2011, the Street Lighting and Police and Fire Pension Special Revenue Funds and the Issue Two Capital Projects Fund had deficit fund balances of \$2,252, \$110,936, and \$67,892, 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 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 restricted, committed, or assigned fund balance (GAAP basis).
4. 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, 2011

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	\$677,884	\$158,932
Revenue Accruals	(555,989)	(5,862)
Expenditure Accruals	(97,970)	78,445
Encumbrances	(54,468)	(67,920)
Unrecorded Cash - 2011	(72,468)	0
Unrecorded Cash - 2010	49,700	0
Transfers	332,081	0
Budget Basis	\$278,770	\$163,595

NOTE 5 – DEPOSITS AND INVESTMENTS

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 payment of principal and interest by the United States;

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS

As of December 31, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value/ Cost</u>	<u>Investment Maturity (in Years) Less Than 1</u>	<u>Moody's Rating</u>	<u>Percentage of Total Investments</u>
STAROhio	\$1,403,769	\$1,403,769	N/A	52.73%
Common Stock	1,252,140	1,252,140	N/A	47.04%
Western Asset Government Money Market Mutual Fund	6,229	6,229	Aaa	0.23%
Total Investments	\$2,662,138	\$2,662,138		100.00%

The City has investments in common stock as a result of a donation made to the City through the will and testament of an individual. The donation is restricted for use for parks and recreation.

INTEREST RATE RISK

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

CREDIT RISK

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

CONCENTRATION OF CREDIT RISK

The City's places no limit on the amount it may invest in any one financial institution. The percentage that each investment represents of total investments is listed in the table above.

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property (used in business) located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) are for 2011 taxes.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 6 – PROPERTY TAXES (continued)

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$5.73 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$198,725,500
Public Utility Personal Property	5,974,814
Totals	<u>\$204,700,314</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Franklin. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since the current taxes were not levied to finance 2011 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 7 – INCOME TAX

From January 1 through June 30, 2011, the City levied a municipal income tax of 1.5 percent on substantially all income earned within the City. On July 1, 2011, an increase of 0.5 percent was levied. 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 2011, the proceeds were allocated to the General Fund.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 8 – RECEIVABLES

Receivables at December 31, 2011, consisted of accounts, intergovernmental, including grants, entitlements and shared revenues, income taxes, property taxes, revenue in lieu of taxes, interfund, special assessments, and interest on investments. All receivables are considered fully collectible and will be received within one year with the exception of property taxes and income taxes. Water, sewer, trash, and stormwater charges for accounts receivable which, if delinquent, may be certified and collected as special assessments, are subject to foreclosure for nonpayment. Property taxes and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$1,272,048. The City has \$121,806 in delinquent special assessments at December 31, 2011.

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Local Government Assistance	\$179,558
Homestead and Rollback Exemption	58,338
Estate Tax	46,207
Joint Recreation Fees	262
Charges for Services	7,650
Gasoline Tax	201,902
Motor Vehicle License Tax	54,623
Permissive Motor Vehicle License Tax	56,328
Federal FEMA Fire Grant	35,591
OPWC Grant	4,438
Total Governmental Activities	<u><u>\$644,897</u></u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2011, was as follows:

	Balance at December 31, 2010	Additions	Deletions	Balance at December 31, 2011
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$19,175,661	\$0	\$0	\$19,175,661
Depreciable Capital Assets:				
Land Improvements	1,268,173	0	0	1,268,173
Buildings	6,869,171	0	0	6,869,171
Equipment	1,517,172	37,800	(86,369)	1,468,603
Vehicles	2,944,071	57,456	(99,573)	2,901,954
Infrastructure	62,426,983	504,285	(255,785)	62,675,483
Total Depreciable Capital Assets	<u>75,025,570</u>	<u>599,541</u>	<u>(441,727)</u>	<u>75,183,384</u>
Less Accumulated Depreciation:				
Land Improvements	(1,009,542)	(22,954)	0	(1,032,496)
Buildings	(1,667,899)	(118,822)	0	(1,786,721)
Equipment	(939,721)	(108,256)	69,425	(978,552)
Vehicles	(2,456,228)	(171,260)	99,573	(2,527,915)
Infrastructure	(39,395,774)	(1,488,469)	255,785	(40,628,458)
Total Accumulated Depreciation	<u>(45,469,164)</u>	<u>(1,909,761) *</u>	<u>424,783</u>	<u>(46,954,142)</u>
Depreciable Capital Assets, Net	<u>29,556,406</u>	<u>(1,310,220)</u>	<u>(16,944)</u>	<u>28,229,242</u>
Governmental Activities Capital Assets, Net	<u>\$48,732,067</u>	<u>(\$1,310,220)</u>	<u>(\$16,944)</u>	<u>\$47,404,903</u>

* Depreciation expense was charged to governmental programs as follows:

	Amount
General Government	\$60,282
Security of Persons and Property:	
Police	78,190
Fire	65,197
Leisure Time Activities	25,295
Basic Utility Services	101,873
Transportation	1,578,924
Total Depreciation Expense	<u>\$1,909,761</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 9 – CAPITAL ASSETS (continued)

	Balance at December 31, 2010	Additions	Deletions	Balance at December 31, 2011
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$1,095,364	\$0	\$0	\$1,095,364
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	72,700	0	0	72,700
Equipment	301,729	0	(8,540)	293,189
Vehicles	457,647	277,371	(126,001)	609,017
Infrastructure	39,589,725	0	0	39,589,725
Total Depreciable Capital Assets	<u>40,434,722</u>	<u>277,371</u>	<u>(134,541)</u>	<u>40,577,552</u>
Less Accumulated Depreciation:				
Land Improvements	(3,400)	(204)	0	(3,604)
Buildings	(14,742)	(668)	0	(15,410)
Equipment	(133,270)	(4,200)	8,540	(128,930)
Vehicles	(239,173)	(17,336)	126,001	(130,508)
Infrastructure	(15,771,669)	(721,793)	0	(16,493,462)
Total Accumulated Depreciation	<u>(16,162,254)</u>	<u>(744,201)</u>	<u>134,541</u>	<u>(16,771,914)</u>
Depreciable Capital Assets, Net	<u>24,272,468</u>	<u>(466,830)</u>	<u>0</u>	<u>23,805,638</u>
Business-Type Activities Capital Assets, Net	<u>\$25,367,832</u>	<u>(\$466,830)</u>	<u>\$0</u>	<u>\$24,901,002</u>

NOTE 10 – DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLANS *(continued)*

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$256,431, \$266,674, and \$220,109, respectively. For 2011, 83.73 percent has been contributed with the balance due being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$1,120 made by the City and \$800 made by 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$252,867 and \$145,996 for the year ended December 31, 2011, \$243,101 and \$74,044 for the year ended December 31, 2010, and \$239,849 and \$141,859 for the year ended December 31, 2009, respectively. For 2011, 75.50 percent for police and 81.01 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 11 – POST-EMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 11 – POST-EMPLOYMENT BENEFITS *(continued)*

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$102,572, \$148,152, and \$142,424, respectively. For 2011, 83.73 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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

OHIO POLICE AND FIRE PENSION FUND

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

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

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 11 – POST-EMPLOYMENT BENEFITS (continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$133,871 and \$57,129 for the year ended December 31, 2011, \$128,701 and \$28,974 for the year ended December 31, 2010, and \$126,979 and \$55,510 for the year ended December 31, 2009, respectively. For 2011, 75.50 percent has been contributed for police and 81.01 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 12 – 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 80 hours of service. Sick leave is cumulative without limit. In the case of death or retirement, every employee will be paid for a maximum of 150 days of sick leave hours. Those employees that were hired before June 7, 2005, and leave City employment for reasons other than death or retirement will be paid 50 percent of accumulated sick leave up to a maximum of 75 days (600 hours). Employees hired on or after June 7, 2005, will be paid 25 percent of accumulated sick leave up to a maximum payment of 240 hours.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 12 – OTHER EMPLOYEE BENEFITS *(continued)*

Accumulated Unpaid Compensatory Time

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

HEALTH CARE BENEFITS

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

HEALTH SAVINGS ACCOUNT

Employees have the option of contributing to a Health Savings Account up to \$1,000 for single coverage, \$1,500 for employee and spouse, or \$2,500 for family coverage. The City contributes an additional \$1,000, \$1,500, or \$2,500 to the Health Savings Account.

DEFERRED COMPENSATION

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2011 follows:

Types/Issues	Restated Balance January 1, 2011	Increases	Decreases	Balance December 31, 2011	Due Within One Year
<u>Special Assessment Bonds with Governmental Commitment</u>					
1991 - 6.85% Franklin Commerce					
Improvement \$1,340,000	\$125,000	\$0	\$125,000	\$0	\$0
1995 - 6.00% Miller Stub Street \$78,513	28,000	0	5,000	23,000	5,000
1995 - 5.75% Shotwell Drive \$227,000	85,000	0	15,000	70,000	16,000
1997 - 5.80% Franklin Commerce					
Center \$577,400	255,000	0	35,000	220,000	40,000
1998 - 5.00% Scholl Road \$514,177	255,000	0	30,000	225,000	30,000
1998 - 5.00% Fourth Street					
Improvement \$337,705	170,000	0	20,000	150,000	20,000
1998 - 5.00% Schumaker-Franklin \$1,322,708	685,000	0	80,000	605,000	85,000
1998 - 5.00% Deardoff Phase II \$158,410	80,000	0	10,000	70,000	10,000
1999 - 5.70% Eastlawn Sewer Line					
Extension \$119,779	65,000	0	5,000	60,000	5,000
2001 - 5.125% Shotwell Drive					
Phase III \$490,000	340,000	0	20,000	320,000	25,000
Total - Special Assessment Bonds	2,088,000	0	345,000	1,743,000	236,000
<u>General Obligation Bonds (Unvoted)</u>					
2001 - 4.625% - 5.125% Street					
Improvement Bonds \$920,000	635,000	0	45,000	590,000	45,000
2002 - 3.00% - 5.25% Public Works Facility					
Bonds \$4,625,000	4,025,000	0	160,000	3,865,000	165,000
2003 - 4.00% - 5.00% Various Purpose					
Bonds \$960,000	705,000	0	40,000	665,000	45,000
2003 - 1.50% - 4.65% Administrative and Court					
Facility Improvements \$1,260,000	910,000	0	55,000	855,000	55,000
Discount on Debt Issue	(11,648)	0	(896)	(10,752)	0
Total - General Obligation Bonds	6,263,352	0	299,104	5,964,248	310,000
<u>Other Long-Term Obligations</u>					
2011 - 2.35% Road Improvement Bond					
Anticipation Notes \$197,000	0	147,000	0	147,000	0
2010 - 2.35% Road Improvement Bond					
Anticipation Notes \$247,000	197,000	0	197,000	0	0
2010 - 2.35% Road Improvement and Street					
Sweeper Bond Anticipation Notes \$140,500	90,500	0	90,500	0	0
Compensated Absences	736,969	191,359	278,969	649,359	147,039
2.50% - Police and Fire Pension	65,381	0	1,554	63,827	1,621
Total - Other Long-Term Obligations	1,089,850	338,359	568,023	860,186	148,660
Total - All General Long-Term Obligations	\$9,441,202	\$338,359	\$1,212,127	\$8,567,434	\$694,660

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13 – 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 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 General Fund.

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 Debt Service Fund with transfers from the General, Water, and Sewer funds.

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 the purpose of street and police department facility improvements. Of these bonds \$385,000 are serial bonds and \$575,000 are term bonds. The bonds will be paid from the Debt Service Fund with transfers 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:

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

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.

Redemption Dates	Premium - % of Par Value
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 paid from the Debt Service Fund with transfers 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:

Year	Amount
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	\$855,000

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 price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

On March 3, 2011, the City retired the road improvement note in the amount of \$247,000 and reissued the note for the \$197,000. On March 2, 2012, the City paid \$50,000 against the \$197,000 note and refinanced the remaining \$147,000 into a new note. Therefore, the \$197,000 liability outstanding at December 31, 2011 is split with \$147,000 presented as a long-term liability and \$50,000 presented as a fund liability in the financial statements. (See Note 22).

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

On March 3, 2011, the City retired the road improvement and street sweeper note in the amount of \$140,500 and reissued the note for \$90,500. On March 2, 2012, the City paid the \$90,500 note. Therefore, the \$90,500 liability outstanding at December 31, 2011 is presented as a fund liability in the financial statements. (See Note 22).

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

The Police and Fire Pension liability is paid from special revenue fund taxes, and is recorded as an expenditure of Debt Service: Principal Retirement. In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2011, \$63,827 was payable in semiannual installments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported on the government-wide financial statements.

Changes in the long-term obligations reported in the business-type activities of the City during 2011 were as follows:

Types/Issues	Restated Balance January 1, 2011	Increases	Decreases	Balance December 31, 2011	Due Within One Year
OWDA Loans	\$2,923,288	\$0	\$139,751	\$2,783,537	\$184,862
2006 - 4.000% - 4.125% Mortgage Revenue					
Refunding Bonds - \$6,140,000	4,715,000	0	395,000	4,320,000	415,000
Unamortized Gain	(24,608)	0	(1,918)	(22,690)	0
Premium on Debt Issue	46,515	0	3,625	42,890	0
2011 - 2.35% Stormwater Drainage Improvement					
Project Bond Anticipation Notes \$695,000	0	495,000	0	495,000	0
2010 - 2.35% Stormwater Drainage Improvement					
Project Bond Anticipation Notes \$895,000	695,000	0	695,000	0	0
Compensated Absences	131,661	46,760	61,840	116,581	34,177
Total - Business-Type Activities	<u>\$8,486,856</u>	<u>\$541,760</u>	<u>\$1,293,298</u>	<u>\$7,735,318</u>	<u>\$634,039</u>

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

The City has pledged future revenues, net of operating expenses, to repay the OWDA Loans and the Mortgage Revenue Refunding Bonds in the City's Water Fund. The debt is payable solely from net revenues and is payable through 2022. Annual principal and interest payments on the debt issues are expected to require 90 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$9,140,859, with principal and interest of \$3,864,617 remaining on the OWDA Loan and \$5,276,242 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$896,305, with \$311,111 paid on the OWDA Loans and \$585,194 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,040,027.

On March 3, 2011, the City paid \$200,000 toward the stormwater drainage system note and refinanced the remaining \$695,000.

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

As of December 31, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,231,033 with an unvoted debt margin of \$4,996,017.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2011 are:

Governmental Activities				
Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2012	\$310,000	\$290,562	\$236,000	\$91,951
2013	320,000	277,246	248,000	79,413
2014	340,000	263,348	274,000	66,248
2015	360,000	248,130	285,000	51,704
2016	370,000	231,568	285,000	36,599
2017-2021	2,195,000	869,075	415,000	43,038
2022-2026	1,750,000	340,964	0	0
2027	330,000	17,326	0	0
Totals	<u>\$5,975,000</u>	<u>\$2,538,219</u>	<u>\$1,743,000</u>	<u>\$368,953</u>

Business-Type Activities				
Year	Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2012	\$415,000	\$174,394	\$184,862	\$160,560
2013	430,000	157,794	196,360	149,062
2014	445,000	140,594	208,598	136,824
2015	465,000	122,794	221,625	123,797
2016	485,000	104,194	235,494	109,927
2017-2021	1,805,000	245,472	1,167,937	308,016
2022-2026	275,000	11,000	389,101	83,438
2027-2028	0	0	179,560	9,456
	<u>\$4,320,000</u>	<u>\$956,242</u>	<u>\$2,783,537</u>	<u>\$1,081,080</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

REVENUE HOUSING BONDS

The City served as the issuer of \$6,955,000 in revenue housing bonds in 1997 and \$4,500,000 in 2007. The proceeds of the \$6,955,000 bonds were used by Emerald Edge/Warren, Limited Partnership and the proceeds of the \$4,500,000 bonds were used by Sound Preservation 202 LP to finance the acquisition, construction and equipping of separate multi-family residential rental housing facilities. The housing revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment. The outstanding balance at December 31, 2011, on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$5,705,000. The outstanding balance at December 31, 2011, on the Sound Preservation 202 LP revenue housing bonds is \$3,755,458.

NOTE 14 – SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2011 follows:

Fund Type	Balance January 1, 2011	Increase	Decrease	Balance December 31, 2011
<u>Governmental</u>				
General				
2011 - 2.35% Road Improvement Bond Anticipation Notes \$197,000	\$0	\$50,000	\$0	\$50,000
2010 - 2.35% Road Improvement Bond Anticipation Notes \$247,000	50,000	0	50,000	0
Total General	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Capital Projects				
2011 - 2.35% Road Improvement and Street Sweeper Bond Anticipation Notes \$90,500	0	90,500	0	90,500
2010 - 2.35% Road Improvement and Street Sweeper Bond Anticipation Notes \$140,500	50,000	0	50,000	0
Total Capital Projects	<u>50,000</u>	<u>90,500</u>	<u>50,000</u>	<u>90,500</u>
Total Governmental Funds	<u>\$100,000</u>	<u>\$140,500</u>	<u>\$100,000</u>	<u>\$140,500</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 14 – SHORT-TERM OBLIGATIONS (continued)

Fund Type	Balance January 1, 2011	Increase	Decrease	Balance December 31, 2011
<u>Business-Type Activities</u>				
Stormwater Utility				
2011 - 2.35% Stormwater Drainage Improvement Project Bond				
Anticipation Notes \$695,000	\$0	\$200,000	\$0	\$200,000
2010 - 2.35% Stormwater Drainage Improvement Project Bond				
Anticipation Notes \$895,000	200,000	0	200,000	0
Total Business-Type Funds	\$200,000	\$200,000	\$200,000	\$200,000

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

NOTE 15 – INTERFUND ACTIVITY

INTERFUND RECEIVABLE/PAYABLE

The City has interfund balances at December 31, 2011, between the General Fund and Nonmajor Governmental funds in the amount of \$2,252 in order to cover a deficit balance.

TRANSFERS FROM/TO OTHER FUNDS

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

		Transfers From				
		General	Fire Levy	Water	Sewer	Total
Transfers to	Fire Levy	\$750,000	\$0	\$0	\$0	\$750,000
	Nonmajor Governmental	1,463,871	30,125	60,000	60,000	1,613,996
	Total	\$2,213,871	\$30,125	\$60,000	\$60,000	\$2,363,996

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 15 – INTERFUND ACTIVITY *(continued)*

Transfers to the Nonmajor Governmental Funds 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, as well as for operating expenditures, upkeep of park facilities and the City's share of police pension. Transfers from the Fire Levy Fund to Nonmajor Governmental Funds were for the City's share of fire pension.

NOTE 16 – 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.

Prior to 2009, the City belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including (a) Ohio Plan Risk Management, Inc. ("OPRM"), formerly known as the Ohio Risk Management Plan; (b) Ohio Plan Healthcare Consortium, Inc. ("OPHC"), formerly known as the Ohio Healthcare Consortium, and (c) Ohio Plan, Inc., mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of 11 members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through 14 appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk Management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5 percent of the premium and losses on the first \$250,000 casualty treaty and 10 percent of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011, and 2010, respectively. The City participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan. The complete audited financial statements for OPRM and OPHC are available at the Plan's website, www.ohioplan.org.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 16 – RISK MANAGEMENT (continued)

The City pays its annual premium to its agent, Hylant Administrative Services, LLC. Coverage is as follows:

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

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 17 – JOINT VENTURE/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS

JOINT VENTURE

The City participates in a joint venture with Franklin Township pertaining to a Joint Recreation Facility. The joint venture was formed for the purpose of constructing and operating a swimming pool for the citizens of the City and Township. The recreation facility is governed by a Board of Trustees consisting of 10 members, five appointed by each entity. The funding for the operations of the pool is charges for services, with the remainder of the budget being financed equally by the City and Township. There is no explicit and measurable equity interest in the Joint Recreation Facility. The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's contribution, which totaled \$26,388 in 2011. The joint venture is not accumulating significant resources or experiencing fiscal stress which would cause an additional financial benefit or burden on the City. The City of Franklin is the fiscal agent. The financial statements of the Joint Recreation Facility can be obtained at the Finance Department, City of Franklin, 35 East Fourth Street, Franklin, Ohio, 45005.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 17 – JOINT VENTURE/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

The following is a summary of the financial information for the joint venture for the year ended December 31, 2011, prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	\$115,103
Operating Expenditures	115,106
Excess of Operating Revenues	
Under Expenditures	(3)
Fund Balance at Beginning of Year	3
Fund Balance at End of Year	\$0

SHARED RISK POOL

The City belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments. The Board of Trustees consists of 11 members that include appointed and elected officials from member organizations.

JOINTLY GOVERNED ORGANIZATIONS

The Warren County General Health District (the District), a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The City contributed \$6,710 during 2011 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. Financial information may be obtained from Brenda Joseph at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 17 – JOINT VENTURE/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

The Warren County Fire Response and Life Safety Council of Governments (the COG) is a jointly governed organization, consisting of cities, villages and townships in Warren County. The COG, which consists of a representative from each of the participating governments, including the City, contracts with the Greater Cincinnati Hazardous Materials Unit, Inc. for hazardous materials response services to each of the participating governments. The City contributed \$1,823 during 2011 for the operation of the COG. The City does not have any financial interest in or responsibility for the COG. Nick Nelson acts as fiscal agent for the organization. Financial information may be obtained from Nick Nelson, 406 Justice Drive, Lebanon, Ohio 45036.

NOTE 18 – CAPITAL LEASE RECEIVABLE

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

The City has recognized the future minimum lease payments, less unearned interest income, as leases receivable in the capital projects fund type. During 2011, R. Good Logistics, LLC paid the remaining lease payments in full. Therefore, the entire liability was eliminated on the financial statements of the City.

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, 2011, to December 31, 2011, 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 20 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

Fund Balances	General	Fire Levy	Special Assessment Bond	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Inventory	\$9,856	\$17,252	\$0	\$184,434	\$211,542
Unclaimed Monies	7,223	0	0	0	7,223
Parks and Recreation	0	0	0	1,126,400	1,126,400
<i>Total Nonspendable</i>	17,079	17,252	0	1,310,834	1,345,165
<i>Restricted For</i>					
Fire Services	0	548,612	0	0	548,612
Special Assessment Bonds	0	0	151,443	0	151,443
Transportation Services	0	0	0	675,053	675,053
Law Enforcement/Security of Persons and Property	0	0	0	550,198	550,198
Assessments for Wastewater Treatment	0	0	0	8,255	8,255
ODOT Project	0	0	0	399,369	399,369
Property Acquisition	0	0	0	103,498	103,498
Infrastructure Improvements	0	0	0	435,259	435,259
Parks and Recreation	0	0	0	266,190	266,190
<i>Total Restricted</i>	0	548,612	151,443	2,437,822	3,137,877
<i>Committed To</i>					
Park Facilities	0	0	0	51,662	51,662
<i>Assigned To</i>					
Debt Service Payments	0	0	0	56,043	56,043
Other Purposes	89,926	0	0	0	89,926
<i>Total Assigned</i>	89,926	0	0	56,043	145,969
<i>Unassigned (Deficit)</i>	3,900,839	0	0	(181,080)	3,719,759
Total Fund Balances	\$4,007,844	\$565,864	\$151,443	\$3,675,281	\$8,400,432

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS

CHANGE IN ACCOUNTING PRINCIPLES

The City has implemented Governmental Accounting Standards Board (GASB) Statements No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and No. 59, “Financial Instruments Omnibus”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 59 updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of these statements is addressed in the tables below.

PRIOR PERIOD ADJUSTMENTS

Also, for 2011, it was determined that the capital lease receivable and interfund activity reported at December 31, 2010, was overstated. The City also changed the manner in which it calculated its compensated absences liability. In the past, the City utilized the vesting method for calculating a liability. In 2011, the City elected to use the termination method for calculating its compensated absences liability. The implementation of these statements, correction of errors, and changing the manner in which the compensated absences liability is calculated resulted in the following changes to fund balances and net assets at December 31, 2010, as previously reported:

	General Fund	Fire Levy	Special Assessment Bond	Nonmajor Governmental Funds	Total
Fund Balance, December 31, 2010, as Previously Reported	\$3,190,177	\$471,390	\$0	\$4,227,860	\$7,889,427
Restatement of Interfund Receivable	(184,808)	(64,458)	0	(252,155)	(501,421)
Restatement of Interfund Payable	252,155	0	0	73,964	326,119
Reclassification of Funds	72,436	0	159,023	(231,459)	0
Fund Balance, December 31, 2010, as Restated	<u>\$3,329,960</u>	<u>\$406,932</u>	<u>\$159,023</u>	<u>\$3,818,210</u>	<u>\$7,714,125</u>

	Governmental Activities	Business-Type Activities	Total
Net Assets, December 31, 2010	\$50,281,622	\$20,010,313	\$70,291,935
Restatement of Capital Lease Receivable	(161,949)	0	(161,949)
Restatement of Internal Balances	(175,302)	175,302	0
Restatement of Long-Term Liabilities - Due Within One Year	22,521	1,870	24,391
Restatement of Long-Term Liabilities - Due In More Than One Year	202,100	3,629	205,729
Net Assets, December 31, 2010, as Restated	<u>\$50,168,992</u>	<u>\$20,191,114</u>	<u>\$70,360,106</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR NET ASSETS (continued)

	<u>Water</u>	<u>Sewer</u>	<u>Stormwater</u>
Net Assets, December 31, 2010	\$4,180,739	\$4,872,102	\$10,742,159
Restatement of Interfund Payable	175,302	0	0
Restatement of Current Liabilities - Compensated			
Absences Payable	622	1,506	(258)
Restatement of Long-Term Liabilities - Compensated			
Absences Payable	(1,109)	15,295	(10,557)
Net Assets, December 31, 2010, as Restated	<u>\$4,355,554</u>	<u>\$4,888,903</u>	<u>\$10,731,344</u>

NOTE 22 – SUBSEQUENT EVENTS

The City issued the following Bond Anticipation Notes on March 2, 2012, with maturity on February 14, 2013.

<u>Note</u>	<u>Amount Issued</u>
Road Improvement	\$147,000
Stormwater Drainage Improvement	495,000

On March 2, 2012, the City paid \$50,000 toward the road improvement note and reissued the remaining \$147,000. The City also paid \$90,500 toward the road improvement and street sweeper note. \$200,000 was paid toward the stormwater drainage improvement note and the remaining \$495,000 was reissued.

On April 17, 2012, the City issued the 2012 Various Purpose Refunding Bonds in the amount of \$5,630,000 for the purpose of refunding the 2001 Street Improvement Bonds, the 2002 Public Works Facility Bonds, the 2003 Various Purpose Bonds, and the 2003 Administrative and Court Facility Improvements. The 2012 Various Purpose Refunding Bonds mature on December 1, 2027.

Combining Financial Statements and Individual Fund Schedules

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

To account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. The following are descriptions of the City's nonmajor Special Revenue Funds.

NONMAJOR SPECIAL REVENUE FUNDS

Transportation

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

E-911

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

Court

To account for and report 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.

Drug Law Enforcement

To account for and report monies received from drug conviction fines restricted for drug law enforcement expenditures.

Recreation

To account for and report recreation fees and transfers from the General Fund committed for expenditures pertaining to recreational activities and upkeep of park facilities.

Indigent Drivers

To account for and report monies received from fines for driving while intoxicated which are restricted for treatment and rehabilitation of convicted drivers.

Indigent Drivers Alcohol Monitoring

To account for and report monies received from fines for driving while intoxicated which are restricted for probation activities related to such violations.

In-House Monitoring

To account for and report monies received from fines for in-house monitoring of convicted individuals restricted for the activities related to the continued operations of the program.

Street Lighting

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

Miami Conservancy District (formerly U.S. Filter)

To account for and report a restricted property tax levied for the purpose of paying the City's annual assessment for wastewater treatment.

(continued)

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS
(continued)

NONMAJOR SPECIAL REVENUE FUNDS

Police and Fire Pension

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

DEBT SERVICE FUND

To account for and report financial resources that are restricted, committed, or assigned for the payment of general obligation principal and interest and fiscal charges.

NONMAJOR DEBT SERVICE FUND

Bond Retirement

To account for and report assigned resources that are used for the payment of principal and interest and fiscal charges for general obligation debt.

CAPITAL PROJECTS FUNDS

To account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

NONMAJOR CAPITAL PROJECTS FUNDS

Issue II

To account for and report grant monies restricted for making road improvements.

ODOT Project

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

Property Acquisition

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

Tax Increment Financing

To account for and report payments received in lieu of taxes on property granted a tax exemption by the City. These monies are restricted for land purchases or infrastructure improvements.

(continued)

CITY OF FRANKLIN, OHIO

***NONMAJOR FUND DESCRIPTIONS
(continued)***

PERMANENT FUND

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

NONMAJOR PERMANENT FUND

F. C. Dial Trust

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

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,335,438	\$56,043	\$1,106,855	\$1,392,590	\$3,890,926
Materials and Supplies Inventory	184,434	0	0	0	184,434
Intergovernmental Receivable	320,579	0	4,438	0	325,017
Property Taxes Receivable	161,663	0	0	0	161,663
Revenue in Lieu of Taxes Receivable	24,529	0	192,413	0	216,942
Special Assessments Receivable	125,523	0	0	0	125,523
Total Assets	\$2,152,166	\$56,043	\$1,303,706	\$1,392,590	\$4,904,505
Liabilities:					
Accounts Payable	\$55,267	\$0	\$7,530	\$0	\$62,797
Accrued Wages and Benefits Payable	17,360	0	0	0	17,360
Contracts Payable	0	0	136,801	0	136,801
Intergovernmental Payable	142,503	0	0	0	142,503
Accrued Interest Payable	0	0	1,790	0	1,790
Interfund Payable	2,252	0	0	0	2,252
Deferred Revenue	578,370	0	196,851	0	775,221
Notes Payable	0	0	90,500	0	90,500
Total Liabilities	795,752	0	433,472	0	1,229,224
Fund Balances:					
Nonspendable	184,434	0	0	1,126,400	1,310,834
Restricted	1,233,506	0	938,126	266,190	2,437,822
Committed	51,662	0	0	0	51,662
Assigned	0	56,043	0	0	56,043
Unassigned (Deficit)	(113,188)	0	(67,892)	0	(181,080)
Total Fund Balances	1,356,414	56,043	870,234	1,392,590	3,675,281
Total Liabilities and Fund Balances	\$2,152,166	\$56,043	\$1,303,706	\$1,392,590	\$4,904,505

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$153,380	\$0	\$0	\$0	\$153,380
Payments in Lieu of Taxes	0	0	192,413	0	192,413
Special Assessments	115,080	0	0	0	115,080
Fines, Licenses and Permits	196,292	0	0	0	196,292
Intergovernmental	865,414	0	777,945	0	1,643,359
Interest	25	0	0	90,179	90,204
Contributions and Donations	2,500	0	0	0	2,500
Other	18,161	12,407	21,746	0	52,314
Total Revenues	1,350,852	12,407	992,104	90,179	2,445,542
Expenditures:					
Current:					
General Government	186,226	0	0	0	186,226
Security of Persons and Property:					
Police	464,333	0	0	0	464,333
Fire	180,533	0	0	0	180,533
Other	123,913	0	0	0	123,913
Public Health and Welfare	13,361	0	0	0	13,361
Leisure Time Activities	267,030	0	0	0	267,030
Economic Development	43,926	0	0	0	43,926
Transportation	1,013,128	0	0	0	1,013,128
Capital Outlay	60,184	0	1,054,334	52,238	1,166,756
Debt Service:					
Principal Retirement	1,554	300,000	0	0	301,554
Interest and Fiscal Charges	2,746	345,643	2,818	0	351,207
Current Refunding	0	0	90,500	0	90,500
Total Expenditures	2,356,934	645,643	1,147,652	52,238	4,202,467
Excess of Revenues Over (Under) Expenditures	(1,006,082)	(633,236)	(155,548)	37,941	(1,756,925)
Other Financing Sources:					
Transfers In	977,196	586,800	50,000	0	1,613,996
Net Change in Fund Balances	(28,886)	(46,436)	(105,548)	37,941	(142,929)
Fund Balances at Beginning of Year	1,385,300	102,479	975,782	1,354,649	3,818,210
Fund Balances at End of Year	\$1,356,414	\$56,043	\$870,234	\$1,392,590	\$3,675,281

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2011

	Transportation	E-911	Court	Drug Law Enforcement	Recreation
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$682,744	\$203,571	\$259,336	\$48,432	\$71,160
Materials and Supplies Inventory	184,434	0	0	0	0
Intergovernmental Receivable	312,853	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Revenue in Lieu of Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
Total Assets	\$1,180,031	\$203,571	\$259,336	\$48,432	\$71,160
Liabilities:					
Accounts Payable	\$28,940	\$0	\$17,645	\$0	\$8,682
Accrued Wages and Benefits Payable	13,130	71	0	0	4,159
Intergovernmental Payable	19,545	5,365	0	0	6,657
Interfund Payable	0	0	0	0	0
Deferred Revenue	258,929	0	0	0	0
Total Liabilities	320,544	5,436	17,645	0	19,498
Fund Balances:					
Nonspendable	184,434	0	0	0	0
Restricted	675,053	198,135	241,691	48,432	0
Committed	0	0	0	0	51,662
Unassigned (Deficit)	0	0	0	0	0
Total Fund Balances (Deficit)	859,487	198,135	241,691	48,432	51,662
Total Liabilities and Fund Balances	\$1,180,031	\$203,571	\$259,336	\$48,432	\$71,160

Indigent Drivers	Indigent Drivers Alcohol Monitoring	In-House Monitoring	Street Lighting	Miami Conservancy District	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$44,240	\$5,891	\$11,809	\$0	\$8,255	\$0	\$1,335,438
0	0	0	0	0	0	184,434
0	0	0	0	1,376	6,350	320,579
0	0	0	0	28,789	132,874	161,663
0	0	0	0	24,529	0	24,529
0	0	0	125,523	0	0	125,523
<u>\$44,240</u>	<u>\$5,891</u>	<u>\$11,809</u>	<u>\$125,523</u>	<u>\$62,949</u>	<u>\$139,224</u>	<u>\$2,152,166</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$55,267
0	0	0	0	0	0	17,360
0	0	0	0	0	110,936	142,503
0	0	0	2,252	0	0	2,252
0	0	0	125,523	54,694	139,224	578,370
0	0	0	127,775	54,694	250,160	795,752
0	0	0	0	0	0	184,434
44,240	5,891	11,809	0	8,255	0	1,233,506
0	0	0	0	0	0	51,662
0	0	0	(2,252)	0	(110,936)	(113,188)
<u>44,240</u>	<u>5,891</u>	<u>11,809</u>	<u>(2,252)</u>	<u>8,255</u>	<u>(110,936)</u>	<u>1,356,414</u>
<u>\$44,240</u>	<u>\$5,891</u>	<u>\$11,809</u>	<u>\$125,523</u>	<u>\$62,949</u>	<u>\$139,224</u>	<u>\$2,152,166</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, 2011

	Transportation	E-911	Court	Drug Law Enforcement	Recreation
Revenues:					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	0
Fines, Licenses and Permits	765	0	138,275	18,541	0
Intergovernmental	693,007	119,687	0	1,500	0
Interest	25	0	0	0	0
Contributions and Donations	0	0	0	500	2,000
Other	6,569	0	0	1,300	10,292
Total Revenues	700,366	119,687	138,275	21,841	12,292
Expenditures:					
Current:					
General Government	0	0	162,829	0	0
Security of Persons and Property:					
Police	0	132,295	0	18,831	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	267,030
Economic Development	0	0	0	0	0
Transportation	1,013,128	0	0	0	0
Capital Outlay	50,000	0	10,184	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	1,063,128	132,295	173,013	18,831	267,030
Excess of Revenues Over (Under) Expenditures	(362,762)	(12,608)	(34,738)	3,010	(254,738)
Other Financing Sources:					
Transfers In	450,000	0	0	0	265,000
Net Change in Fund Balances	87,238	(12,608)	(34,738)	3,010	10,262
Fund Balances (Deficit) at Beginning of Year	772,249	210,743	276,429	45,422	41,400
Fund Balances (Deficit) at End of Year	<u>\$859,487</u>	<u>\$198,135</u>	<u>\$241,691</u>	<u>\$48,432</u>	<u>\$51,662</u>

Indigent Drivers	Indigent Drivers Alcohol Monitoring	In-House Monitoring	Street Lighting	Miami Conservancy District	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$27,314	\$126,066	\$153,380
0	0	0	115,080	0	0	115,080
3,633	4,884	30,194	0	0	0	196,292
10,572	0	0	0	5,914	34,734	865,414
0	0	0	0	0	0	25
0	0	0	0	0	0	2,500
0	0	0	0	0	0	18,161
<u>14,205</u>	<u>4,884</u>	<u>30,194</u>	<u>115,080</u>	<u>33,228</u>	<u>160,800</u>	<u>1,350,852</u>
0	0	23,397	0	0	0	186,226
0	0	0	0	0	313,207	464,333
0	0	0	0	0	180,533	180,533
0	0	0	123,913	0	0	123,913
0	13,361	0	0	0	0	13,361
0	0	0	0	0	0	267,030
0	0	0	0	43,926	0	43,926
0	0	0	0	0	0	1,013,128
0	0	0	0	0	0	60,184
0	0	0	0	0	1,554	1,554
0	0	0	0	0	2,746	2,746
<u>0</u>	<u>13,361</u>	<u>23,397</u>	<u>123,913</u>	<u>43,926</u>	<u>498,040</u>	<u>2,356,934</u>
14,205	(8,477)	6,797	(8,833)	(10,698)	(337,240)	(1,006,082)
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,200</u>	<u>0</u>	<u>259,996</u>	<u>977,196</u>
14,205	(8,477)	6,797	(6,633)	(10,698)	(77,244)	(28,886)
<u>30,035</u>	<u>14,368</u>	<u>5,012</u>	<u>4,381</u>	<u>18,953</u>	<u>(33,692)</u>	<u>1,385,300</u>
<u>\$44,240</u>	<u>\$5,891</u>	<u>\$11,809</u>	<u>(\$2,252)</u>	<u>\$8,255</u>	<u>(\$110,936)</u>	<u>\$1,356,414</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2011

	<u>Issue II</u>	<u>ODOT Project</u>	<u>Property Acquisition</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$70,813	\$497,285	\$103,498	\$435,259	\$1,106,855
Intergovernmental Receivable	4,438	0	0	0	4,438
Revenue in Lieu of Taxes Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>192,413</u>	<u>192,413</u>
Total Assets	<u>\$75,251</u>	<u>\$497,285</u>	<u>\$103,498</u>	<u>\$627,672</u>	<u>\$1,303,706</u>
Liabilities:					
Accounts Payable	\$6,386	\$1,144	\$0	\$0	\$7,530
Contracts Payable	40,029	96,772	0	0	136,801
Accrued Interest Payable	1,790	0	0	0	1,790
Deferred Revenue	4,438	0	0	192,413	196,851
Notes Payable	<u>90,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,500</u>
Total Liabilities	<u>143,143</u>	<u>97,916</u>	<u>0</u>	<u>192,413</u>	<u>433,472</u>
Fund Balances:					
Restricted	0	399,369	103,498	435,259	938,126
Unassigned (Deficit)	<u>(67,892)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(67,892)</u>
Total Fund Balances (Deficit)	<u>(67,892)</u>	<u>399,369</u>	<u>103,498</u>	<u>435,259</u>	<u>870,234</u>
Total Liabilities and Fund Balances	<u>\$75,251</u>	<u>\$497,285</u>	<u>\$103,498</u>	<u>\$627,672</u>	<u>\$1,303,706</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Issue II	ODOT Project	Property Acquisition	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Revenues:					
Payments in Lieu of Taxes	\$0	\$0	\$0	\$192,413	\$192,413
Intergovernmental	14,800	0	763,145	0	777,945
Other	0	0	21,746	0	21,746
Total Revenues	14,800	0	784,891	192,413	992,104
Expenditures:					
Capital Outlay	82,513	97,916	765,164	108,741	1,054,334
Debt Service:					
Interest and Fiscal Charges	866	0	0	1,952	2,818
Current Refunding	90,500	0	0	0	90,500
Total Expenditures	173,879	97,916	765,164	110,693	1,147,652
Excess of Revenues Over (Under) Expenditures	(159,079)	(97,916)	19,727	81,720	(155,548)
Other Financing Sources:					
Transfers In	50,000	0	0	0	50,000
Net Change in Fund Balances	(109,079)	(97,916)	19,727	81,720	(105,548)
Fund Balances at Beginning of Year	41,187	497,285	83,771	353,539	975,782
Fund Balances (Deficit) at End of Year	(\$67,892)	\$399,369	\$103,498	\$435,259	\$870,234

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS

AGENCY FUNDS

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

Municipal Court

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

Joint Recreation

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

Building Standards Fee

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

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Balance 1/1/11	Additions	Reductions	Balance 12/31/11
MUNICIPAL COURT				
Assets:				
Cash in Segregated Accounts	\$43,963	\$67,052	\$43,963	\$67,052
Liabilities:				
Intergovernmental Payable	\$18,768	\$38,969	\$18,768	\$38,969
Undistributed Monies	11,474	9,810	11,474	9,810
Deposits Held and Due to Others	13,721	18,273	13,721	18,273
Total Liabilities	\$43,963	\$67,052	\$43,963	\$67,052
JOINT RECREATION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3	\$115,103	\$115,106	\$0
Liabilities:				
Undistributed Monies	\$3	\$115,103	\$115,106	\$0
BUILDING STANDARDS FEE				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$362	\$1,242	\$1,292	\$312
Liabilities:				
Undistributed Monies	\$362	\$1,242	\$1,292	\$312
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$365	\$116,345	\$116,398	\$312
Cash in Segregated Accounts	43,963	67,052	43,963	67,052
Total Assets	\$44,328	\$183,397	\$160,361	\$67,364
Liabilities:				
Intergovernmental Payable	\$18,768	\$38,969	\$18,768	\$38,969
Undistributed Monies	11,839	126,155	127,872	10,122
Deposits Held and Due to Others	13,721	18,273	13,721	18,273
Total Liabilities	\$44,328	\$183,397	\$160,361	\$67,364

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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$420,000	\$377,471	(\$42,529)
Other Local Taxes	151,000	192,793	41,793
Income Taxes	5,850,000	5,576,650	(273,350)
Charges for Services	20,000	31,206	11,206
Fines, Licenses and Permits	473,000	453,981	(19,019)
Intergovernmental	581,000	514,585	(66,415)
Contributions and Donations	0	11	11
Interest	70,000	48,170	(21,830)
Other	143,300	83,050	(60,250)
Total Revenues	7,708,300	7,277,917	(430,383)
Expenditures:			
Current:			
General Government			
Clerk and Council			
Personal Services	176,579	169,704	6,875
Other	85,600	56,679	28,921
Total Clerk and Council	262,179	226,383	35,796
Municipal Court			
Personal Services	598,127	550,175	47,952
Other	118,200	115,977	2,223
Total Municipal Court	716,327	666,152	50,175
Probation			
Personal Services	160,606	147,239	13,367
Other	4,870	2,131	2,739
Total Probation	165,476	149,370	16,106
Mayor's and Administrative Office			
Personal Services	187,285	97,902	89,383
Other	15,020	9,999	5,021
Total Mayor's and Administrative Office	\$202,305	\$107,901	\$94,404

(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, 2011
(continued)

	Final Budget	Actual	Variance With Final Budget
Clerk Treasurer			
Personal Services	\$188,660	\$184,863	\$3,797
Other	13,900	10,951	2,949
Total Clerk Treasurer	<u>202,560</u>	<u>195,814</u>	<u>6,746</u>
Income Tax Administration			
Personal Services	149,839	149,456	383
Other	89,397	86,183	3,214
Total Income Tax Administration	<u>239,236</u>	<u>235,639</u>	<u>3,597</u>
Solicitor			
Personal Services	155,232	153,703	1,529
Other	46,148	39,768	6,380
Total Solicitor	<u>201,380</u>	<u>193,471</u>	<u>7,909</u>
Civil Service Commission			
Personal Services	2,000	750	1,250
Other	9,500	3,944	5,556
Total Civil Service Commission	<u>11,500</u>	<u>4,694</u>	<u>6,806</u>
Planning Commission			
Personal Services	1,600	575	1,025
Other	9,900	472	9,428
Total Planning Commission	<u>11,500</u>	<u>1,047</u>	<u>10,453</u>
Building and Grounds			
Personal Services	56,999	58,045	(1,046)
Other	136,440	104,525	31,915
Total Building and Grounds	<u>193,439</u>	<u>162,570</u>	<u>30,869</u>
Special Appropriations			
Personal Services	92,400	71,979	20,421
Other	102,870	74,603	28,267
Total Special Appropriations	<u>195,270</u>	<u>146,582</u>	<u>48,688</u>
Community Services			
Other	<u>\$25,000</u>	<u>\$17,019</u>	<u>\$7,981</u>

(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, 2011
(continued)

	Final Budget	Actual	Variance With Final Budget
Economic Development			
Other	\$15,000	\$743	\$14,257
Engineering			
Other	70,000	34,171	35,829
Total General Government	2,511,172	2,141,556	369,616
Security of Persons and Property			
Police Law Enforcement			
Personal Services	2,686,214	2,371,597	314,617
Other	489,829	437,689	52,140
Total Police Law Enforcement	3,176,043	2,809,286	366,757
Building Inspection			
Personal Services	100,567	99,812	755
Other	84,350	63,723	20,627
Total Building Inspection	184,917	163,535	21,382
Total Security of Persons and Property	3,360,960	2,972,821	388,139
Capital Outlay			
Other	72,475	728	71,747
Total Expenditures	5,944,607	5,115,105	829,502
Excess of Revenues Over Expenditures	1,763,693	2,162,812	399,119
Other Financing Sources (Uses):			
Transfers In	419,083	408,469	(10,614)
Transfers Out	(2,515,648)	(2,290,259)	225,389
Advances Out	(2,252)	(2,252)	0
Total Other Financing Sources (Uses)	(2,098,817)	(1,884,042)	214,775
Net Change in Fund Balance	(335,124)	278,770	613,894
Fund Balance at Beginning of Year	4,329,064	4,329,064	0
Prior Year Encumbrances Appropriated	7,040	7,040	0
Fund Balance at End of Year	\$4,000,980	\$4,614,874	\$613,894

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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$525,000	\$554,025	\$29,025
Charges for Services	65,000	76,962	11,962
Fines, Licenses and Permits	3,000	0	(3,000)
Intergovernmental	207,500	201,919	(5,581)
Contributions and Donations	0	500	500
Other	0	10,980	10,980
Total Revenues	<u>800,500</u>	<u>844,386</u>	<u>43,886</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,239,524	1,081,712	157,812
Other	388,384	318,954	69,430
Total Expenditures	<u>1,627,908</u>	<u>1,400,666</u>	<u>227,242</u>
Excess of Revenues Over (Under) Expenditures	<u>(827,408)</u>	<u>(556,280)</u>	<u>271,128</u>
Other Financing Sources (Uses):			
Transfers In	750,000	750,000	0
Transfers Out	(70,000)	(30,125)	39,875
Total Other Financing Sources (Uses)	<u>680,000</u>	<u>719,875</u>	<u>39,875</u>
Net Change in Fund Balance	(147,408)	163,595	311,003
Fund Balance at Beginning of Year	454,530	454,530	0
Prior Year Encumbrances Appropriated	8,349	8,349	0
Fund Balance at End of Year	<u><u>\$315,471</u></u>	<u><u>\$626,474</u></u>	<u><u>\$311,003</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
SPECIAL ASSESSMENT BOND FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$465,000	\$449,589	(\$15,411)
Expenditures:			
Debt Service:			
Principal Retirement	345,000	345,000	0
Interest and Fiscal Charges	115,000	112,169	2,831
Total Expenditures	460,000	457,169	2,831
Net Change in Fund Balance	5,000	(7,580)	(12,580)
Fund Balance at Beginning of Year	159,023	159,023	0
Fund Balance at End of Year	\$164,023	\$151,443	(\$12,580)

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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,469,500	\$2,595,967	\$126,467
Other	7,500	12,183	4,683
Deposits Received	25,000	17,726	(7,274)
Total Revenues	<u>2,502,000</u>	<u>2,625,876</u>	<u>123,876</u>
Expenses:			
Personal Services	758,778	652,540	106,238
Contractual Services	427,477	348,776	78,701
Supplies and Materials	134,773	121,951	12,822
Other	7,236	4,172	3,064
Deposit Refunds	22,000	21,766	234
Capital Outlay	405,501	163,378	242,123
Debt Service:			
Principal Retirement	581,162	534,751	46,411
Interest and Fiscal Charges	366,674	410,662	(43,988)
Total Expenses	<u>2,703,601</u>	<u>2,257,996</u>	<u>445,605</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(201,601)	367,880	569,481
Transfers In	15,000	0	(15,000)
Transfers Out	(239,026)	(224,026)	15,000
Net Change in Fund Equity	(425,627)	143,854	569,481
Fund Equity at Beginning of Year	<u>1,192,120</u>	<u>1,192,120</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$766,493</u></u>	<u><u>\$1,335,974</u></u>	<u><u>\$569,481</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,860,000	\$3,298,529	\$438,529
Deposits Received	25,000	17,155	(7,845)
Other	5,000	7,215	2,215
Total Revenues	<u>2,890,000</u>	<u>3,322,899</u>	<u>432,899</u>
Expenses:			
Personal Services	483,816	405,670	78,146
Contractual Services	2,041,528	2,037,910	3,618
Supplies and Materials	49,648	47,127	2,521
Deposit Refunds	22,000	21,782	218
Capital Outlay	357,899	37,288	320,611
Other	61,331	61,291	40
Total Expenses	<u>3,016,222</u>	<u>2,611,068</u>	<u>405,154</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(126,222)	711,831	838,053
Transfers In	10,000	0	(10,000)
Transfers Out	<u>(247,468)</u>	<u>(237,468)</u>	<u>10,000</u>
Net Change in Fund Equity	(363,690)	474,363	838,053
Fund Equity at Beginning of Year	<u>641,986</u>	<u>641,986</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$278,296</u></u>	<u><u>\$1,116,349</u></u>	<u><u>\$838,053</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
TRASH FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$695,000	\$704,340	\$9,340
Expenses:			
Personal Services	70,292	53,955	16,337
Contractual Services	632,400	632,400	0
Supplies and Materials	11,737	11,737	0
Total Expenses	714,429	698,092	16,337
Excess of Revenues Over (Under) Expenses Before Transfers	(19,429)	6,248	25,677
Transfers Out	(30,935)	(30,000)	935
Net Change in Fund Equity	(50,364)	(23,752)	26,612
Fund Equity at Beginning of Year	163,141	163,141	0
Fund Equity at End of Year	\$112,777	\$139,389	\$26,612

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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$484,500	\$486,064	\$1,564
Other	500	2,751	2,251
	<u>485,000</u>	<u>488,815</u>	<u>3,815</u>
Total Revenues			
Expenses:			
Personal Services	180,208	176,501	3,707
Contractual Services	25,242	9,327	15,915
Supplies and Materials	16,750	11,963	4,787
Capital Outlay	291,258	288,629	2,629
	<u>513,458</u>	<u>486,420</u>	<u>27,038</u>
Total Expenses			
Excess of Revenues Over (Under) Expenses Before Transfers	(28,458)	2,395	30,853
Transfers Out	<u>(248,924)</u>	<u>(236,975)</u>	<u>11,949</u>
Net Change in Fund Equity	(277,382)	(234,580)	42,802
Fund Equity at Beginning of Year	<u>666,499</u>	<u>666,499</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$389,117</u></u>	<u><u>\$431,919</u></u>	<u><u>\$42,802</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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$765	\$265
Intergovernmental	743,000	689,733	(53,267)
Interest	100	25	(75)
Other	6,000	6,569	569
Total Revenues	<u>749,600</u>	<u>697,092</u>	<u>(52,508)</u>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	534,722	472,103	62,619
Other	622,652	500,081	122,571
Total Street Maintenance and Repair	1,157,374	972,184	185,190
State Highway Maintenance			
Other	82,000	10,734	71,266
Total Transportation	1,239,374	982,918	256,456
Capital Outlay			
Other	100,000	50,000	50,000
Total Expenditures	<u>1,339,374</u>	<u>1,032,918</u>	<u>306,456</u>
Excess of Revenues Over (Under) Expenditures	(589,774)	(335,826)	253,948
Other Financing Sources:			
Transfers In	450,000	450,000	0
Net Change in Fund Balance	(139,774)	114,174	253,948
Fund Balance at Beginning of Year	538,858	538,858	0
Prior Year Encumbrances Appropriated	25,752	25,752	0
Fund Balance at End of Year	<u>\$424,836</u>	<u>\$678,784</u>	<u>\$253,948</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
E-911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$132,000	\$119,687	(\$12,313)
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	154,053	127,904	26,149
Net Change in Fund Balance	(22,053)	(8,217)	13,836
Fund Balance at Beginning of Year	211,788	211,788	0
Fund Balance at End of Year	<u>\$189,735</u>	<u>\$203,571</u>	<u>\$13,836</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COURT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$200,000	\$126,697	(\$73,303)
Contributions and Donations	(1,500)	0	1,500
	<u>198,500</u>	<u>126,697</u>	<u>(71,803)</u>
Total Revenues			
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Personal Services	20,150	20,006	144
Other	221,522	129,276	92,246
Total General Government	241,672	149,282	92,390
Capital Outlay			
Other	60,000	10,184	49,816
Total Expenditures	<u>301,672</u>	<u>159,466</u>	<u>142,206</u>
Net Change in Fund Balance	(103,172)	(32,769)	70,403
Fund Balance at Beginning of Year	251,460	251,460	0
Prior Year Encumbrances Appropriated	21,673	21,673	0
Fund Balance at End of Year	<u>\$169,961</u>	<u>\$240,364</u>	<u>\$70,403</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DRUG LAW ENFORCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$15,000	\$18,905	\$3,905
Intergovernmental	1,500	1,500	0
Contributions and Donations	5,000	500	(4,500)
Other	22,500	1,300	(21,200)
Total Revenues	<u>44,000</u>	<u>22,205</u>	<u>(21,795)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	54,000	18,831	35,169
Public Health			
Other	8,000	0	8,000
Total Expenditures	<u>62,000</u>	<u>18,831</u>	<u>43,169</u>
Net Change in Fund Balance	(18,000)	3,374	21,374
Fund Balance at Beginning of Year	<u>44,883</u>	<u>44,883</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$26,883</u></u>	<u><u>\$48,257</u></u>	<u><u>\$21,374</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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Contributions and Donations	\$3,200	\$2,000	(\$1,200)
Other	8,000	10,292	\$2,292
	<hr/>	<hr/>	<hr/>
Total Revenues	11,200	12,292	1,092
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	215,903	198,351	17,552
Other	79,110	62,265	16,845
	<hr/>	<hr/>	<hr/>
Total Expenditures	295,013	260,616	34,397
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(283,813)	(248,324)	35,489
Other Financing Sources:			
Transfers In	265,000	265,000	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(18,813)	16,676	35,489
Fund Balance at Beginning of Year	48,398	48,398	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$29,585	\$65,074	\$35,489
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
INDIGENT DRIVERS FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$10,500	\$3,572	(\$6,928)
Intergovernmental	8,000	10,840	2,840
Total Revenues	18,500	14,412	(4,088)
Expenditures:			
Current:			
Public Health			
Other	13,000	0	13,000
Net Change in Fund Balance	5,500	14,412	8,912
Fund Balance at Beginning of Year	26,328	26,328	0
Fund Balance at End of Year	\$31,828	\$40,740	\$8,912

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
INDIGENT DRIVERS ALCOHOL MONITORING FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Fines, Licenses and Permits	\$5,000	\$4,441	(\$559)
Expenditures:			
Current:			
Public Health			
Other	<u>13,549</u>	<u>13,361</u>	<u>188</u>
Net Change in Fund Balance	(8,549)	(8,920)	(371)
Fund Balance at Beginning of Year	<u>14,037</u>	<u>14,037</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,488</u></u>	<u><u>\$5,117</u></u>	<u><u>(\$371)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
IN-HOUSE MONITORING FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$38,400	\$29,584	(\$8,816)
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Other	25,000	23,397	1,603
Net Change in Fund Balance	13,400	6,187	(7,213)
Fund Balance at Beginning of Year	4,156	4,156	0
Fund Balance at End of Year	<u>\$17,556</u>	<u>\$10,343</u>	<u>(\$7,213)</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
STREET LIGHTING FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$130,800	\$115,080	(\$15,720)
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	133,000	123,913	9,087
Excess of Revenues Under Expenditures	(2,200)	(8,833)	(6,633)
Other Financing Sources:			
Transfers In	2,200	2,200	0
Advances In	0	2,252	2,252
Total Other Financing Sources	2,200	4,452	2,252
Net Change in Fund Balance	0	(4,381)	(4,381)
Fund Balance at Beginning of Year	4,381	4,381	0
Fund Balance at End of Year	\$4,381	\$0	(\$4,381)

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
MIAMI CONSERVANCY DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Property Taxes	\$38,000	\$27,314	(\$10,686)
Intergovernmental	200	5,914	5,714
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	38,200	33,228	(4,972)
Expenditures:			
Current:			
Economic Development			
Other	44,500	43,926	574
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	(6,300)	(10,698)	(4,398)
Fund Balance at Beginning of Year	<u>18,953</u>	<u>18,953</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$12,653</u></u>	<u><u>\$8,255</u></u>	<u><u>(\$4,398)</u></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, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$120,000	\$126,066	\$6,066
Intergovernmental	10,880	34,734	23,854
Total Revenues	<u>130,880</u>	<u>160,800</u>	<u>29,920</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	311,987	303,641	8,346
Fire Department			
Personal Services	<u>127,992</u>	<u>171,710</u>	<u>(43,718)</u>
Total Security of Persons and Property	<u>439,979</u>	<u>475,351</u>	<u>(35,372)</u>
Debt Service:			
Principal Retirement	1,554	1,554	0
Interest and Fiscal Charges	<u>2,746</u>	<u>2,746</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>444,279</u>	<u>479,651</u>	<u>(35,372)</u>
Excess of Revenues Over (Under) Expenditures	(313,399)	(318,851)	(5,452)
Other Financing Sources:			
Transfers In	<u>324,000</u>	<u>259,996</u>	<u>(64,004)</u>
Net Change in Fund Balance	10,601	(58,855)	(69,456)
Fund Balance at Beginning of Year	<u>58,855</u>	<u>58,855</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$69,456</u></u>	<u><u>\$0</u></u>	<u><u>(\$69,456)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
BOND RETIREMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other	\$0	\$12,407	\$12,407
Expenditures:			
Debt Service:			
Principal Retirement	1,927,500	1,582,500	345,000
Interest and Fiscal Charges	346,801	345,643	1,158
Total Expenditures	2,274,301	1,928,143	346,158
Excess of Revenues Over (Under) Expenditures	(2,274,301)	(1,915,736)	358,565
Other Financing Sources:			
Bond Anticipation Notes Issued	1,032,500	982,500	(50,000)
Transfers In	886,800	886,800	0
Total Other Financing Sources	1,919,300	1,869,300	(50,000)
Net Change in Fund Balance	(355,001)	(46,436)	308,565
Fund Balance at Beginning of Year	102,479	102,479	0
Fund Balance (Deficit) at End of Year	(\$252,522)	\$56,043	\$308,565

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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental	\$100,000	\$10,404	(\$89,596)
Expenditures:			
Capital Outlay	<u>100,000</u>	<u>31,702</u>	<u>68,298</u>
Net Change in Fund Balance	0	(21,298)	(21,298)
Fund Balance at Beginning of Year	<u>92,111</u>	<u>92,111</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$92,111</u></u>	<u><u>\$70,813</u></u>	<u><u>(\$21,298)</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, 2011

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

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
PROPERTY ACQUISITION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$865,000	\$763,145	(\$101,855)
Expenditures:			
Capital Outlay	<u>768,542</u>	<u>743,418</u>	<u>25,124</u>
Net Change in Fund Balance	96,458	19,727	(76,731)
Fund Balance at Beginning of Year	<u>83,771</u>	<u>83,771</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$180,229</u></u>	<u><u>\$103,498</u></u>	<u><u>(\$76,731)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Revenue in Lieu of Taxes	<u>\$149,900</u>	<u>\$192,413</u>	<u>\$42,513</u>
Expenditures:			
Capital Outlay	192,800	108,741	84,059
Debt Service:			
Interest and Fiscal Charges	<u>10,000</u>	<u>1,952</u>	<u>8,048</u>
Total Expenditures	<u>202,800</u>	<u>110,693</u>	<u>92,107</u>
Net Change in Fund Balance	(52,900)	81,720	134,620
Fund Balance at Beginning of Year	<u>353,539</u>	<u>353,539</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$300,639</u></u>	<u><u>\$435,259</u></u>	<u><u>\$134,620</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
F.C. DIAL TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Interest	\$500,000	\$0	(\$500,000)
Expenditures:			
Capital Outlay	<u>0</u>	<u>52,238</u>	<u>(52,238)</u>
Net Change in Fund Balance	500,000	(52,238)	(552,238)
Fund Balance at Beginning of Year	<u>186,459</u>	<u>186,459</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$686,459</u></u>	<u><u>\$134,221</u></u>	<u><u>(\$552,238)</u></u>

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Statistical Section

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STATISTICAL TABLES

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

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	110-121
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	122-123
These schedules contain information to help the reader assess the City’s most significant local revenue source, the income tax.	
Debt Capacity	124-130
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	131-133
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	134-139
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 Ten Years
(accrual basis of accounting)

	2002	2003	2004	2005
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$55,740,255	\$56,532,075	\$39,097,305	\$38,402,623
Restricted For:				
Debt Service	3,676,478	2,978,941	2,682,897	1,808,834
Capital Outlay	52,069	613,671	500,657	209,519
Fire Protection	0	0	0	741,999
Transportation	0	0	0	572,347
Other Purposes (1)	2,294,537	1,257,743	1,530,592	413,483
Leisure Time Activities Expendable	0	0	0	0
Leisure Time Activities Nonexpendable	0	0	0	0
Unrestricted	2,837,894	3,985,482	3,481,163	4,566,811
<i>Total Governmental Activities Net Assets</i>	<u>64,601,233</u>	<u>65,367,912</u>	<u>47,292,614</u>	<u>46,715,616</u>
Business-Type Activities:				
Invested in Capital Assets, Net of Related Debt	4,282,115	4,353,963	15,608,556	15,441,096
Restricted For:				
Debt Service	284,255	186,995	268,031	275,515
Revenue Bonds Replacement and Improvement	347,706	292,020	292,020	302,020
Unrestricted	1,228,884	1,247,141	903,200	991,690
<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>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	60,022,370	60,886,038	54,705,861	53,843,719
Restricted	6,655,045	5,329,370	5,274,197	4,323,717
Unrestricted	4,066,778	5,232,623	4,384,363	5,558,501
<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>

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

2006	2007	2008	2009	2010	2011
\$37,961,827	\$39,414,521	\$40,600,904	\$40,499,186	\$40,076,220	\$39,349,974
2,824,993	2,969,595	2,813,950	2,609,134	2,186,575	1,593,584
381,125	402,419	299,798	479,323	1,072,744	1,165,427
1,007,644	997,563	1,078,765	907,226	386,580	494,090
481,120	513,502	369,520	747,319	896,504	1,050,712
459,472	612,035	845,165	925,090	727,799	621,613
0	0	20,957	240,340	276,950	266,190
0	0	1,003,387	1,002,296	1,077,699	1,126,400
4,187,811	2,263,639	2,348,013	1,615,731	3,467,921	4,464,786
47,303,992	47,173,274	49,380,459	49,025,645	50,168,992	50,132,776
14,506,779	14,664,105	15,491,196	16,509,392	16,980,657	16,772,997
587,392	802,640	610,290	620,446	566,309	615,677
295,220	333,769	217,630	232,630	247,630	262,630
1,749,945	1,752,795	2,434,615	2,015,800	2,396,518	3,042,701
17,139,336	17,553,309	18,753,731	19,378,268	20,191,114	20,694,005
52,468,606	54,078,626	56,092,100	57,008,578	57,056,877	56,122,971
6,036,966	6,631,523	7,259,462	7,763,804	7,438,790	7,196,323
5,937,756	4,016,434	4,782,628	3,631,531	5,864,439	7,507,487
\$64,443,328	\$64,726,583	\$68,134,190	\$68,403,913	\$70,360,106	\$70,826,781

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

	2003	2004	2005	2006
Program Revenues:				
Charges for Services and Sales:				
General Government	\$752,181	\$764,504	\$765,938	\$739,222
Security of Persons and Property:				
Police	5,960	12,700	0	56,570
Fire	130,411	123,408	122,804	119,531
Other	85,910	86,240	86,240	88,199
Public Health and Welfare	40,756	27,091	44,657	68,352
Leisure Time Activities	4,006	0	0	0
Transportation	2,370	0	25	863
Operating Grants, Contributions and Interest	775,004	818,623	875,940	1,248,551
Capital Grants, Contributions and Interest	911,937	405,132	122,817	75,222
<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>
Business-Type Activities:				
Charges for Services:				
Water	1,861,483	1,981,390	2,295,097	2,571,541
Sewer	2,264,851	2,504,671	2,352,990	2,267,333
Trash	544,882	505,317	562,349	591,737
Stormwater Utility	0	178,027	440,221	448,074
Capital Grants, Contributions and Interest	0	0	722	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>
<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>
Expenses:				
Governmental Activities:				
Current:				
General Government	2,211,334	2,412,056	3,248,993	2,591,951
Security of Persons and Property	4,141,438	4,841,373	4,675,721	5,473,036
Public Health and Welfare	56,199	41,799	27,626	64,790
Leisure Time Activities	325,441	351,631	291,418	299,128
Economic Development	72,448	59,266	88,113	30,476
Basic Utility Services	240,755	85,097	91,914	57,355
Transportation	774,499	966,961	2,177,960	2,277,692
Interest and Fiscal Charges	551,880	673,890	632,945	645,007
Depreciation on Infrastructure	1,477,591	1,508,864	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>
Business-Type Activities:				
Water	1,932,440	2,159,557	1,735,657	2,193,130
Sewer	2,259,319	2,472,482	2,798,516	2,414,728
Trash	528,627	521,098	537,279	574,010
Stormwater Utility	0	365,404	595,199	712,710
<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>
Net (Expense)/Revenue:				
Governmental Activities	(7,143,050)	(8,703,239)	(9,216,269)	(9,042,925)
Business-Type Activities	(49,170)	(349,136)	(15,272)	(15,893)
<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>

2007	2008	2009	2010	2011
\$614,629	\$709,146	\$615,128	\$889,757	\$672,936
27,997	9,660	17,283	104,619	18,541
127,698	97,292	30,224	68,603	69,060
95,000	104,500	108,680	114,114	131,211
17,929	42,422	105,353	12,805	4,884
0	0	0	0	0
535	867	1,606	433	765
1,220,580	1,414,446	1,433,860	1,388,880	1,082,600
2,255,359	2,871,175	1,410,224	1,027,095	1,076,702
4,359,727	5,249,508	3,722,358	3,606,306	3,056,699
2,372,746	2,391,732	2,514,213	2,485,178	2,609,827
2,302,373	2,546,969	2,596,582	2,944,427	3,198,842
624,251	649,671	673,260	700,817	711,350
442,470	457,602	421,920	476,739	496,374
0	0	635,971	0	0
5,741,840	6,045,974	6,841,946	6,607,161	7,016,393
10,101,567	11,295,482	10,564,304	10,213,467	10,073,092
2,618,300	2,107,127	2,298,636	2,400,627	1,965,549
5,550,877	5,004,072	5,108,503	4,861,552	5,277,083
21,911	59,846	11,810	7,199	13,361
345,357	353,315	308,359	276,892	321,029
95,314	84,517	44,630	44,666	43,926
57,355	80,111	84,331	84,329	101,873
3,490,439	2,173,257	2,825,088	2,277,099	3,154,060
585,256	523,872	494,341	461,532	460,542
0	0	0	0	0
12,764,809	10,386,117	11,175,698	10,413,896	11,337,423
1,866,287	1,948,802	2,067,302	1,832,887	2,115,087
2,618,355	2,240,853	3,032,843	2,731,399	2,907,671
584,968	654,623	684,648	684,848	731,408
737,361	674,377	578,995	700,850	664,908
5,806,971	5,518,655	6,363,788	5,949,984	6,419,074
(8,405,082)	(5,136,609)	(7,453,340)	(6,807,590)	(8,280,724)
(65,131)	527,319	478,158	657,177	597,319
(\$8,470,213)	(\$4,609,290)	(\$6,975,182)	(\$6,150,413)	(\$7,683,405)

(continued)

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

	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$541,118	\$619,574	\$627,814	\$631,920
Fire	658,349	620,817	650,127	642,487
Other Purposes	208,825	224,964	188,120	168,733
Income Taxes	5,084,420	4,450,348	5,138,832	7,115,266
Other Local Taxes Levied for General Purposes (1)	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Grants and Entitlements not Restricted to Specific Programs	586,202	617,246	606,232	669,145
Gain on Sale of Capital Assets	0	0	0	0
Unrestricted Interest	239,132	209,863	137,003	338,330
Contributions and Donations	0	0	0	0
Other	115,073	174,149	692,525	179,786
Transfers	23,150	(11,868,901)	90,448	(114,366)
<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>
Business-Type Activities:				
Unrestricted Interest	0	1,099	43,120	24,489
Other	9,479	120,869	1,114	6,053
Transfers	(23,150)	11,868,901	(90,448)	114,366
<i>Total Business-Type Activities</i>	<u>(13,671)</u>	<u>11,990,869</u>	<u>(46,214)</u>	<u>144,908</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>
Change in Net Assets				
Governmental Activities	313,219	(13,655,179)	(1,085,168)	588,376
Business-Type Activities	(62,841)	11,641,733	(61,486)	129,015
Prior Year Restatement of Net Assets	<u>453,460</u>	<u>(5,070,164)</u>	<u>508,170</u>	<u>0</u>
<i>Total Primary Government Changes in Net Assets</i>	<u><u>\$703,838</u></u>	<u><u>(\$7,083,610)</u></u>	<u><u>(\$638,484)</u></u>	<u><u>\$717,391</u></u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$658,432	\$472,445	\$420,843	\$385,893	\$381,481
571,233	534,375	492,312	480,797	560,031
193,805	134,236	129,542	131,048	158,099
5,639,866	5,322,030	4,822,556	5,900,995	5,902,578
0	124,412	160,540	176,828	186,011
0	0	207,659	150,507	192,413
633,352	502,780	596,149	614,411	574,395
11,096	0	0	0	0
610,369	213,422	56,486	55,726	44,891
0	0	0	1,886	11
182,322	310,224	307,846	191,376	124,598
<u>(226,111)</u>	<u>(420,598)</u>	<u>(95,407)</u>	<u>(138,530)</u>	<u>120,000</u>
<u>8,274,364</u>	<u>7,193,326</u>	<u>7,098,526</u>	<u>7,950,937</u>	<u>8,244,508</u>
33,902	10,423	0	2,509	0
15,075	14,930	50,972	14,630	25,572
<u>226,111</u>	<u>420,598</u>	<u>95,407</u>	<u>138,530</u>	<u>(120,000)</u>
<u>275,088</u>	<u>445,951</u>	<u>146,379</u>	<u>155,669</u>	<u>(94,428)</u>
<u>8,549,452</u>	<u>7,639,277</u>	<u>7,244,905</u>	<u>8,106,606</u>	<u>8,150,080</u>
(130,718)	2,056,717	(354,814)	1,143,347	(36,216)
209,957	973,270	624,537	812,846	502,891
<u>0</u>	<u>377,620</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$79,239</u>	<u>\$3,407,607</u>	<u>\$269,723</u>	<u>\$1,956,193</u>	<u>\$466,675</u>

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$833,514	\$1,010,717	\$815,284	\$1,043,409	\$887,648
159,804	168,656	119,548	144,916	46,507
418,331	449,407	393,310	320,132	244,283
95,000	104,500	108,680	114,114	131,211
18,625	43,268	236,492	138,210	124,571
0	1,138,136	218,292	112,013	92,179
6,780	15,637	5,972	10,778	5,864
<u>2,827,673</u>	<u>2,319,187</u>	<u>1,824,780</u>	<u>1,722,734</u>	<u>1,524,436</u>
<u>4,359,727</u>	<u>5,249,508</u>	<u>3,722,358</u>	<u>3,606,306</u>	<u>3,056,699</u>
2,372,746	2,391,732	2,884,719	2,485,178	2,609,827
2,302,373	2,546,969	2,596,582	2,944,427	3,198,842
624,251	649,671	673,260	700,817	711,350
<u>442,470</u>	<u>457,602</u>	<u>687,385</u>	<u>476,739</u>	<u>496,374</u>
<u>5,741,840</u>	<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>	<u>7,016,393</u>
<u>\$10,101,567</u>	<u>\$11,295,482</u>	<u>\$10,564,304</u>	<u>\$10,213,467</u>	<u>\$10,073,092</u>

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

	2002	2003	2004	2005	2006
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	138,332	82,602	143,769	5,386	145,333
Unreserved	<u>2,730,502</u>	<u>3,115,075</u>	<u>2,477,149</u>	<u>3,432,280</u>	<u>3,483,285</u>
<i>Total General Fund</i>	<u>2,868,834</u>	<u>3,197,677</u>	<u>2,620,918</u>	<u>3,437,666</u>	<u>3,628,618</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
Reserved	153,397	45,906	28,494	167,084	86,965
Unreserved, Undesignated (Deficit), Reported in:					
Special Revenue Funds	1,083,976	1,042,151	1,282,641	1,329,298	1,758,396
Debt Service Fund	(124,650)	(129,011)	(107,942)	(603,359)	174,538
Capital Projects Funds	(66,201)	612,292	130,756	(17,886)	65,420
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>1,046,522</u>	<u>1,571,338</u>	<u>1,333,949</u>	<u>875,137</u>	<u>2,085,319</u>
<i>Total Governmental Funds</i>	<u>\$3,915,356</u>	<u>\$4,769,015</u>	<u>\$3,954,867</u>	<u>\$4,312,803</u>	<u>\$5,713,937</u>

The City implemented GASB Statement No. 54 in 2011.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$0	\$0	\$0	\$17,762	\$17,079
0	0	0	78,581	89,926
0	0	0	3,233,617	3,900,839
14,739	54,806	6,114	0	0
<u>1,175,034</u>	<u>1,905,918</u>	<u>1,369,098</u>	<u>0</u>	<u>0</u>
<u>1,189,773</u>	<u>1,960,724</u>	<u>1,375,212</u>	<u>3,329,960</u>	<u>4,007,844</u>
0	0	0	1,271,686	1,328,086
0	0	0	3,002,848	3,137,877
0	0	0	40,844	51,662
0	0	0	102,479	56,043
0	0	0	(33,692)	(181,080)
99,411	1,078,834	1,032,305	0	0
1,897,625	2,033,024	2,179,954	0	0
557,710	557,424	623,678	0	0
208,754	48,781	181,392	0	0
<u>0</u>	<u>0</u>	<u>240,340</u>	<u>0</u>	<u>0</u>
<u>2,763,500</u>	<u>3,718,063</u>	<u>4,257,669</u>	<u>4,384,165</u>	<u>4,392,588</u>
<u>\$3,953,273</u>	<u>\$5,678,787</u>	<u>\$5,632,881</u>	<u>\$7,714,125</u>	<u>\$8,400,432</u>

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

	2002	2003	2004	2005	2006
Revenues:					
Property Taxes	\$586,426	\$1,411,659	\$1,465,413	\$1,466,764	\$1,370,974
Other Local Taxes (1)	0	0	0	0	0
Income Taxes	4,308,743	4,868,815	4,589,690	5,181,967	6,958,137
Payments in Lieu of Taxes	0	0	0	0	0
Special Assessments	470,678	511,435	506,734	524,451	344,528
Charges for Services	163,242	234,489	233,138	279,341	238,036
Fines, Licenses and Permits	888,535	639,624	613,952	540,103	672,599
Intergovernmental	1,724,847	2,121,051	1,719,383	1,598,288	1,626,424
Interest	175,233	260,068	192,540	174,674	551,059
Contributions and Donations	0	0	0	0	199,519
Other	223,913	244,623	276,808	1,097,570	187,886
<i>Total Revenues</i>	<u>8,541,617</u>	<u>10,291,764</u>	<u>9,597,658</u>	<u>10,863,158</u>	<u>12,149,162</u>
Expenditures:					
Current:					
General Government	1,945,897	2,195,294	2,383,552	3,151,782	2,521,962
Security of Persons and Property	3,569,686	4,191,975	4,548,636	4,493,448	5,064,237
Public Health and Welfare	9,241	56,199	41,799	27,626	64,790
Leisure Time Activities	230,120	269,344	275,678	234,362	244,662
Economic Development	287,215	72,448	59,266	88,113	30,476
Basic Utility Services	90,078	183,400	27,742	34,559	0
Transportation	773,026	678,954	887,728	707,360	696,812
Capital Outlay	3,210,715	3,634,022	1,181,176	582,822	1,018,125
Debt Service:					
Principal Retirement	376,349	663,267	1,528,929	589,479	570,260
Interest and Fiscal Charges	562,843	620,727	666,419	636,119	615,338
Issuance Costs	0	29,092	0	0	0
Current Refunding	0	0	0	50,000	20,000
<i>Total Expenditures</i>	<u>11,055,170</u>	<u>12,594,722</u>	<u>11,600,925</u>	<u>10,595,670</u>	<u>10,846,662</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,513,553)</u>	<u>(2,302,958)</u>	<u>(2,003,267)</u>	<u>267,488</u>	<u>1,302,500</u>
Other Financing Sources (Uses):					
Bond Anticipation Notes Issued	200,000	865,000	1,093,000	0	0
Current Refunding	0	0	0	(685,000)	(665,000)
Transfers In	1,207,785	2,372,571	2,855,439	1,675,230	2,836,820
Discount on Debt Issued	0	(18,825)	0	0	0
Refunding Notes Issued	0	0	0	685,000	878,000
General Obligation Bonds Issued	4,625,000	2,220,000	0	0	0
Proceeds from Sale of Capital Assets	0	0	0	0	0
Transfers Out	(1,163,785)	(2,282,129)	(2,759,320)	(1,584,782)	(2,951,186)
<i>Total Other Financing Sources (Uses)</i>	<u>4,869,000</u>	<u>3,156,617</u>	<u>1,189,119</u>	<u>90,448</u>	<u>98,634</u>
<i>Net Change in Fund Balances</i>	<u>\$2,355,447</u>	<u>\$853,659</u>	<u>(\$814,148)</u>	<u>\$357,936</u>	<u>\$1,401,134</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	12.0%	14.7%	21.1%	12.7%	12.3%

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

2007	2008	2009	2010	2011
\$1,406,763	\$1,146,837	\$1,038,798	\$1,011,884	\$1,084,876
0	125,956	153,622	172,307	227,839
5,398,222	5,513,546	4,937,793	5,844,404	5,973,040
0	0	207,659	150,507	192,413
347,421	367,129	392,219	431,696	361,487
223,945	285,640	257,271	387,196	114,030
485,236	508,971	504,197	676,215	665,920
2,261,029	3,539,564	2,418,831	2,979,788	2,347,841
812,926	509,905	270,155	315,503	338,252
0	1,138,136	186,659	1,886	3,011
192,777	310,224	389,460	204,505	146,344
<u>11,128,319</u>	<u>13,445,908</u>	<u>10,756,664</u>	<u>12,175,891</u>	<u>11,455,053</u>
2,673,282	2,361,988	2,313,715	2,451,752	1,933,507
5,528,164	4,950,296	4,944,740	4,833,128	5,172,755
21,911	59,846	11,810	7,199	13,361
288,923	299,801	275,250	273,552	293,418
95,314	84,517	44,630	44,666	43,926
0	0	0	0	0
1,842,933	894,171	1,348,543	1,115,056	1,013,128
1,219,077	2,115,784	678,476	326,111	1,167,232
616,313	631,369	583,428	619,490	646,554
598,441	548,796	500,670	461,803	464,365
0	0	0	0	0
103,000	65,000	322,500	100,000	140,500
<u>12,987,358</u>	<u>12,011,568</u>	<u>11,023,762</u>	<u>10,232,757</u>	<u>10,888,746</u>
<u>(1,859,039)</u>	<u>1,434,340</u>	<u>(267,098)</u>	<u>1,943,134</u>	<u>566,307</u>
775,000	710,000	387,500	287,500	147,000
(775,000)	(710,000)	(387,500)	(287,500)	(147,000)
5,122,307	2,573,987	3,037,723	1,294,945	2,363,996
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
11,096	18,919	0	0	0
<u>(5,035,028)</u>	<u>(2,299,182)</u>	<u>(2,816,531)</u>	<u>(1,156,835)</u>	<u>(2,243,996)</u>
<u>98,375</u>	<u>293,724</u>	<u>221,192</u>	<u>138,110</u>	<u>120,000</u>
<u>(\$1,760,664)</u>	<u>\$1,728,064</u>	<u>(\$45,906)</u>	<u>\$2,081,244</u>	<u>\$686,307</u>
11.2%	12.7%	13.4%	12.2%	12.2%

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	
2002	\$3,208,589	74%	\$475,936	11%	\$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	4%	2,511,696	35%	4,603,570	65%	7,115,266
2007	3,947,906	70%	563,987	10%	4,511,893	80%	1,127,973	20%	5,639,866
2008	3,685,640	71%	467,194	9%	4,152,834	80%	1,038,209	20%	5,191,043
2009	3,424,015	71%	578,706	12%	4,002,721	83%	819,835	17%	4,822,556
2010	4,162,302	71%	683,824	12%	4,846,126	82%	1,054,869	18%	5,900,995
2011	4,308,882	73%	590,258	10%	4,899,140	83%	1,003,438	17%	5,902,578

Source: City Income Tax Department

(1) 2003 through 2011 are on an Accrual Basis and 2002 is on a Modified Accrual Basis

For years 2002 - 2010, the City levied a municipal income tax of 1.5 percent. From January 1, 2011, to June 30, 2011, the tax rate was also 1.5 percent. However, on July 1, 2011, a voter approved tax rate increase occurred. The percent for the remainder of 2011 was two percent.

City of Franklin, Ohio
Principal Income Taxpayers - Withholding Accounts
2011 and 2002

Range of Withholding Amount	2011		2002	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	6	23.52%	5	22.25%
\$55,001 - 100,000	7	19.20	5	10.66
Total	13	42.72	10	32.91
All Others	1,075	57.28	1,263	67.09
Total Withholding Accounts	1,088	<u>100.00%</u>	1,273	<u>100.00%</u>

Source: City Income Tax Department

City of Franklin, Ohio
 Computation of All Direct and Overlapping Governmental Activities Debt
 December 31, 2011

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin	Amount Applicable to the City of Franklin
Direct			
City of Franklin			
General Obligation Bonds	\$5,964,248	100.00%	\$5,964,248
Special Assessment Bonds	1,743,000	100.00	1,743,000
Police and Fire Pension	63,827	100.00	63,827
Bond Anticipation Notes	287,500	100.00	287,500
Total Direct Debt	<u>8,058,575</u>		<u>8,058,575</u>
Overlapping Subdivisions			
Warren County			
General Obligation Bonds	6,861,844	3.62	248,399
Special Assessment Bonds	10,985,301	3.62	397,668
State 166 Loan	4,669,970	3.62	169,053
Capital Leases	5,286	3.62	191
Franklin City School District			
General Obligation Bonds	2,850,528	46.14	1,315,234
Energy Conservation Bonds	895,067	46.14	412,984
Carlisle Local School District			
Energy Conservation Improvement Installment Note	166,647	0.12	200
Warren County Vocational School District			
Certificates of Participation	6,253,485	5.37	335,812
Energy Conservation Notes	881,000	5.37	47,310
Capital Leases	110,708	5.37	5,945
Total Overlapping Debt	<u>33,679,836</u>		<u>2,932,796</u>
Grand Total	<u><u>\$41,738,411</u></u>		<u><u>\$10,991,371</u></u>

Source: Ohio Municipal Advisory Council

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

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

Collection Year	General Obligation Bonded Debt (1)	Estimated Actual Value of Taxable Property (2)	Population (3)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2002	\$6,430,000	\$696,469,116	11,924	0.92%	\$539.25
2003	8,407,080	734,918,260	12,130	1.14%	693.08
2004	8,112,976	771,962,020	12,285	1.05%	660.40
2005	7,803,872	719,769,939	12,410	1.08%	628.84
2006	7,489,768	717,007,040	12,457	1.04%	601.25
2007	7,155,664	710,470,887	12,731	1.01%	562.07
2008	6,816,560	626,097,500	12,622	1.09%	540.05
2009	6,547,456	581,548,775	12,104	1.13%	540.93
2010	6,263,352	583,076,975	13,200	1.07%	474.50
2011	5,964,248	598,616,860	11,771	1.00%	506.69

- (1) Includes all general obligation debt financed with general government resources
(2) Warren County Auditor
(3) U.S. Census Bureau and the City of Franklin

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

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

Year	Governmental Activities					Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	Police and Fire Pension Liability	Mortgage Revenue Bonds	OWDA Loans	Notes Payable
2002	\$6,430,000	\$4,258,000	\$1,485,600	\$69,579	\$75,337	\$3,710,000	\$2,540,442	\$0
2003	8,407,080	4,042,000	1,098,900	48,043	74,606	3,610,000	2,464,834	0
2004	8,112,976	3,810,000	663,900	568,272	73,448	3,500,000	2,384,256	543,000
2005	7,803,872	3,557,000	1,005,000	0	72,241	3,385,000	2,252,061	1,284,500
2006	7,489,768	3,303,000	955,000	0	70,981	6,168,735	2,156,781	1,245,000
2007	7,155,664	3,023,000	878,000	0	69,668	5,842,028	2,107,550	1,245,000
2008	6,816,560	2,733,000	775,000	0	68,299	5,485,321	3,067,762	1,225,000
2009	6,547,456	2,421,000	710,000	0	66,871	5,118,614	2,991,797	1,090,000
2010	6,263,352	2,088,000	387,500	0	65,381	4,736,907	2,923,288	895,000
2011	5,964,248	1,743,000	287,500	0	63,827	4,340,200	2,783,537	695,000

Sources:

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

Total Outstanding Debt	Population (1)	Personal Income (2)	Ratio of Debt to Personal Income	Debt Per Capita
\$18,568,958	11,924	\$232,124,508	7.97	\$1,557
19,745,463	12,130	242,430,180	8.11	1,628
19,655,852	12,285	251,903,925	7.77	1,600
19,359,674	12,410	260,907,840	7.39	1,560
21,389,265	12,457	272,322,477	7.83	1,717
20,320,910	12,731	279,425,641	7.25	1,596
20,170,942	12,622	273,114,836	7.36	1,598
18,945,738	12,104	267,401,568	7.09	1,565
17,359,428	13,200	267,401,568	6.49	1,315
15,877,312	11,771	225,261,627	7.05	1,349

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

	2002	2003	2004	2005	2006
Total Assessed Property Value	<u>\$214,155,190</u>	<u>\$226,444,640</u>	<u>\$240,632,700</u>	<u>\$253,954,030</u>	<u>\$240,026,372</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>22,486,295</u>	<u>23,776,687</u>	<u>25,266,434</u>	<u>42,963,265</u>	<u>25,202,769</u>
Debt Outstanding:					
General Obligation Bonds	\$6,430,000	\$8,407,080	\$8,130,000	\$7,820,000	\$7,505,000
Mortgage Revenue Bonds	3,710,000	3,610,000	3,500,000	3,385,000	6,140,000
Special Assessment Bonds	4,258,000	4,042,000	3,810,000	3,557,000	3,303,000
Bond Anticipation Notes	1,485,600	1,098,900	1,206,900	2,289,500	2,200,000
OWDA Loans	<u>2,540,442</u>	<u>2,464,834</u>	<u>2,384,256</u>	<u>2,252,061</u>	<u>2,156,781</u>
Total Gross Indebtedness	18,424,042	19,622,814	19,031,156	19,303,561	21,304,781
Less:					
Mortgage Revenue Bonds	(3,710,000)	(3,610,000)	(3,500,000)	(3,385,000)	(6,140,000)
Special Assessment Bonds	(4,258,000)	(4,042,000)	(3,810,000)	(3,557,000)	(3,303,000)
Bond Anticipation Notes	0	0	0	0	(1,245,000)
OWDA Loans	<u>(2,540,442)</u>	<u>(2,464,834)</u>	<u>(2,384,256)</u>	<u>(2,252,061)</u>	<u>(2,156,781)</u>
Total Net Debt Applicable to Debt Limit	<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>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$14,570,695</u>	<u>\$14,270,707</u>	<u>\$15,929,534</u>	<u>\$32,853,765</u>	<u>\$16,742,769</u>
Legal Debt Margin as a Percentage of the Debt Limit	64.80%	60.02%	63.05%	76.47%	66.43%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$11,778,535</u>	<u>\$12,454,455</u>	<u>\$13,234,799</u>	<u>\$22,504,567</u>	<u>\$13,201,450</u>
Total Gross Indebtedness	18,424,042	19,622,814	19,031,156	19,303,561	21,304,781
Less:					
Mortgage Revenue Bonds	(3,710,000)	(3,610,000)	(3,500,000)	(3,385,000)	(6,140,000)
Special Assessment Bonds	(4,258,000)	(4,042,000)	(3,810,000)	(3,557,000)	(3,303,000)
Bond Anticipation Notes	0	0	0	0	(1,245,000)
OWDA Loans	<u>(2,540,442)</u>	<u>(2,464,834)</u>	<u>(2,384,256)</u>	<u>(2,252,061)</u>	<u>(2,156,781)</u>
Net Debt Within 5 ½ % Limitations	<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>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$3,862,935</u>	<u>\$2,948,475</u>	<u>\$3,897,899</u>	<u>\$12,395,067</u>	<u>\$4,741,450</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	32.80%	23.67%	29.45%	55.08%	35.92%

Source: City Financial Records

2007	2008	2009	2010	2011
<u>\$246,303,533</u>	<u>\$219,771,600</u>	<u>\$219,559,180</u>	<u>\$209,315,445</u>	<u>\$204,700,314</u>
<u>25,861,871</u>	<u>23,076,018</u>	<u>23,053,714</u>	<u>21,978,122</u>	<u>21,493,533</u>
\$7,170,000	\$6,830,000	\$6,560,000	\$6,275,000	\$5,975,000
5,815,000	5,460,000	5,095,000	4,715,000	4,320,000
3,023,000	2,733,000	2,421,000	2,088,000	1,743,000
2,123,000	2,000,000	1,800,000	1,282,500	982,500
<u>2,107,550</u>	<u>3,067,762</u>	<u>2,991,797</u>	<u>2,923,288</u>	<u>2,783,537</u>
20,238,550	20,090,762	18,867,797	17,283,788	15,804,037
(5,815,000)	(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)
(3,023,000)	(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)
(1,245,000)	(1,225,000)	(1,090,000)	(895,000)	(695,000)
<u>(2,107,550)</u>	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>
<u>8,048,000</u>	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>
<u>\$17,813,871</u>	<u>\$15,471,018</u>	<u>\$15,783,714</u>	<u>\$15,315,622</u>	<u>\$15,231,033</u>
68.88%	67.04%	68.46%	69.69%	70.86%
<u>\$13,546,694</u>	<u>\$12,087,438</u>	<u>\$12,075,755</u>	<u>\$11,512,349</u>	<u>\$11,258,517</u>
20,238,550	20,090,762	18,867,797	17,283,788	15,804,037
(5,815,000)	(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)
(3,023,000)	(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)
(1,245,000)	(1,225,000)	(1,090,000)	(895,000)	(695,000)
<u>(2,107,550)</u>	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>
<u>8,048,000</u>	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>
<u>\$5,498,694</u>	<u>\$4,482,438</u>	<u>\$4,805,755</u>	<u>\$4,849,849</u>	<u>\$4,996,017</u>
40.59%	37.08%	39.80%	42.13%	44.38%

City of Franklin, Ohio
Pledged Revenue Coverage
Last Ten Years

Year	Water Service Charges and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2002	\$1,989,942	\$1,430,133	\$559,809	\$170,498	\$396,219	0.99
2003	1,861,656	1,429,768	431,888	175,608	309,978	0.89
2004	1,981,390	1,594,548	386,842	190,578	417,373	0.64
2005	2,295,691	1,188,049	1,107,642	247,195	445,222	1.60
2006	2,571,541	1,508,805	1,062,736	220,280	350,372	1.86
2007	2,406,648	1,260,316	1,146,332	374,231	278,503	1.76
2008	2,391,732	1,371,576	1,020,156	460,266	379,841	1.21
2009	2,514,213	1,433,729	1,080,484	526,963	420,605	1.14
2010	2,487,687	1,421,635	1,066,052	570,624	377,330	1.12
2011	2,609,827	1,569,800	1,040,027	534,751	361,554	1.16

(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
2002	11,924	\$232,124,508	\$19,467	3,101	4.0%
2003	12,130	242,430,180	19,986	3,097	4.4
2004	12,285	251,903,925	20,505	2,992	4.3
2005	12,410	260,907,840	21,024	2,838	4.2
2006	12,457	272,322,477	21,861	2,927	4.9
2007	12,731	279,425,641	21,948	2,953	4.7
2008	12,622	273,114,836	21,638	2,927	8.5
2009	12,104	267,401,568	22,092	3,030	9.3
2010	13,200	248,556,000	18,830	3,030	8.4
2011	11,771	225,261,627	19,137	2,911	6.7

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

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City of Franklin, Ohio

Principal Employers

2011 and 2002

2011

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	534	1	5.29%
Cox Media	433	2	4.29
Wal-Mart	402	3	3.99
CBS Personnel	390	4	3.87
Ample Industries	290	5	2.88
Faurecia	258	6	2.56
Burrows Paper Company	221	7	2.19
ADESA	202	8	2.00
City of Franklin	167	9	1.66
Classic Healthcare	116	10	1.15
Total	3,013		29.88
All Other Employers	7,072		70.12
Total Employment within the City	10,085		100.00%

2002

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	567	1	6.60%
CBS Personnel	563	2	6.56
Cox Media	460	3	5.36
Burrows Paper Company	349	4	4.07
Ample Industries	324	5	3.77
Newark Group, Inc.	312	6	3.63
Faurecia	274	7	3.19
ADESA	257	8	2.99
City of Franklin	199	9	2.32
Atlas Roofing	186	10	2.17
Total	3,491		40.66
All Other Employers	5,094		59.34
Total Employment within the City	8,585		100.00%

Source: City of Franklin Tax Department

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

Function/Program	2002		2003		2004		2005		2006	
	Full-Time	All								
General Government	17	31	18	32	18	32	20	34	20	34
Security of Persons and Property	41	94	42	95	41	94	40	95	43	96
Leisure Time Activities	2	52	2	52	2	52	2	52	2	52
Economic Development	0	0	0	0	0	0	0	0	0	0
Basic Utility Services	16	22	16	22	16	22	16	24	16	24
<i>Total Number of Employees</i>	<u>76</u>	<u>199</u>	<u>78</u>	<u>201</u>	<u>77</u>	<u>200</u>	<u>78</u>	<u>205</u>	<u>81</u>	<u>206</u>

Source: City Payroll Records

2007		2008		2009		2010		2011	
Full-Time	All								
18	28	18	28	21	28	20	28	20	28
43	74	41	74	29	63	27	60	29	62
2	52	2	52	2	71	2	52	2	52
0	0	0	0	0	0	0	0	0	0
18	27	18	27	19	25	19	25	18	25
<u>81</u>	<u>181</u>	<u>79</u>	<u>181</u>	<u>71</u>	<u>187</u>	<u>68</u>	<u>165</u>	<u>69</u>	<u>167</u>

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

Function/Program	2002	2003	2004	2005	2006
General Government:					
Government Center	1	1	1	1	1
Security of Persons and Property:					
Number of Police Stations	1	1	1	1	1
Number of Fire/EMS Stations	1	1	1	1	1
Leisure Time Activities:					
Number of Parks	6	6	6	6	6
Number of Swimming Pools	1	1	1	1	1
Number of Libraries	1	1	1	1	1
Basic Utility Services:					
Miles of Water Mains	64	44	48	48	48
Miles of Sanitary Sewers	55.00	44.00	44.00	44.00	44.00
Water Treatment Facility	0	0	0	0	0
Transportation:					
Miles of Streets	110.00	110.00	110.00	110.00	110.00
Number of Street Lights	867	913	929	929	929

Source: City Capital Assets Records

2007	2008	2009	2010	2011
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
6	6	6	6	6
1	1	1	1	1
1	1	1	1	1
48	48	49	49	49
44.00	44.00	46.00	46.00	46.00
1	1	1	1	1
110.00	110.00	109.00	109.00	109.00
929	929	929	929	929

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

Function/Program	2002	2003	2004	2005	2006
General Government:					
Active Income Tax Accounts	8,232	8,294	8,772	9,470	8,972
Individual	5,861	5,874	6,266	6,888	6,432
Business	1,125	1,174	1,205	1,240	1,173
Withholding	1,246	1,246	1,301	1,342	1,367
Clerk of Courts:					
Traffic Court Cases	11,320	8,179	7,726	7,461	7,356
Civil Court Cases	674	830	804	779	643
Small Claims Court Cases	91	93	71	62	55
Security of Persons and Property:					
Police Calls	22,076	23,631	24,358	24,031	24,893
Physical Arrests	872	878	737	696	794
Citations	2,681	1,998	2,949	2,487	2,235

Source: Department reports

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
7,400	7,468	7,276	6,974	7,027
5,402	5,551	5,430	5,409	5,528
1,056	972	867	842	768
942	945	979	663	731
6,336	6,180	6,014	8,273	8,052
658	965	632	601	659
53	99	98	49	42
24,864	21,645	24,655	25,202	24,810
2,216	1,357	1,190	2,189	2,003
1,696	1,958	1,809	767	895

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**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

SUPPLEMENTAL REPORT

DECEMBER 31, 2011

SANDRA MORGAN, ACTING FINANCE DIRECTOR

**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Members of Council and Mayor
City of Franklin
1 Benjamin 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, Warren County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the City of Franklin's basic financial statements and have issued our report thereon dated June 25, 2012, wherein we noted the City of Franklin adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and had a prior period restatement to fund balances and net assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor
City of Franklin

Compliance and Other Matters

As part of reasonably assuring whether the City of Franklin's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City of Franklin's management in a separate letter dated June 25, 2012.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 25, 2012

**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2010-001	Ohio Revised Code Section 5705.41(D)(1) provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the Fiscal Officer of the subdivision certifying that the amount required to meet any such contract or expenditure has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The City had invoices dated prior to purchase orders in 37% of expenditures tested.	Partially corrected	Finding moved to management letter
2010-002	Ohio Revised Code Section 5705.10(H) provides in part that money paid into a fund must be used only for the purposes for which such fund has been established. The City had negative fund cash balances throughout 2010.	Yes	N/A
2010-003	Ohio Revised Code Section 5705.36(A)(1) states that on or about the first of each fiscal year, the Fiscal Officer of each subdivision and other taxing unit shall certify to the County Auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Ohio Revised Code, from each fund created by or on behalf of the taxing authority. The City had variances between amounts reflected in the accounting system and amounts on the amended certificates.	Yes	N/A

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Dave Yost • Auditor of State

CITY OF FRANKLIN

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 21, 2012