

CITY OF FRANKLIN, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2012

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Franklin, Warren County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 20, 2013

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Introductory Section

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012

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

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012

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CITY OF FRANKLIN

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

June 24, 2013

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, 2012, 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 Acting 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 unmodified (“clean”) opinion on the City of Franklin’s financial statements for the year ended December 31, 2012. The Independent Auditor’s Report is located at the front of the financial section of this report.

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

FORMATION OF THE CITY

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

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

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

Many changes have occurred in the past 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 stormwater system, 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 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. This intersection will soon see a North Bound Entrance Ramp on the East Side of I-75 which will also ease traffic congestion and enhance Economic Growth.

As a result of the citizens passing an additional half percent income tax, 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.

As a result of a special levy passed in November, 2012, on January 2nd, 2013 the City began providing Emergency Medical Services through its Fire Department. The City had been member of the J.E.M.S. District Service for over thirty years. Council and City staff put together a plan to provide a higher level of service at a lower cost to its citizens. This levy was put up for vote and overwhelmingly passed by the Citizens. This venture has changed the level of safety services to our community.

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 Auditor's Report.

Awards

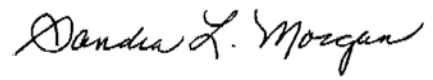
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011. In order to be awarded a Certificate 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 cursive script that reads "Sandra L. Morgan". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Sandra L. Morgan
Acting Finance Director

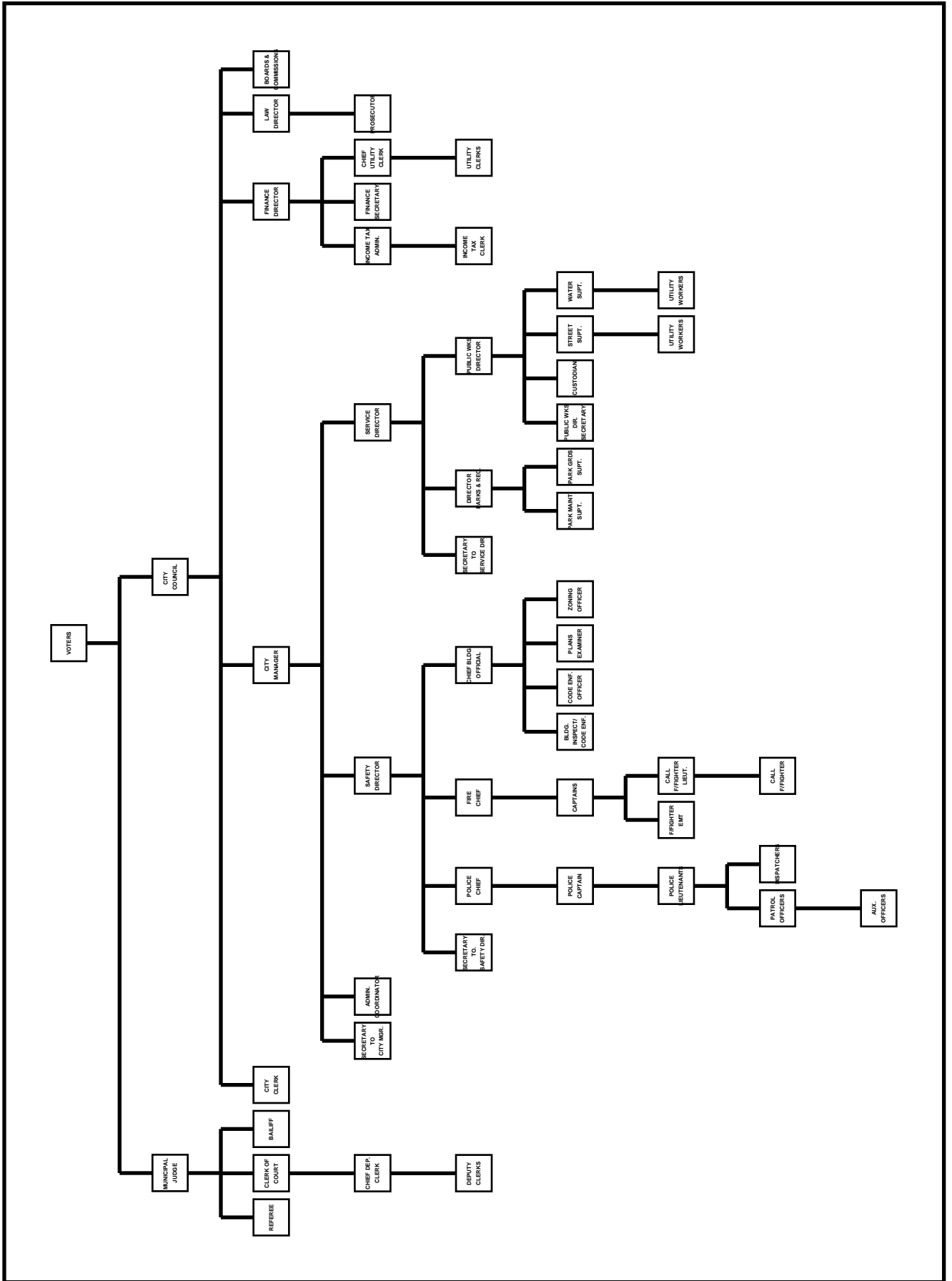
City of Franklin, Ohio

List of Principal Officials

December 31, 2012

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

CITY of FRANKLIN 2012 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, 2011

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.



Christopher P. Houill

President

Jeffrey R. Enos

Executive Director

Financial Section



Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report

City of Franklin
1 Benjamin Franklin Way
Franklin, Ohio 45005

To the Members of Council and Mayor:

Report on the Financial Statements

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, 2012 and the related notes to the financial statements, which collectively comprise the City of Franklin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City of Franklin's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City of Franklin's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Independent Auditor's Report
City of Franklin

Opinion

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, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and the Fire Levy major special revenue fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2012, the City of Franklin adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements, individual fund statements and schedules, are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules 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, and other additional procedures 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 them.

Independent Auditor's Report
City of Franklin

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Franklin's internal control over financial reporting and compliance.

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

Julian & Grube, Inc.
June 24, 2013

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2012
(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, 2012. 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 position increased \$2,682,259 and net position of business-type activities increased \$90,218, resulting in a total increase in net position of \$2,772,477.
- General revenues and transfers of governmental activities accounted for \$11,205,378 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 \$2,648,426 of total governmental revenues and transfers of \$13,853,804.
- The City had \$11,171,545 in expenses related to governmental activities; only \$2,648,426 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 \$651,383. The Water and Trash Funds reflected operating income of \$1,006,622 and \$23,998, respectively, while the Sewer and Stormwater Utility Funds reflected operating losses of \$65,568 and \$313,669, 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 position 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 Position and the Statement of Activities

The analysis of the City as a whole begins with the statement of net position 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 position and changes to net position. 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 position 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

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, Issue II, Water, Sewer, Trash and Stormwater Utility Funds.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the statement of net position 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 position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2012 compared to 2011.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and Other Assets	\$16,304,802	\$14,660,867	\$4,521,802	\$4,714,853	\$20,826,604	\$19,375,720
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	28,612,276	28,229,242	23,045,322	23,805,638	51,657,598	52,034,880
Total Assets	<u>64,092,739</u>	<u>62,065,770</u>	<u>28,662,488</u>	<u>29,615,855</u>	<u>92,755,227</u>	<u>91,681,625</u>
Deferred Outflows of Resources:						
Deferred Charge on Refunding	<u>344,481</u>	<u>0</u>	<u>20,772</u>	<u>24,608</u>	<u>365,253</u>	<u>24,608</u>
Liabilities:						
Current and Other Liabilities	1,800,781	2,050,618	1,214,583	1,186,532	3,015,364	3,237,150
Long-Term Liabilities:						
Due Within One Year	816,292	694,660	660,791	634,039	1,477,083	1,328,699
Due in More Than One Year	7,667,611	7,872,774	6,023,663	7,125,887	13,691,274	14,998,661
Total Liabilities	<u>10,284,684</u>	<u>10,618,052</u>	<u>7,899,037</u>	<u>8,946,458</u>	<u>18,183,721</u>	<u>19,564,510</u>
Deferred Inflows of Resources:						
Property Taxes	1,109,500	1,098,000	0	0	1,109,500	1,098,000
Revenue in Lieu of Taxes	228,001	216,942	0	0	228,001	216,942
Total Deferred Inflows of Resources	<u>1,337,501</u>	<u>1,314,942</u>	<u>0</u>	<u>0</u>	<u>1,337,501</u>	<u>1,314,942</u>
Net Position:						
Net Investment in Capital Assets	39,750,554	39,349,974	16,862,816	16,772,997	56,613,370	56,122,971
Restricted	6,637,628	6,318,016	894,690	878,307	7,532,318	7,196,323
Unrestricted	6,426,853	4,464,786	3,026,717	3,042,701	9,453,570	7,507,487
Total Net Position	<u>\$52,815,035</u>	<u>\$50,132,776</u>	<u>\$20,784,223</u>	<u>\$20,694,005</u>	<u>\$73,599,258</u>	<u>\$70,826,781</u>

Net position of the City's governmental activities increased over \$2 million from the prior year. However, individual components of Total Assets did have significant changes from the prior year. Cash and Income Taxes Receivable had the biggest increases. The increase in the income tax rate from 1.5 percent to 2 percent has increased the income tax revenue coming in and also the income tax receivable.

Unrestricted net position increased just under \$2 million as well which correlates with the increase in income taxes.

Net position of the City's business-type activities increased \$90,218. This was an insignificant change.

Table 2 shows the changes in net position for the years ended December 31, 2012, and December 31, 2011.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$1,003,691	\$897,397	\$6,227,219	\$7,016,393	\$7,230,910	\$7,913,790
Operating Grants, Contributions and Interest	848,632	1,082,600	0	0	848,632	1,082,600
Capital Grants, Contributions and Interest	796,103	1,076,702	0	0	796,103	1,076,702
Total Program Revenues	2,648,426	3,056,699	6,227,219	7,016,393	8,875,645	10,073,092
General Revenues:						
Property Taxes	1,091,196	1,099,611	0	0	1,091,196	1,099,611
Income Taxes	9,079,755	5,902,578	0	0	9,079,755	5,902,578
Other Local Taxes	185,820	186,011	0	0	185,820	186,011
Payments in Lieu of Taxes	203,459	192,413	0	0	203,459	192,413
Grants and Entitlements	284,897	574,395	0	0	284,897	574,395
Unrestricted Interest	56,470	44,891	0	0	56,470	44,891
Contributions and Donations	0	11	0	0	0	11
Other	159,958	124,598	21,449	25,572	181,407	150,170
Total General Revenues	11,061,555	8,124,508	21,449	25,572	11,083,004	8,150,080
Total Revenues	13,709,981	11,181,207	6,248,668	7,041,965	19,958,649	18,223,172
Program Expenses:						
General Government	2,474,033	1,965,549	0	0	2,474,033	1,965,549
Security of Persons and Property:						
Police	3,635,726	3,317,703	0	0	3,635,726	3,317,703
Fire	1,736,803	1,672,291	0	0	1,736,803	1,672,291
Other	288,079	287,089	0	0	288,079	287,089
Public Health and Welfare	8,567	13,361	0	0	8,567	13,361
Leisure Time Activities	326,993	321,029	0	0	326,993	321,029
Economic Development	44,414	43,926	0	0	44,414	43,926
Basic Utility Services	101,875	101,873	0	0	101,875	101,873
Transportation	2,225,466	3,154,060	0	0	2,225,466	3,154,060
Interest and Fiscal Charges	329,589	460,542	0	0	329,589	460,542
Water	0	0	1,935,129	2,115,087	1,935,129	2,115,087
Sewer	0	0	2,576,395	2,907,671	2,576,395	2,907,671
Trash	0	0	712,050	731,408	712,050	731,408
Stormwater Utility	0	0	791,053	664,908	791,053	664,908
Total Expenses	11,171,545	11,337,423	6,014,627	6,419,074	17,186,172	17,756,497
Increase (Decrease) in Net Position Before Transfers	2,538,436	(156,216)	234,041	622,891	2,772,477	466,675
Transfers	143,823	120,000	(143,823)	(120,000)	0	0
Increase (Decrease) in Net Position	2,682,259	(36,216)	90,218	502,891	2,772,477	466,675
Beginning Net Position	50,132,776	50,168,992	20,694,005	20,191,114	70,826,781	70,360,106
Ending Net Position	\$52,815,035	\$50,132,776	\$20,784,223	\$20,694,005	\$73,599,258	\$70,826,781

The largest change in revenues was in income taxes revenue. Income tax revenue increased over \$3 million because of the half percent increase in the income tax rate that covered collections for the entire year. This accounted for the large change in revenues for the year.

Governmental program expenses as a percentage of total governmental expenses for 2012 are expressed as follows:

General Government	22.14%
Security of Persons and Property:	
Police	32.54
Fire	15.55
Other	2.58
Public Health and Welfare	0.08
Leisure Time Activities	2.93
Economic Development	0.40
Basic Utility Services	0.91
Transportation	19.92
Interest and Fiscal Charges	2.95
	100.00%

The above chart clearly indicates the City’s major source of expenses, 48.09 percent is related to the operating of safety forces. Transportation makes up 19.92 percent of the City’s expenses. All other forms of governmental operations represent 31.99 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 decrease occurred from the previous year as a result of capitalized expenses.

Charges for Services and Sales in the business-type activities decreased \$789,174 in 2012.

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 2012	Net Cost of Services 2012	Total Cost Of Services 2011	Net Cost of Services 2011
General Government	\$2,474,033	\$1,372,468	\$1,965,549	\$1,077,901
Security of Persons and Property:				
Police	3,635,726	3,484,164	3,317,703	3,271,196
Fire	1,736,803	1,644,681	1,672,291	1,428,008
Other	288,079	150,286	287,089	155,878
Public Health and Welfare	8,567	(14,129)	13,361	(111,210)
Leisure Time Activities	326,993	244,118	321,029	228,850
Economic Development	44,414	40,436	43,926	38,062
Basic Utility Services	101,875	101,875	101,873	101,873
Transportation	2,225,466	1,169,631	3,154,060	1,629,624
Interest and Fiscal Charges	329,589	329,589	460,542	460,542
Total Expenses	\$11,171,545	\$8,523,119	\$11,337,423	\$8,280,724

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only seven percent of total governmental revenue. Revenues provided by sources other than City residents in the form of operating and capital grants, contributions and interest comprise another twelve 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 position increased \$525,785 in the Water Fund during 2012 as a result of the City 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 position of the Sewer Fund decreased \$209,092 primarily related to a decrease in charges for services revenue coming in.

The Trash Fund charges fees to citizens for the collection of residential garbage. The City outsources the actual collection services. The net position of the Trash Fund saw an increase of \$24,095 in 2012. This increase was the result of the City realizing a slight increase in charges for services revenue and a slight decrease 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 position of \$250,570 for 2012 primarily due to depreciation expense.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,807,648 and expenditures of \$12,250,644.

The General Fund's balance increased \$1,173,340 as a result of an increase in income tax revenue due to the half percent increase in the income tax rate.

The Fire Levy Fund's balance decreased \$102,003. This decrease was primarily the result of the decrease in monies from the state to make up the difference of the personal property tax loss.

The Special Assessment Bond Fund's balance increased \$4,509 due to current year revenues exceeding debt service payments.

The Issue II Fund's balance decreased \$144,845. This was due to more of the Issue II money being spent on the construction project.

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 \$8,180,584 and final budgeted revenues were \$8,142,993, a decrease of \$37,591. This decrease was insignificant. The City's actual revenues were \$8,900,982 at year-end, which is a significant variance when compared to the final budgeted revenues due to more income tax receipts being collected than anticipated.

Original General Fund appropriations were \$5,705,422 while final appropriations were \$6,710,376. The City anticipated more expenditures at the end of the year. The City's actual expenditures were \$5,721,248 at year-end, a decrease of \$989,128 when compared to the final appropriations. The largest savings contributing to this decrease was within the General Government 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	
	2012	2011	2012	2011	2012	2011
Land	\$19,175,661	\$19,175,661	\$1,095,364	\$1,095,364	\$20,271,025	\$20,271,025
Land Improvements	275,443	300,782	10,883	11,087	286,326	311,869
Buildings	4,900,906	5,017,347	59,774	60,440	4,960,680	5,077,787
Equipment	461,855	490,051	205,223	171,657	667,078	661,708
Vehicles	582,522	374,039	444,962	479,633	1,027,484	853,672
Infrastructure	22,391,550	22,047,023	22,324,480	23,082,821	44,716,030	45,129,844
Totals	<u>\$47,787,937</u>	<u>\$47,404,903</u>	<u>\$24,140,686</u>	<u>\$24,901,002</u>	<u>\$71,928,623</u>	<u>\$72,305,905</u>

Capital assets decreased \$377,282, which was due to depreciation expense and deletions exceeding additions for 2012.

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

Debt

The City had outstanding debt obligations in governmental activities at year-end including special assessment bonds, general obligation bonds, short-term bond anticipation notes, police and fire pension liability, and capital leases in the amount of \$7,480,844, including a premium on bonds issued of \$389,282 for governmental activities. Business-type activities had debt obligations at year-end consisting of OWDA loans, mortgage revenue bonds, and long-term bond anticipation notes in the amount of \$6,948,675, including a premium on bonds in the amount of \$39,265. The City's long-term obligations also included compensated absences for governmental activities and business-type activities.

As of December 31, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,266,670 with an unvoted debt margin of \$5,790,875.

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.

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CITY OF FRANKLIN, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$10,254,239	\$2,982,519	\$13,236,758
Accrued Interest Receivable	175	0	175
Accounts Receivable	0	880,037	880,037
Intergovernmental Receivable	805,633	0	805,633
Materials and Supplies Inventory	192,361	29,036	221,397
Income Taxes Receivable	2,149,547	0	2,149,547
Property Taxes Receivable	1,238,432	0	1,238,432
Other Local Taxes Receivable	33,578	0	33,578
Revenue in Lieu of Taxes Receivable	228,001	0	228,001
Special Assessments Receivable	1,402,836	0	1,402,836
Cash and Cash Equivalents with Trustee	0	630,210	630,210
Nondepreciable Capital Assets	19,175,661	1,095,364	20,271,025
Depreciable Capital Assets, Net	28,612,276	23,045,322	51,657,598
Total Assets	64,092,739	28,662,488	92,755,227
Deferred Outflows of Resources			
Deferred Charge on Refunding	344,481	20,772	365,253
Liabilities			
Accounts Payable	436,909	134,391	571,300
Accrued Wages and Benefits Payable	215,850	50,637	266,487
Intergovernmental Payable	356,136	52,317	408,453
Contracts Payable	628,944	310,702	939,646
Accrued Interest Payable	25,442	92,006	117,448
Notes Payable	137,500	445,000	582,500
Refundable Deposits	0	129,530	129,530
Long-Term Liabilities:			
Due Within One Year	816,292	660,791	1,477,083
Due in More Than One Year	7,667,611	6,023,663	13,691,274
Total Liabilities	10,284,684	7,899,037	18,183,721
Deferred Inflows of Resources			
Property Taxes	1,109,500	0	1,109,500
Revenue in Lieu of Taxes	228,001	0	228,001
Total Deferred Inflows of Resources	1,337,501	0	1,337,501
Net Position			
Net Investment in Capital Assets	39,750,554	16,862,816	56,613,370
Restricted for:			
Debt Service	1,349,506	617,060	1,966,566
Capital Outlay	1,766,673	0	1,766,673
Fire Protection	302,684	0	302,684
Transportation	1,140,087	0	1,140,087
Other Purposes	668,427	0	668,427
Revenue Bonds Replacement and Improvement	0	277,630	277,630
Leisure Time Activities Expendable	247,845	0	247,845
Leisure Time Activities Nonexpendable	1,162,406	0	1,162,406
Unrestricted	6,426,853	3,026,717	9,453,570
Total Net Position	\$52,815,035	\$20,784,223	\$73,599,258

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$2,474,033	\$794,169	\$12,690	\$294,706
Security of Persons and Property:				
Police	3,635,726	8,787	142,775	0
Fire	1,736,803	50,253	41,869	0
Other	288,079	137,793	0	0
Public Health and Welfare	8,567	12,026	10,670	0
Leisure Time Activities	326,993	0	0	82,875
Economic Development	44,414	0	3,978	0
Basic Utility Services	101,875	0	0	0
Transportation	2,225,466	663	636,650	418,522
Interest and Fiscal Charges	329,589	0	0	0
Total Governmental Activities	<u>11,171,545</u>	<u>1,003,691</u>	<u>848,632</u>	<u>796,103</u>
Business-Type Activities:				
Water	1,935,129	2,509,825	0	0
Sewer	2,576,395	2,510,827	0	0
Trash	712,050	736,048	0	0
Stormwater Utility	791,053	470,519	0	0
Total Business-Type Activities	<u>6,014,627</u>	<u>6,227,219</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$17,186,172</u>	<u>\$7,230,910</u>	<u>\$848,632</u>	<u>\$796,103</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

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,372,468)	\$0	(\$1,372,468)
(3,484,164)	0	(3,484,164)
(1,644,681)	0	(1,644,681)
(150,286)	0	(150,286)
14,129	0	14,129
(244,118)	0	(244,118)
(40,436)	0	(40,436)
(101,875)	0	(101,875)
(1,169,631)	0	(1,169,631)
(329,589)	0	(329,589)
<u>(8,523,119)</u>	<u>0</u>	<u>(8,523,119)</u>
0	574,696	574,696
0	(65,568)	(65,568)
0	23,998	23,998
0	(320,534)	(320,534)
<u>0</u>	<u>212,592</u>	<u>212,592</u>
<u>(8,523,119)</u>	<u>212,592</u>	<u>(8,310,527)</u>
402,435	0	402,435
534,509	0	534,509
154,252	0	154,252
9,079,755	0	9,079,755
185,820	0	185,820
203,459	0	203,459
284,897	0	284,897
56,470	0	56,470
159,958	21,449	181,407
<u>143,823</u>	<u>(143,823)</u>	<u>0</u>
<u>11,205,378</u>	<u>(122,374)</u>	<u>11,083,004</u>
2,682,259	90,218	2,772,477
<u>50,132,776</u>	<u>20,694,005</u>	<u>70,826,781</u>
<u>\$52,815,035</u>	<u>\$20,784,223</u>	<u>\$73,599,258</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General	Fire Levy	Special Assessment Bond
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$5,113,055	\$537,597	\$155,952
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	7,223	0	0
Materials and Supplies Inventory	13,078	25,040	0
Intergovernmental Receivable	195,547	37,587	0
Income Taxes Receivable	2,149,547	0	0
Property Taxes Receivable	466,179	591,274	0
Revenue in Lieu of Taxes Receivable	0	0	0
Other Local Taxes Receivable	33,578	0	0
Interfund Receivable	2,252	0	0
Special Assessments Receivable	0	0	1,272,048
Accrued Interest Receivable	175	0	0
Total Assets	\$7,980,634	\$1,191,498	\$1,428,000
Liabilities:			
Accounts Payable	\$150,311	\$25,508	\$0
Accrued Wages and Benefits Payable	148,611	41,398	0
Intergovernmental Payable	162,557	40,795	0
Contracts Payable	0	0	0
Accrued Interest Payable	1,766	0	0
Interfund Payable	0	0	0
Notes Payable	137,500	0	0
Total Liabilities	600,745	107,701	0
Deferred Inflows of Resources:			
Property Taxes	415,000	530,000	0
Payments in Lieu of Taxes	0	0	0
Unavailable Revenue	1,783,705	89,936	1,272,048
Total Deferred Inflows of Resources	2,198,705	619,936	1,272,048
Fund Balances:			
Nonspendable	20,301	25,040	0
Restricted	0	438,821	155,952
Committed	0	0	0
Assigned	115,154	0	0
Unassigned (Deficit)	5,045,729	0	0
Total Fund Balances (Deficits)	5,181,184	463,861	155,952
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$7,980,634	\$1,191,498	\$1,428,000

See accompanying notes to the basic financial statements

Issue II	Nonmajor Governmental Funds	Total Governmental Funds
\$416,207	\$4,024,205	\$10,247,016
0	0	7,223
0	154,243	192,361
261,633	310,866	805,633
0	0	2,149,547
0	180,979	1,238,432
0	228,001	228,001
0	0	33,578
0	0	2,252
0	130,788	1,402,836
0	0	175
<u>\$677,840</u>	<u>\$5,029,082</u>	<u>\$16,307,054</u>
\$0	\$261,090	\$436,909
0	25,841	215,850
0	152,784	356,136
628,944	0	628,944
0	0	1,766
0	2,252	2,252
0	0	137,500
<u>628,944</u>	<u>441,967</u>	<u>1,779,357</u>
0	164,500	1,109,500
0	228,001	228,001
261,633	408,500	3,815,822
<u>261,633</u>	<u>801,001</u>	<u>5,153,323</u>
0	1,316,649	1,361,990
0	2,599,671	3,194,444
0	69,140	69,140
0	27,637	142,791
(212,737)	(226,983)	4,606,009
<u>(212,737)</u>	<u>3,786,114</u>	<u>9,374,374</u>
<u>\$677,840</u>	<u>\$5,029,082</u>	<u>\$16,307,054</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2012

Total Governmental Fund Balances		\$9,374,374
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		47,787,937
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	125,107	
Other Local Taxes	33,578	
Income Taxes	1,561,568	
Special Assessments	1,402,836	
Intergovernmental	692,733	
Total	<hr/>	3,815,822
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(23,676)
Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.		344,481
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(5,984,282)	
Special Assessment Bonds	(1,507,000)	
Police Pension	(62,206)	
Capital Leases	(179,138)	
Compensated Absences	(751,277)	
Total	<hr/>	(8,483,903)
Net Position of Governmental Activities		<hr/> <hr/> \$52,815,035

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, 2012

	General	Fire Levy	Special Assessment Bond
Revenues:			
Property Taxes	\$400,122	\$530,331	\$0
Other Local Taxes	152,896	0	0
Income Taxes	8,125,750	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	264,878
Charges for Services	29,194	50,103	0
Fines, Licenses and Permits	562,314	150	0
Intergovernmental	333,625	72,317	0
Interest	56,458	0	67,582
Contributions and Donations	12,690	0	0
Other	121,134	13,590	0
Total Revenues	9,794,183	666,491	332,460
Expenditures:			
Current:			
General Government	2,049,624	0	0
Security of Persons and Property:			
Police	3,046,454	0	0
Fire	0	1,487,823	0
Other	167,527	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	35,942	0	0
Economic Development	0	0	0
Transportation	0	0	0
Capital Outlay	171,883	179,138	0
Debt Service:			
Principal Retirement	0	0	236,000
Interest and Fiscal Charges	5,394	0	91,951
Current Refunding	147,000	0	0
Total Expenditures	5,623,824	1,666,961	327,951
Excess of Revenues Over (Under)			
Expenditures	4,170,359	(1,000,470)	4,509
Other Financing Sources (Uses):			
Refunding Bonds Issued	0	0	0
Transfers In	0	750,000	0
Inception of Capital Lease	0	179,138	0
Premium on Debt Issued	0	0	0
Payment to Refunded Bond Escrow Account	0	0	0
Transfers Out	(2,997,019)	(30,671)	0
Total Other Financing Sources (Uses)	(2,997,019)	898,467	0
Net Change in Fund Balances	1,173,340	(102,003)	4,509
Fund Balances (Deficit) at Beginning of Year	4,007,844	565,864	151,443
Fund Balances (Deficit) at End of Year	<u>\$5,181,184</u>	<u>\$463,861</u>	<u>\$155,952</u>

See accompanying notes to the basic financial statements

Issue II	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$153,436	\$1,083,889
0	0	152,896
0	0	8,125,750
0	203,459	203,459
0	132,528	397,406
0	0	79,297
0	224,137	786,601
161,327	1,031,045	1,598,314
0	82,887	206,927
0	461	13,151
0	25,234	159,958
<u>161,327</u>	<u>1,853,187</u>	<u>12,807,648</u>
0	127,930	2,177,554
0	459,378	3,505,832
0	106,579	1,594,402
0	131,068	298,595
0	8,567	8,567
0	257,122	293,064
0	44,414	44,414
0	1,150,966	1,150,966
864,572	834,085	2,049,678
0	406,621	642,621
331	240,275	337,951
0	0	147,000
<u>864,903</u>	<u>3,767,005</u>	<u>12,250,644</u>
<u>(703,576)</u>	<u>(1,913,818)</u>	<u>557,004</u>
0	5,630,000	5,630,000
558,731	2,021,690	3,330,421
0	0	179,138
0	402,706	402,706
0	(5,938,729)	(5,938,729)
0	(158,908)	(3,186,598)
<u>558,731</u>	<u>1,956,759</u>	<u>416,938</u>
(144,845)	42,941	973,942
<u>(67,892)</u>	<u>3,743,173</u>	<u>8,400,432</u>
<u>(\$212,737)</u>	<u>\$3,786,114</u>	<u>\$9,374,374</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Change in Fund Balances - Total Governmental Funds		\$973,942
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	1,523,618	
Current Year Depreciation	<u>(1,113,423)</u>	
		410,195
When capital assets are disposed of, the cost of the capital assets is removed from the capital assets account in the statement of net position, resulting in a loss on disposal of capital assets in the statement of activities.		(27,161)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues.		
Property Taxes	7,307	
Other Local Taxes	32,924	
Income Taxes	954,005	
Special Assessments	(259,613)	
Intergovernmental	<u>167,710</u>	
Total		902,333
Other financing sources in the governmental funds, such as inception of capital lease, increase long-term liabilities in the statement of net position.		(179,138)
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		6,728,350
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued Interest	(5,062)	
Amortization of Bond Premiums	13,424	
Unamortized Premium	<u>(402,706)</u>	
Total		(394,344)
Bond Proceeds are Other Financing Sources in governmental funds but the issuance increases long-term liabilities on the statement of net position.		(5,630,000)
Some expenses 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:		
Compensated Absences		<u>(101,918)</u>
Change in Net Assets of Governmental Activities		<u><u>\$2,682,259</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$422,000	\$422,000	\$396,297	(\$25,703)
Other Local Taxes	173,243	173,000	189,903	16,903
Income Taxes	6,521,733	6,500,000	7,148,893	648,893
Charges for Services	26,633	29,000	29,194	194
Fines, Licenses and Permits	529,675	466,793	580,611	113,818
Intergovernmental	338,676	405,500	371,245	(34,255)
Contributions and Donations	11,577	1,400	12,690	11,290
Interest	46,540	60,000	51,015	(8,985)
Other	110,507	85,300	121,134	35,834
Total Revenues	8,180,584	8,142,993	8,900,982	757,989
Expenditures:				
Current:				
General Government	2,313,610	2,876,675	2,329,436	547,239
Security of Persons and Property:				
Police	3,044,206	3,298,858	3,044,206	254,652
Other	169,223	187,843	169,223	18,620
Capital Outlay	178,383	347,000	178,383	168,617
Total Expenditures	5,705,422	6,710,376	5,721,248	989,128
Excess of Revenues Over Expenditures	2,475,162	1,432,617	3,179,734	1,747,117
Other Financing Sources (Uses):				
Transfers In	504,025	541,615	252,494	(289,121)
Transfers Out	(3,412,904)	(3,451,562)	(3,097,078)	354,484
Total Other Financing Sources (Uses)	(2,908,879)	(2,909,947)	(2,844,584)	65,363
Net Change in Fund Balance	(433,717)	(1,477,330)	335,150	1,812,480
Fund Balance at Beginning of Year	4,614,874	4,614,874	4,614,874	0
Prior Year Encumbrances Appropriated	54,468	54,468	54,468	0
Fund Balance at End of Year	\$4,235,625	\$3,192,012	\$5,004,492	\$1,812,480

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, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$530,000	\$530,000	\$530,331	\$331
Charges for Services	56,670	55,000	48,828	(6,172)
Fines, Licenses and Permits	174	2,000	150	(1,850)
Intergovernmental	89,931	29,000	72,317	43,317
Other	15,773	0	13,590	13,590
Total Revenues	692,548	616,000	665,216	49,216
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	1,583,528	1,811,553	1,583,528	228,025
Excess of Revenues Under Expenditures	(890,980)	(1,195,553)	(918,312)	277,241
Other Financing Sources (Uses):				
Transfers In	750,000	750,000	750,000	0
Transfers Out	(30,671)	(58,181)	(30,671)	27,510
Total Other Financing Sources (Uses)	719,329	691,819	719,329	27,510
Net Change in Fund Balance	(171,651)	(503,734)	(198,983)	304,751
Fund Balance at Beginning of Year	626,474	626,474	626,474	0
Prior Year Encumbrances Appropriated	67,920	67,920	67,920	0
Fund Balance at End of Year	\$522,743	\$190,660	\$495,411	\$304,751

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2012

	Water	Sewer	Trash
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$1,039,437	\$903,502	\$164,702
Materials and Supplies Inventory	27,552	1,484	0
Accounts Receivable	307,136	467,946	66,739
Restricted Assets:			
Cash and Cash Equivalents with Trustee	443,150	0	0
Total Current Assets	1,817,275	1,372,932	231,441
Noncurrent Assets:			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	342,395	64,765	0
Cash and Cash Equivalents with Trustee	187,060	0	0
Nondepreciable Capital Assets	1,020,364	37,500	0
Depreciable Capital Assets, Net	8,790,276	4,001,652	0
Total Noncurrent Assets	10,340,095	4,103,917	0
Total Assets	12,157,370	5,476,849	231,441
Deferred Outflows of Resources			
Deferred Charge on Refunding	20,772	0	0
Liabilities:			
Current Liabilities:			
Accounts Payable	32,303	98,107	3,248
Accrued Wages and Benefits Payable	31,116	12,648	1,990
Contracts Payable	0	310,702	0
Intergovernmental Payable	27,121	13,915	4,470
Accrued Interest Payable	87,681	0	0
Compensated Absences Payable	18,731	11,522	816
Notes Payable	0	0	0
Revenue Bonds Payable	430,000	0	0
OWDA Loans Payable	196,360	0	0
Total Current Liabilities	823,312	446,894	10,524
Long Term Liabilities:			
Compensated Absences Payable	45,223	46,993	1,567
Revenue Bonds Payable	3,514,265	0	0
OWDA Loans Payable	2,402,315	0	0
Refundable Deposits	64,765	64,765	0
Total Long Term Liabilities	6,026,568	111,758	1,567
Total Liabilities	6,849,880	558,652	12,091
Net Position:			
Net Investment in Capital Assets	3,288,472	3,728,450	0
Restricted for:			
Debt Service	617,060	0	0
Revenue Bonds	277,630	0	0
Replacement and Improvement	1,145,100	1,189,747	219,350
Total Net Position	\$5,328,262	\$4,918,197	\$219,350

See accompanying notes to the basic financial statements

<u>Stormwater Utility</u>	<u>Total</u>
\$467,718	\$2,575,359
0	29,036
38,216	880,037
0	443,150
505,934	3,927,582
0	407,160
0	187,060
37,500	1,095,364
10,253,394	23,045,322
10,290,894	24,734,906
10,796,828	28,662,488
0	20,772
733	134,391
4,883	50,637
0	310,702
6,811	52,317
4,325	92,006
3,362	34,431
445,000	445,000
0	430,000
0	196,360
465,114	1,745,844
13,300	107,083
0	3,514,265
0	2,402,315
0	129,530
13,300	6,153,193
478,414	7,899,037
9,845,894	16,862,816
0	617,060
0	277,630
472,520	3,026,717
\$10,318,414	\$20,784,223

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>
Operating Revenues:			
Charges for Services	<u>\$2,509,825</u>	<u>\$2,510,827</u>	<u>\$736,048</u>
Operating Expenses:			
Personal Services	674,148	363,784	64,115
Contractual Services	602,841	1,899,421	638,425
Supplies and Materials	96,437	43,662	9,510
Depreciation	124,539	240,565	0
Other	<u>5,238</u>	<u>28,963</u>	<u>0</u>
Total Operating Expenses	<u>1,503,203</u>	<u>2,576,395</u>	<u>712,050</u>
Operating Income (Loss)	<u>1,006,622</u>	<u>(65,568)</u>	<u>23,998</u>
Non-Operating Revenues/(Expenses):			
Other Non-Operating Revenues	11,089	6,586	97
Interest and Fiscal Charges	<u>(431,926)</u>	<u>0</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(420,837)</u>	<u>6,586</u>	<u>97</u>
Income (Loss) Before Transfers	585,785	(58,982)	24,095
Transfers In	0	0	0
Transfers Out	<u>(60,000)</u>	<u>(150,110)</u>	<u>0</u>
Change in Net Position	525,785	(209,092)	24,095
Net Position at Beginning of Year	<u>4,802,477</u>	<u>5,127,289</u>	<u>195,255</u>
Net Position at End of Year	<u><u>\$5,328,262</u></u>	<u><u>\$4,918,197</u></u>	<u><u>\$219,350</u></u>

See accompanying notes to the basic financial statements

<u>Stormwater Utility</u>	<u>Total</u>
<u>\$470,519</u>	<u>\$6,227,219</u>
199,063	1,301,110
14,956	3,155,643
14,423	164,032
555,746	920,850
0	34,201
<u>784,188</u>	<u>5,575,836</u>
<u>(313,669)</u>	<u>651,383</u>
3,677	21,449
<u>(6,865)</u>	<u>(438,791)</u>
<u>(3,188)</u>	<u>(417,342)</u>
(316,857)	234,041
66,287	66,287
0	(210,110)
<u>(250,570)</u>	<u>90,218</u>
<u>10,568,984</u>	<u>20,694,005</u>
<u><u>\$10,318,414</u></u>	<u><u>\$20,784,223</u></u>

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	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	\$2,492,002	\$2,507,267	\$735,054	\$470,892	\$6,205,215
Cash Paid for Employee Services and Benefits	(653,792)	(345,039)	(59,367)	(204,718)	(1,262,916)
Cash Paid to Suppliers for Goods and Services	(842,341)	(2,019,511)	(649,275)	(34,308)	(3,545,435)
Utility Deposits Received	21,186	20,623	0	0	41,809
Utility Deposits Returned	(21,873)	(21,870)	0	0	(43,743)
Other Operating Expenses	(5,238)	(28,963)	0	0	(34,201)
Net Cash Provided by Operating Activities	989,944	112,507	26,412	231,866	1,360,729
<u>Cash Flows from Noncapital Financing Activities:</u>					
Other Non-Operating Revenues	11,089	6,586	97	3,677	21,449
Transfers In From Other Funds	0	0	0	66,287	66,287
Transfers Out to Other Funds	(60,000)	(150,110)	0	0	(210,110)
Net Cash Provided by (Used for) Noncapital Financing Activities	(48,911)	(143,524)	97	69,964	(122,374)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(39,068)	(121,466)	0	0	(160,534)
Interest Paid on OWDA Loans	(160,560)	0	0	0	(160,560)
Principal Paid on OWDA Loans	(184,862)	0	0	0	(184,862)
Interest Paid on Mortgage Revenue Bonds	(125,277)	0	0	0	(125,277)
Principal Paid on Mortgage Revenue Bonds	(415,000)	0	0	0	(415,000)
Principal Paid on Bond Anticipation Notes	0	0	0	(695,000)	(695,000)
Interest Paid on Bond Anticipation Notes	0	0	0	(16,287)	(16,287)
Proceeds of Bond Anticipation Notes	0	0	0	445,000	445,000
Net Cash Used for Capital and Related Financing Activities	(924,767)	(121,466)	0	(266,287)	(1,312,520)
Net Increase (Decrease) in Cash and Cash Equivalents	16,266	(152,483)	26,509	35,543	(74,165)
Cash and Cash Equivalents at Beginning of Year	1,995,776	1,120,750	138,193	432,175	3,686,894
Cash and Cash Equivalents at End of Year	\$2,012,042	\$968,267	\$164,702	\$467,718	\$3,612,729
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided by Operating Activities:</u>					
Operating Income (Loss)	\$1,006,622	(\$65,568)	\$23,998	(\$313,669)	\$651,383
<u>Adjustments to Reconcile Operating Income (Loss)</u>					
<u>to Net Cash Provided by Operating Activities:</u>					
Depreciation Expense	124,539	240,565	0	555,746	920,850
<u>Change in Assets and Liabilities:</u>					
Decrease in Materials and Supplies Inventory	2,987	0	0	0	2,987
Increase in Accounts Receivable	(25,713)	(10,754)	(2,190)	(372)	(39,029)
Increase (Decrease) in Accounts Payable	(106,354)	79,736	(144)	(4,184)	(30,946)
Increase in Accrued Wages and Benefits Payable	5,793	3,167	421	182	9,563
Decrease in Contracts Payable	0	(153,494)	0	0	(153,494)
Increase (Decrease) in Intergovernmental Payable	(35,055)	1,482	1,944	(1,311)	(32,940)
Increase (Decrease) in Compensated Absences Payable	13,414	13,662	2,383	(4,526)	24,933
Increase in Refundable Deposits Payable	3,711	3,711	0	0	7,422
Total Adjustments	(16,678)	178,075	2,414	545,535	709,346
Net Cash Provided by Operating Activities	\$989,944	\$112,507	\$26,412	\$231,866	\$1,360,729

See accompanying notes to the basic financial statements

***CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2012***

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$268
Cash in Segregated Accounts	<u>63,682</u>
Total Assets	<u><u>\$63,950</u></u>
Liabilities:	
Intergovernmental Payable	\$18,059
Undistributed Monies	10,946
Deposits Held and Due to Others	<u>34,945</u>
Total Liabilities	<u><u>\$63,950</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more 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 position 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 position 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 position 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, 2012

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 and deferred inflows and outflows of resources 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.

Issue II - This fund accounts for and reports grant monies restricted for making road improvements.

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

PROPRIETARY FUNDS

Proprietary funds focus on the determination of operating income, changes in net position, 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, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. 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 position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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 position. The statement of revenues, expenses and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. 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 inflows of resources, and in the presentation of expenses versus expenditures.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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), and grants.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statements of financial position may report deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources include a deferred charge on refunding reported in the government-wide and business-wide statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter.

In addition to liabilities, the statements of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, other local taxes income taxes, special assessments, intergovernmental revenues including grants and other sources. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 by fund. 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, money market account, federal home loan mortgage note, federal national mortgage association notes and Smith Barney common 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. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2012.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2012 amounted to \$56,458, which includes \$29,774 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 general fund represent money set aside for unclaimed monies. 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 which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTERFUND RECEIVABLES/PAYABLES

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

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

BOND DISCOUNTS/PREMIUMS

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.

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

DEFERRED CHARGE ON REFUNDING

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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.

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 a formal action (ordinance or resolution, as both are equally binding) 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, as both are equally binding) 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. These amounts are assigned by City Council. 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 or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

NET POSITION

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position restricted for debt service. Net position is 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 position 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 position is available.

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

OPERATING REVENUES AND EXPENSES

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

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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, 2012, the Police and Fire Pension Special Revenue Fund and the Issue II and Property Acquisition Capital Projects Funds had deficit fund balances of \$100,149, \$212,737, and \$126,834, 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

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.

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

Net Change in Fund Balance		
	General Fund	Fire Levy Fund
GAAP Basis	\$1,173,340	(\$102,003)
Revenue Accruals	(940,740)	(1,275)
Expenditure Accruals	(6,567)	125,619
Encumbrances	(90,857)	(42,186)
Unrecorded Cash - 2011	72,468	0
Unrecorded Cash - 2012	(24,929)	0
Transfers	152,435	0
Inception of Capital Lease	0	(179,138)
Budget Basis	\$335,150	(\$198,983)

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5 – DEPOSITS AND INVESTMENTS *(continued)*

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;
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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

INVESTMENTS

As of December 31, 2012, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>	<u>Moody's Rating</u>	<u>Percentage of Total Investments</u>
STAROhio	\$1,405,131	Less than One	N/A	N/A
Common Stock	1,335,015	Less than One	N/A	32.19%
Federal Home Loan Mortgage Notes Federal National Mortgage Association Notes	200,934	Less than Five	Aaa	4.84%
	100,733	Less than Five	Aaa	2.43%
Huntington Bank Mutual Fund	1,105,648	Less than One	Aaa	26.66%
Total Investments	<u>\$4,147,461</u>			

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. STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio 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 located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 6 – PROPERTY TAXES (continued)

2012 real property taxes were levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$5.73 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$198,302,890
Public Utility Personal Property	11,213,010
Totals	<u><u>\$209,515,900</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 7 – INCOME TAX

The City levies a municipal income tax of 2 percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100 percent of the City's current tax rate.

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

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2012, the proceeds were allocated to the General Fund.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 8 – RECEIVABLES

Receivables at December 31, 2012, consisted of accounts, intergovernmental, including grants, entitlements and shared revenues, income taxes, property taxes, other local 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, income taxes, and special assessments. 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 \$985,112. The City has \$143,049 in delinquent special assessments at December 31, 2012.

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Local Government Assistance	\$118,396
Homestead and Rollback Exemption	58,840
Estate Tax	18,607
Recreation Fees	36,157
Charges for Services	8,925
Gasoline Tax	199,213
Motor Vehicle License Tax	50,602
Permissive Motor Vehicle License Tax	53,260
OPWC Grants	261,633
Total Governmental Activities	<u><u>\$805,633</u></u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2012, was as follows:

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$19,175,661	\$0	\$0	\$19,175,661
Depreciable Capital Assets:				
Land Improvements	1,387,473	0	0	1,387,473
Buildings	6,749,871	0	0	6,749,871
Equipment	1,468,603	76,287	(45,858)	1,499,032
Vehicles	2,901,954	374,237	(166,179)	3,110,012
Infrastructure	62,675,483	1,073,094	0	63,748,577
Total Depreciable Capital Assets	75,183,384	1,523,618	(212,037)	76,494,965
Less Accumulated Depreciation:				
Land Improvements	(1,086,691)	(25,339)	0	(1,112,030)
Buildings	(1,732,524)	(116,441)	0	(1,848,965)
Equipment	(978,552)	(100,202)	41,577	(1,037,177)
Vehicles	(2,527,915)	(142,874)	143,299	(2,527,490)
Infrastructure	(40,628,460)	(728,567)	0	(41,357,027)
Total Accumulated Depreciation	(46,954,142)	(1,113,423) *	184,876	(47,882,689)
Depreciable Capital Assets, Net	28,229,242	410,195	(27,161)	28,612,276
Governmental Activities Capital Assets, Net	\$47,404,903	\$410,195	(\$27,161)	\$47,787,937

* Depreciation expense was charged to governmental programs as follows:

	Amount
General Government	\$51,970
Security of Persons and Property:	
Police	79,612
Fire	83,719
Leisure Time Activities	25,295
Basic Utility Services	101,875
Transportation	770,952
Total Depreciation Expense	\$1,113,423

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 9 – CAPITAL ASSETS (continued)

	Balance at January 1, 2012	Additions	Deletions	Balance at December 31, 2012
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	293,189	39,068	0	332,257
Vehicles	609,017	0	0	609,017
Infrastructure	39,589,725	121,466	0	39,711,191
Total Depreciable Capital Assets	40,577,552	160,534	0	40,738,086
Less Accumulated Depreciation:				
Land Improvements	(1,834)	(204)	0	(2,038)
Buildings	(12,260)	(666)	0	(12,926)
Equipment	(121,532)	(5,502)	0	(127,034)
Vehicles	(129,384)	(34,671)	0	(164,055)
Infrastructure	(16,506,904)	(879,807)	0	(17,386,711)
Total Accumulated Depreciation	(16,771,914)	(920,850)	0	(17,692,764)
Depreciable Capital Assets, Net	23,805,638	(760,316)	0	23,045,322
Business-Type Activities Capital Assets, Net	\$24,901,002	(\$760,316)	\$0	\$24,140,686

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, 2012

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>, or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. 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, 2012, members in state and local divisions contributed 10 percent of covered payroll. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. 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, 2012, 2011, and 2010 were \$250,837, \$256,431, and \$266,674, respectively. For 2012, 81.09 percent has been contributed with the balance due being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 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 visiting the OP&F website at www.op-f.org or 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, 2012

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 \$250,111 and \$142,964 for the year ended December 31, 2012, \$252,867 and \$145,996 for the year ended December 31, 2011, and \$243,101 and \$74,044 for the year ended December 31, 2010, respectively. For 2012, 73.84 percent for police and 79.94 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 2011 and 2010.

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>, or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The 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 2012, 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, 2012

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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

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, 2012, 2011, and 2010 were \$100,335, \$102,572, and \$148,152, respectively. For 2012, 81.09 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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, 2012, 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 \$132,412 and \$55,943 for the year ended December 31, 2012, \$133,871 and \$57,129 for the year ended December 31, 2011, and \$128,701 and \$28,974 for the year ended December 31, 2010, respectively. For 2012, 73.84 percent has been contributed for police and 79.94 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 2011 and 2010.

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, 2012

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 Medical Mutual. 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 \$700, \$950, \$1,200, or \$1,450 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, 2012

NOTE 13 – LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2012 follows:

Types/Issues	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012	Due Within One Year
<u>Special Assessment Bonds with Governmental Commitment</u>					
1995 - 6.00% Miller Stub Street \$78,513	\$23,000	\$0	\$5,000	\$18,000	\$6,000
1995 - 5.75% Shotwell Drive \$227,000	70,000	0	16,000	54,000	17,000
1997 - 5.80% Franklin Commerce Center \$577,400	220,000	0	40,000	180,000	40,000
1998 - 5.00% Scholl Road \$514,177	225,000	0	30,000	195,000	35,000
1998 - 5.00% Fourth Street Improvement \$337,705	150,000	0	20,000	130,000	20,000
1998 - 5.00% Schumaker-Franklin \$1,322,708	605,000	0	85,000	520,000	90,000
1998 - 5.00% Deardoff Phase II \$158,410	70,000	0	10,000	60,000	10,000
1999 - 5.70% Eastlawn Sewer Line Extension \$119,779	60,000	0	5,000	55,000	5,000
2001 - 5.125% Shotwell Drive Phase III \$490,000	320,000	0	25,000	295,000	25,000
Total - Special Assessment Bonds	1,743,000	0	236,000	1,507,000	248,000
<u>General Obligation Bonds (Unvoted)</u>					
2001 - 4.625% - 5.125% Street Improvement Bonds \$920,000	590,000	0	590,000	0	0
2002 - 3.00% - 5.25% Public Works Facility Bonds \$4,625,000	3,865,000	0	3,865,000	0	0
2003 - 4.00% - 5.00% Various Purpose Bonds \$960,000	665,000	0	620,000	45,000	45,000
2003 - 1.50% - 4.65% Administrative and Court Facility Improvements \$1,260,000	855,000	0	795,000	60,000	60,000
Discount on Debt Issue	(10,752)	0	(10,752)	0	0
2012 - 3.00% - 4.00% Various Purpose Refunding Bonds \$5,630,000	0	5,630,000	140,000	5,490,000	235,000
Premium on Debt Issue	0	402,706	13,424	389,282	0
Total - General Obligation Bonds	5,964,248	6,032,706	6,012,672	5,984,282	340,000
<u>Other Long-Term Obligations</u>					
2011 - 2.35% Road Improvement Bond Anticipation Notes \$197,000	147,000	0	147,000	0	0
Compensated Absences	649,359	461,358	359,440	751,277	165,997
2.50% - Police and Fire Pension	63,827	0	1,621	62,206	1,690
Capital Leases Payable	0	179,138	0	179,138	60,605
Total - Other Long-Term Obligations	860,186	640,496	508,061	992,621	228,292
Total - All General Long-Term Obligations	\$8,567,434	\$6,673,202	\$6,756,733	\$8,483,903	\$816,292

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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. These bonds were refunded in 2012.

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. These bonds were refunded in 2012.

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. These bonds were partially refunded in 2012 with \$45,000 remaining.

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. . These bonds were partially refunded in 2012 with \$45,000 remaining.

On April 17, 2012, the City issued \$5,630,000 in General Obligation Bonds for the purpose of refunding bonds that were previously issued for making improvements to second street and constructing a new administration building, a new police building, and a new fire department building. Of these bonds, \$4,495,000 are serial bonds and \$1,135,000 are term bonds. The bonds will be paid from the Debt Service Fund with transfers from the General, Water, and Sewer funds.

The net proceeds of the refunding bond issue, in the amount of \$5,938,729 were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments of the refunded bonds. As a result, \$5,605,000 of the refunded bonds as well as a discount of \$10,572 has been removed from the City's financial statements. At December 31, 2012 \$1,383,258 of this debt was still outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by \$344,481. These amounts are presented as Deferred Charge on Refunding and amortized over the remaining life of the new debt. The City decreased its total debt service payments by \$780,832 as a result of the advance refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$637,684.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

The term bonds issued at \$545,000 and maturing on December 1, 2025 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>
2024	\$270,000
2025	275,000
Total	<u><u>\$545,000</u></u>

The term bonds issued at \$590,000 and maturing on December 1, 2027 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>
2026	\$290,000
2027	300,000
Total	<u><u>\$590,000</u></u>

On March 2, 2012, the City retired the road improvement note in the amount of \$197,000 and reissued the note for the \$137,500. The \$137,500 liability outstanding at December 31, 2012 is presented as a fund liability in the financial statements.

On March 2, 2012, the City retired the street sweeper note in the amount of \$90,500.

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, 2012, \$62,206 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

Changes in the long-term obligations reported in the business-type activities of the City during 2012 were as follows:

Types/Issues	Balance January 1, 2012	Increases	Decreases	Balance December 31, 2012	Due Within One Year
OWDA Loans	\$2,783,537	\$0	\$184,862	\$2,598,675	\$196,360
2006 - 4.000% - 4.125% Mortgage Revenue Refunding Bonds - \$6,140,000	4,320,000	0	415,000	3,905,000	430,000
Premium on Debt Issue	42,890	0	3,625	39,265	0
2011 - 2.35% Stormwater Drainage Improvement Project Bond Anticipation Notes \$695,000	495,000	0	495,000	0	0
Compensated Absences	116,581	78,078	53,145	141,514	34,431
Total - Business-Type Activities	<u>\$7,758,008</u>	<u>\$78,078</u>	<u>\$1,151,632</u>	<u>\$6,684,454</u>	<u>\$660,791</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.

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 2028. Annual principal and interest payments on the debt issues are expected to require 83 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$8,203,043, with principal and interest of \$3,516,195 remaining on the OWDA Loan and \$4,686,848 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$885,699, with \$345,422 paid on the OWDA Loans and \$540,277 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,131,161.

On March 2, 2012, the City paid \$250,000 toward the stormwater drainage system note and refinanced the remaining \$445,000.

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

As of December 31, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,266,670 with an unvoted debt margin of \$5,790,875.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 13 – LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2012 are:

Governmental Activities				
Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2013	\$340,000	\$202,515	\$248,000	\$79,413
2014	360,000	191,325	274,000	66,248
2015	370,000	180,525	285,000	51,704
2016	380,000	169,425	285,000	36,599
2017	400,000	158,025	245,000	21,596
2018-2022	2,195,000	535,525	170,000	21,442
2023-2027	1,550,000	150,737	0	0
Totals	<u>\$5,595,000</u>	<u>\$1,588,077</u>	<u>\$1,507,000</u>	<u>\$277,002</u>

Business-Type Activities				
Year	Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
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	500,000	84,792	250,261	95,160
2018-2022	1,580,000	171,680	989,209	235,831
2023-2027	0	0	405,495	64,043
2028	0	0	91,633	2,876
	<u>\$3,905,000</u>	<u>\$781,848</u>	<u>\$2,598,675</u>	<u>\$917,520</u>

REVENUE HOUSING BONDS

The City served as the issuer of \$6,955,000 in revenue housing bonds in 1997 and \$4,500,000 in 2007. The proceeds of the \$6,955,000 bonds were used by Emerald Edge/Warren, Limited Partnership and the proceeds of the \$4,500,000 bonds were used by Sound Preservation 202 LP to finance the acquisition, construction and equipping of separate multi-family residential rental housing facilities. The housing revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment. The outstanding balance at December 31, 2012, on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$5,705,000. The outstanding balance at December 31, 2012, on the Sound Preservation 202 LP revenue housing bonds is \$3,589,430.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 14 – SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year ended December 31, 2012 follows:

Fund Type	Balance January 1, 2012	Increase	Decrease	Balance December 31, 2012
<u>Governmental</u>				
General				
2012 - 1.25% Road Improvement Bond Anticipation Notes \$137,500	\$0	\$137,500	\$0	\$137,500
2011 - 2.35% Road Improvement Bond Anticipation Notes \$197,000	50,000	0	50,000	0
Total General	<u>50,000</u>	<u>137,500</u>	<u>50,000</u>	<u>137,500</u>
Capital Projects				
2011 - 2.35% Road Improvement and Street Sweeper Bond Anticipation Notes \$90,500	90,500	0	90,500	0
Total Governmental Funds	<u>\$140,500</u>	<u>\$137,500</u>	<u>\$140,500</u>	<u>\$137,500</u>
<u>Business-Type Activities</u>				
Stormwater Utility				
2012 - 1.25% Stormwater Drainage Improvement Project Bond Anticipation Notes \$445,000	\$0	\$445,000	\$0	\$445,000
2011 - 2.35% Stormwater Drainage Improvement Project Bond Anticipation Notes \$695,000	200,000	0	200,000	0
Total Business-Type Funds	<u>\$200,000</u>	<u>\$445,000</u>	<u>\$200,000</u>	<u>\$445,000</u>

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 - CAPITAL LEASES – LESSEE DISCLOSURE

In 2012, the City entered into a capital lease for vehicles. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the four year lease term. Capital lease payments will be reclassified and reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. There were no payments made in 2012.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 15 - CAPITAL LEASES – LESSEE DISCLOSURE (continued)

Capital assets consisting of vehicles have been capitalized in the amount of \$179,138 in the governmental activities.

	Governmental Activities
Asset: Vehicle	\$179,138
Less: Accumulated Depreciation	0
Total	\$179,138

NOTE 16 – INTERFUND ACTIVITY

INTERFUND RECEIVABLE/PAYABLE

The City has interfund balances at December 31, 2012, between the General Fund and Nonmajor Governmental funds in the amount of \$2,252.

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					Total
		General	Fire Levy	Nonmajor Governmental	Water	Sewer	
Transfers to	Fire Levy	\$750,000	\$0	\$0	\$0	\$0	\$750,000
	Issue II	376,000	0	92,621	0	90,110	558,731
	Nonmajor						
	Governmental	1,871,019	30,671	0	60,000	60,000	2,021,690
	Stormwater Utility	0	0	66,287	0	0	66,287
Total	\$2,997,019	\$30,671	\$158,908	\$60,000	\$150,110	\$3,396,708	

Transfers from the General Fund to the Fire Levy fund are to subsidize expenditures in the Fire Levy fund. Transfers to the Issue II fund are for debt payments. 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. Transfers to the Stormwater Utility fund are for debt payments.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 17 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

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.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 17 – RISK MANAGEMENT (continued)

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.

There have been no significant reductions in insurance coverage from 2011, and no insurance settlement has exceeded insurance coverage during the last three years.

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

JOINT VENTURE

The City participates in a joint venture with Franklin Township pertaining to a Joint Recreation Facility. The joint venture was formed for the purpose of constructing and operating a swimming pool for the citizens of the City and Township. The recreation facility is governed by a Board of Trustees consisting of 10 members, five appointed by each entity. The funding for the operations of the pool is charges for services, with the remainder of the budget being financed equally by the City and Township. There is no explicit and measurable equity interest in the Joint Recreation Facility. The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's contribution, which totaled \$35,942 in 2012. The joint venture is not accumulating significant resources or experiencing fiscal stress which would cause an additional financial benefit or burden on the City. The City of Franklin is the fiscal agent. The financial statements of the Joint Recreation Facility can be obtained at the Finance Department, City of Franklin, 35 East Fourth Street, Franklin, Ohio, 45005.

The following is a summary of the financial information for the joint venture for the year ended December 31, 2012, prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	\$127,923
Operating Expenditures	127,923
Excess of Operating Revenues	
Under Expenditures	0
Fund Balance at Beginning of Year	0
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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

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

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 \$6,531 during 2012 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.

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 \$1,883 during 2012 for the operation of the COG. The City does not have any financial interest in or responsibility for the COG. Nick Nelson acts as fiscal agent for the organization. Financial information may be obtained from Nick Nelson, 406 Justice Drive, Lebanon, Ohio 45036.

NOTE 19 – CONTINGENT LIABILITIES

LITIGATION

The City is party to legal proceedings, including one potential litigation regarding a tax increment financing. In 2012 and in prior years, the City was overpaid approximately \$400,000. Potentially, the City will have to refund between \$0 and \$400,000. The outcome of the repayment is undeterminable at this time. With regards to other pending 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, 2012, to December 31, 2012, 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, 2012

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	Issue II	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>						
Inventory	\$13,078	\$25,040	\$0	\$0	\$154,243	\$192,361
Unclaimed Monies	7,223	0	0	0	0	7,223
Parks and Recreation	0	0	0	0	1,162,406	1,162,406
<i>Total Nonspendable</i>	20,301	25,040	0	0	1,316,649	1,361,990
<i>Restricted For</i>						
Fire Services	0	438,821	0	0	0	438,821
Special Assessment Bonds	0	0	155,952	0	0	155,952
Transportation Services	0	0	0	0	804,788	804,788
Law Enforcement/Security of Persons and Property	0	0	0	0	593,847	593,847
Street Lighting	0	0	0	0	1,833	1,833
Assessment of Wastewater Treatment	0	0	0	0	25	25
ODOT Project	0	0	0	0	399,369	399,369
Infrastructure Improvements	0	0	0	0	551,964	551,964
Parks and Recreation	0	0	0	0	247,845	247,845
<i>Total Restricted</i>	0	438,821	155,952	0	2,599,671	3,194,444
<i>Committed To</i>						
Park Facilities	0	0	0	0	69,140	69,140
<i>Assigned To</i>						
Debt Service Payments	0	0	0	0	27,637	27,637
Unpaid Obligations	115,154	0	0	0	0	115,154
<i>Total Assigned</i>	115,154	0	0	0	27,637	142,791
<i>Unassigned (Deficit)</i>	5,045,729	0	0	(212,737)	(226,983)	4,606,009
Total Fund Balances	\$5,181,184	\$463,861	\$155,952	(\$212,737)	\$3,786,114	\$9,374,374

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES

CHANGE IN ACCOUNTING PRINCIPLES

For 2012, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, Statement No. 64, “Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53”, Statement No. 65, “Items Previously Reported as Assets and Liabilities”, and Statement No. 66, “Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62”.

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements which are a type of public-public or public-private partnership. The implementation of this statement did not result in any change to the City’s financial statements.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the City’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty’s credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change to the City’s financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets or liabilities as inflows of resources (revenues) or outflows of resources (expenses or expenditures). These changes were incorporated in the City’s 2012 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and, thereby, enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to the City’s financial statements.

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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 and intergovernmental resources 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

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, 2012**

	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	\$1,531,466	\$27,637	\$1,054,851	\$1,410,251	\$4,024,205
Materials and Supplies Inventory	154,243	0	0	0	154,243
Intergovernmental Receivable	310,866	0	0	0	310,866
Property Taxes Receivable	180,979	0	0	0	180,979
Revenue in Lieu of Taxes Receivable	24,542	0	203,459	0	228,001
Special Assessments Receivable	130,788	0	0	0	130,788
Total Assets	\$2,332,884	\$27,637	\$1,258,310	\$1,410,251	\$5,029,082
Liabilities:					
Accounts Payable	\$30,738	\$0	\$230,352	\$0	\$261,090
Accrued Wages and Benefits Payable	25,841	0	0	0	25,841
Intergovernmental Payable	152,784	0	0	0	152,784
Interfund Payable	2,252	0	0	0	2,252
Total Liabilities	211,615	0	230,352	0	441,967
Deferred Inflows of Resources:					
Property Taxes	164,500	0	0	0	164,500
Payments of Lieu of Taxes	24,542	0	203,459	0	228,001
Unavailable Revenue	408,500	0	0	0	408,500
Total Deferred Inflows of Resources	597,542	0	203,459	0	801,001
Fund Balances:					
Nonspendable	154,243	0	0	1,162,406	1,316,649
Restricted	1,400,493	0	951,333	247,845	2,599,671
Committed	69,140	0	0	0	69,140
Assigned	0	27,637	0	0	27,637
Unassigned (Deficit)	(100,149)	0	(126,834)	0	(226,983)
Total Fund Balances	1,523,727	27,637	824,499	1,410,251	3,786,114
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$2,332,884	\$27,637	\$1,258,310	\$1,410,251	\$5,029,082

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$153,436	\$0	\$0	\$0	\$153,436
Payments in Lieu of Taxes	0	0	203,459	0	203,459
Special Assessments	132,528	0	0	0	132,528
Fines, Licenses and Permits	224,137	0	0	0	224,137
Intergovernmental	803,921	0	227,124	0	1,031,045
Interest	12	0	0	82,875	82,887
Contributions and Donations	461	0	0	0	461
Other	24,096	1,138	0	0	25,234
Total Revenues	1,338,591	1,138	430,583	82,875	1,853,187
Expenditures:					
Current:					
General Government	127,030	900	0	0	127,930
Security of Persons and Property:					
Police	459,378	0	0	0	459,378
Fire	106,579	0	0	0	106,579
Other	131,068	0	0	0	131,068
Public Health and Welfare	8,567	0	0	0	8,567
Leisure Time Activities	257,122	0	0	0	257,122
Economic Development	44,414	0	0	0	44,414
Transportation	1,150,966	0	0	0	1,150,966
Capital Outlay	24,661	0	744,210	65,214	834,085
Debt Service:					
Principal Retirement	1,621	405,000	0	0	406,621
Interest and Fiscal Charges	2,679	237,596	0	0	240,275
Total Expenditures	2,314,085	643,496	744,210	65,214	3,767,005
Excess of Revenues Over (Under) Expenditures	(975,494)	(642,358)	(313,627)	17,661	(1,913,818)
Other Financing Sources (Uses):					
Refunding Bonds Issued	0	5,630,000	0	0	5,630,000
Transfers In	1,142,807	678,883	200,000	0	2,021,690
Premium on Debt Issued	0	402,706	0	0	402,706
Payment to Refunded Bond Escrow Agent	0	(5,938,729)	0	0	(5,938,729)
Transfers Out	0	(158,908)	0	0	(158,908)
Total Other Financing Sources (Uses)	1,142,807	613,952	200,000	0	1,956,759
Net Change in Fund Balances	167,313	(28,406)	(113,627)	17,661	42,941
Fund Balances at Beginning of Year	1,356,414	56,043	938,126	1,392,590	3,743,173
Fund Balances at End of Year	\$1,523,727	\$27,637	\$824,499	\$1,410,251	\$3,786,114

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**CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2012**

	Transportation	E-911	Court	Drug Law Enforcement	Recreation
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$808,757	\$189,886	\$301,631	\$40,842	\$82,244
Materials and Supplies Inventory	154,243	0	0	0	0
Intergovernmental Receivable	303,075	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	\$1,266,075	\$189,886	\$301,631	\$40,842	\$82,244
Liabilities:					
Accounts Payable	\$14,316	\$0	\$647	\$0	\$1,229
Accrued Wages and Benefits Payable	17,718	3,206	0	0	4,917
Intergovernmental Payable	21,568	2,405	0	0	6,958
Interfund Payable	0	0	0	0	0
Total Liabilities	53,602	5,611	647	0	13,104
Deferred Inflows of Resources:					
Property Taxes	0	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0	0
Unavailable Revenue	253,442	0	0	0	0
Total Deferred Inflows of Resources	253,442	0	0	0	0
Fund Balances:					
Nonspendable	154,243	0	0	0	0
Restricted	804,788	184,275	300,984	40,842	0
Committed	0	0	0	0	69,140
Unassigned (Deficit)	0	0	0	0	0
Total Fund Balances (Deficit)	959,031	184,275	300,984	40,842	69,140
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,266,075	\$189,886	\$301,631	\$40,842	\$82,244

Indigent Drivers	Indigent Drivers Alcohol Monitoring	In-House Monitoring	Street Lighting	Miami Conservancy District	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$57,726	\$10,909	\$11,113	\$14,256	\$25	\$14,077	\$1,531,466
0	0	0	0	0	0	154,243
0	0	0	0	1,387	6,404	310,866
0	0	0	0	47,435	133,544	180,979
0	0	0	0	24,542	0	24,542
0	0	0	130,788	0	0	130,788
<u>\$57,726</u>	<u>\$10,909</u>	<u>\$11,113</u>	<u>\$145,044</u>	<u>\$73,389</u>	<u>\$154,025</u>	<u>\$2,332,884</u>
\$4,375	\$0	\$0	\$10,171	\$0	\$0	\$30,738
0	0	0	0	0	0	25,841
0	0	7,627	0	0	114,226	152,784
0	0	0	2,252	0	0	2,252
<u>4,375</u>	<u>0</u>	<u>7,627</u>	<u>12,423</u>	<u>0</u>	<u>114,226</u>	<u>211,615</u>
0	0	0	0	44,500	120,000	164,500
0	0	0	0	24,542	0	24,542
0	0	0	130,788	4,322	19,948	408,500
<u>0</u>	<u>0</u>	<u>0</u>	<u>130,788</u>	<u>73,364</u>	<u>139,948</u>	<u>597,542</u>
0	0	0	0	0	0	154,243
53,351	10,909	3,486	1,833	25	0	1,400,493
0	0	0	0	0	0	69,140
0	0	0	0	0	(100,149)	(100,149)
<u>53,351</u>	<u>10,909</u>	<u>3,486</u>	<u>1,833</u>	<u>25</u>	<u>(100,149)</u>	<u>1,523,727</u>
<u>\$57,726</u>	<u>\$10,909</u>	<u>\$11,113</u>	<u>\$145,044</u>	<u>\$73,389</u>	<u>\$154,025</u>	<u>\$2,332,884</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, 2012

	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	663	0	176,698	8,787	0
Intergovernmental	642,137	128,879	0	0	0
Interest	12	0	0	0	0
Contributions and Donations	0	0	0	461	0
Other	7,698	0	0	6,798	9,600
Total Revenues	650,510	128,879	176,698	16,046	9,600
Expenditures:					
Current:					
General Government	0	0	92,744	0	0
Security of Persons and Property:					
Police	0	142,739	0	23,636	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	257,122
Economic Development	0	0	0	0	0
Transportation	1,150,966	0	0	0	0
Capital Outlay	0	0	24,661	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	1,150,966	142,739	117,405	23,636	257,122
Excess of Revenues Over (Under) Expenditures	(500,456)	(13,860)	59,293	(7,590)	(247,522)
Other Financing Sources:					
Transfers In	600,000	0	0	0	265,000
Net Change in Fund Balances	99,544	(13,860)	59,293	(7,590)	17,478
Fund Balances (Deficit) at Beginning of Year	859,487	198,135	241,691	48,432	51,662
Fund Balances (Deficit) at End of Year	<u>\$959,031</u>	<u>\$184,275</u>	<u>\$300,984</u>	<u>\$40,842</u>	<u>\$69,140</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	\$27,317	\$126,119	\$153,436
0	0	0	132,528	0	0	132,528
2,816	9,210	25,963	0	0	0	224,137
10,670	0	0	0	3,967	18,268	803,921
0	0	0	0	0	0	12
0	0	0	0	0	0	461
0	0	0	0	0	0	24,096
<u>13,486</u>	<u>9,210</u>	<u>25,963</u>	<u>132,528</u>	<u>31,284</u>	<u>144,387</u>	<u>1,338,591</u>
0	0	34,286	0	0	0	127,030
0	0	0	0	0	293,003	459,378
0	0	0	0	0	106,579	106,579
0	0	0	131,068	0	0	131,068
4,375	4,192	0	0	0	0	8,567
0	0	0	0	0	0	257,122
0	0	0	0	44,414	0	44,414
0	0	0	0	0	0	1,150,966
0	0	0	0	0	0	24,661
0	0	0	0	0	1,621	1,621
0	0	0	0	0	2,679	2,679
<u>4,375</u>	<u>4,192</u>	<u>34,286</u>	<u>131,068</u>	<u>44,414</u>	<u>403,882</u>	<u>2,314,085</u>
9,111	5,018	(8,323)	1,460	(13,130)	(259,495)	(975,494)
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,625</u>	<u>4,900</u>	<u>270,282</u>	<u>1,142,807</u>
9,111	5,018	(8,323)	4,085	(8,230)	10,787	167,313
<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>\$53,351</u>	<u>\$10,909</u>	<u>\$3,486</u>	<u>\$1,833</u>	<u>\$25</u>	<u>(\$100,149)</u>	<u>\$1,523,727</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2012

	<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	\$399,369	\$103,518	\$551,964	\$1,054,851
Revenue in Lieu of Taxes Receivable	<u>0</u>	<u>0</u>	<u>203,459</u>	<u>203,459</u>
Total Assets	<u>\$399,369</u>	<u>\$103,518</u>	<u>\$755,423</u>	<u>\$1,258,310</u>
Liabilities:				
Accounts Payable	<u>\$0</u>	<u>\$230,352</u>	<u>\$0</u>	<u>\$230,352</u>
Deferred Inflows of Resources:				
Payments in Lieu of Taxes	<u>0</u>	<u>0</u>	<u>203,459</u>	<u>203,459</u>
Fund Balances:				
Restricted	399,369	0	551,964	951,333
Unassigned (Deficit)	<u>0</u>	<u>(126,834)</u>	<u>0</u>	<u>(126,834)</u>
Total Fund Balances (Deficit)	<u>399,369</u>	<u>(126,834)</u>	<u>551,964</u>	<u>824,499</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$399,369</u>	<u>\$103,518</u>	<u>\$755,423</u>	<u>\$1,258,310</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, 2012

	ODOT Project	Property Acquisition	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Revenues:				
Payments in Lieu of Taxes	\$0	\$0	\$203,459	\$203,459
Intergovernmental	<u>0</u>	<u>227,124</u>	<u>0</u>	<u>227,124</u>
Total Revenues	0	227,124	203,459	430,583
Expenditures:				
Capital Outlay	<u>0</u>	<u>657,456</u>	<u>86,754</u>	<u>744,210</u>
Excess of Revenues Over (Under) Expenditures	0	(430,332)	116,705	(313,627)
Other Financing Sources:				
Transfers In	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>200,000</u>
Net Change in Fund Balances	0	(230,332)	116,705	(113,627)
Fund Balances at Beginning of Year	<u>399,369</u>	<u>103,498</u>	<u>435,259</u>	<u>938,126</u>
Fund Balances (Deficit) at End of Year	<u><u>\$399,369</u></u>	<u><u>(\$126,834)</u></u>	<u><u>\$551,964</u></u>	<u><u>\$824,499</u></u>

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, 2012

	Balance 1/1/12	Additions	Reductions	Balance 12/31/12
MUNICIPAL COURT				
Assets:				
Cash in Segregated Accounts	\$67,052	\$63,682	\$67,052	\$63,682
Liabilities:				
Intergovernmental Payable	\$38,969	\$18,059	\$38,969	\$18,059
Undistributed Monies	9,810	10,678	9,810	10,678
Deposits Held and Due to Others	18,273	34,945	18,273	34,945
Total Liabilities	\$67,052	\$63,682	\$67,052	\$63,682
JOINT RECREATION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$127,924	\$127,924	\$0
Liabilities:				
Undistributed Monies	\$0	\$127,924	\$127,924	\$0
BUILDING STANDARDS FEE				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$312	\$1,544	\$1,588	\$268
Liabilities:				
Undistributed Monies	\$312	\$1,544	\$1,588	\$268
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$312	\$129,468	\$129,512	\$268
Cash in Segregated Accounts	67,052	63,682	67,052	63,682
Total Assets	\$67,364	\$193,150	\$196,564	\$63,950
Liabilities:				
Intergovernmental Payable	\$38,969	\$18,059	\$38,969	\$18,059
Undistributed Monies	10,122	140,146	139,322	10,946
Deposits Held and Due to Others	18,273	34,945	18,273	34,945
Total Liabilities	\$67,364	\$193,150	\$196,564	\$63,950

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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$422,000	\$396,297	(\$25,703)
Other Local Taxes	173,000	189,903	16,903
Income Taxes	6,500,000	7,148,893	648,893
Charges for Services	29,000	29,194	194
Fines, Licenses and Permits	466,793	580,611	113,818
Intergovernmental	405,500	371,245	(34,255)
Contributions and Donations	1,400	12,690	11,290
Interest	60,000	51,015	(8,985)
Other	85,300	121,134	35,834
Total Revenues	8,142,993	8,900,982	757,989
Expenditures:			
Current:			
General Government			
Clerk and Council			
Personal Services	180,109	170,318	9,791
Other	118,996	74,343	44,653
Total Clerk and Council	299,105	244,661	54,444
Municipal Court			
Personal Services	629,791	610,612	19,179
Other	119,265	102,746	16,519
Total Municipal Court	749,056	713,358	35,698
Probation			
Personal Services	163,847	146,712	17,135
Other	2,800	1,800	1,000
Total Probation	166,647	148,512	18,135
Mayor's and Administrative Office			
Personal Services	131,556	62,403	69,153
Other	13,400	10,269	3,131
Total Mayor's and Administrative Office	\$144,956	\$72,672	\$72,284

(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, 2012
(continued)

	Final Budget	Actual	Variance With Final Budget
Clerk Treasurer			
Personal Services	\$321,123	\$196,400	\$124,723
Other	23,106	21,970	1,136
Total Clerk Treasurer	<u>344,229</u>	<u>218,370</u>	<u>125,859</u>
Income Tax Administration			
Personal Services	224,506	201,465	23,041
Other	112,416	108,825	3,591
Total Income Tax Administration	<u>336,922</u>	<u>310,290</u>	<u>26,632</u>
Solicitor			
Personal Services	160,445	158,582	1,863
Other	37,411	32,238	5,173
Total Solicitor	<u>197,856</u>	<u>190,820</u>	<u>7,036</u>
Civil Service Commission			
Personal Services	478	478	0
Other	13,522	13,661	(139)
Total Civil Service Commission	<u>14,000</u>	<u>14,139</u>	<u>(139)</u>
Planning Commission			
Personal Services	1,500	675	825
Other	10,000	5,242	4,758
Total Planning Commission	<u>11,500</u>	<u>5,917</u>	<u>5,583</u>
Building and Grounds			
Personal Services	61,362	58,798	2,564
Other	174,272	134,072	40,200
Total Building and Grounds	<u>235,634</u>	<u>192,870</u>	<u>42,764</u>
Special Appropriations			
Personal Services	83,380	40,740	42,640
Other	186,390	100,019	86,371
Total Special Appropriations	<u>269,770</u>	<u>140,759</u>	<u>129,011</u>
Community Services			
Other	<u>\$25,000</u>	<u>\$18,630</u>	<u>\$6,370</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, 2012
(continued)

	Final Budget	Actual	Variance With Final Budget
Economic Development			
Other	\$12,000	\$3,167	\$8,833
Engineering			
Other	70,000	55,271	14,729
Total General Government	2,876,675	2,329,436	547,239
Security of Persons and Property			
Police Law Enforcement			
Personal Services	2,719,875	2,498,570	221,305
Other	578,983	545,636	33,347
Total Police Law Enforcement	3,298,858	3,044,206	254,652
Building Inspection			
Personal Services	108,993	107,859	1,134
Other	78,850	61,364	17,486
Total Building Inspection	187,843	169,223	18,620
Total Security of Persons and Property	3,486,701	3,213,429	273,272
Capital Outlay			
Other	347,000	178,383	168,617
Total Expenditures	6,710,376	5,721,248	989,128
Excess of Revenues Over Expenditures	1,432,617	3,179,734	1,747,117
Other Financing Sources (Uses):			
Transfers In	541,615	252,494	(289,121)
Transfers Out	(3,451,562)	(3,097,078)	354,484
Total Other Financing Sources (Uses)	(2,909,947)	(2,844,584)	65,363
Net Change in Fund Balance	(1,477,330)	335,150	1,812,480
Fund Balance at Beginning of Year	4,614,874	4,614,874	0
Prior Year Encumbrances Appropriated	54,468	54,468	0
Fund Balance at End of Year	\$3,192,012	\$5,004,492	\$1,812,480

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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$530,000	\$530,331	\$331
Charges for Services	55,000	48,828	(6,172)
Fines, Licenses and Permits	2,000	150	(1,850)
Intergovernmental	29,000	72,317	43,317
Other	0	13,590	13,590
Total Revenues	<u>616,000</u>	<u>665,216</u>	<u>49,216</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,275,634	1,081,405	194,229
Other	535,919	502,123	33,796
Total Expenditures	<u>1,811,553</u>	<u>1,583,528</u>	<u>228,025</u>
Excess of Revenues Under Expenditures	<u>(1,195,553)</u>	<u>(918,312)</u>	<u>277,241</u>
Other Financing Sources (Uses):			
Transfers In	750,000	750,000	0
Transfers Out	(58,181)	(30,671)	27,510
Total Other Financing Sources (Uses)	<u>691,819</u>	<u>719,329</u>	<u>27,510</u>
Net Change in Fund Balance	(503,734)	(198,983)	304,751
Fund Balance at Beginning of Year	626,474	626,474	0
Prior Year Encumbrances Appropriated	67,920	67,920	0
Fund Balance at End of Year	<u>\$190,660</u>	<u>\$495,411</u>	<u>\$304,751</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$333,000	\$332,460	(\$540)
Expenditures:			
Debt Service:			
Principal Retirement	236,000	236,000	0
Interest and Fiscal Charges	97,000	91,951	5,049
Total Expenditures	333,000	327,951	5,049
Net Change in Fund Balance	0	4,509	4,509
Fund Balance at Beginning of Year	151,443	151,443	0
Fund Balance at End of Year	\$151,443	\$155,952	\$4,509

***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, 2012***

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$161,000	\$165,723	\$4,723
Expenditures:			
Capital Outlay	661,000	286,439	374,561
Excess of Revenues Under Expenditures	(500,000)	(120,716)	379,284
Other Financing Sources:			
Transfers In	500,000	466,110	(33,890)
Net Change in Fund Balance	0	345,394	345,394
Fund Balance at Beginning of Year	70,813	70,813	0
Fund Balance at End of Year	<u>\$70,813</u>	<u>\$416,207</u>	<u>\$345,394</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,513,500	\$2,492,217	(\$21,283)
Other	7,500	11,089	3,589
Deposits Received	25,000	21,186	(3,814)
Total Revenues	<u>2,546,000</u>	<u>2,524,492</u>	<u>(21,508)</u>
Expenses:			
Personal Services	749,779	660,292	89,487
Contractual Services	678,139	538,913	139,226
Supplies and Materials	149,000	113,045	35,955
Other	7,236	5,238	1,998
Deposit Refunds	22,000	21,873	127
Capital Outlay	364,699	75,706	288,993
Debt Service:			
Principal Retirement	614,445	599,862	14,583
Interest and Fiscal Charges	333,391	285,837	47,554
Total Expenses	<u>2,918,689</u>	<u>2,300,766</u>	<u>617,923</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(372,689)	223,726	596,415
Transfers In	15,000	0	(15,000)
Transfers Out	<u>(239,026)</u>	<u>(224,026)</u>	<u>15,000</u>
Net Change in Fund Equity	(596,715)	(300)	596,415
Fund Equity at Beginning of Year	1,335,974	1,335,974	0
Prior Year Encumbrances Appropriated	<u>26,710</u>	<u>26,710</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$765,969</u></u>	<u><u>\$1,362,384</u></u>	<u><u>\$596,415</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,595,000	\$2,506,423	(\$88,577)
Deposits Received	40,000	20,623	(19,377)
Other	5,000	6,586	1,586
Total Revenues	<u>2,640,000</u>	<u>2,533,632</u>	<u>(106,368)</u>
Expenses:			
Personal Services	476,486	345,039	131,447
Contractual Services	1,907,427	1,887,597	19,830
Supplies and Materials	62,333	52,575	9,758
Deposit Refunds	22,000	21,870	130
Capital Outlay	350,486	121,466	229,020
Other	80,000	28,963	51,037
Total Expenses	<u>2,898,732</u>	<u>2,457,510</u>	<u>441,222</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(258,732)	76,122	334,854
Transfers In	10,000	0	(10,000)
Transfers Out	<u>(283,468)</u>	<u>(238,578)</u>	<u>44,890</u>
Net Change in Fund Equity	(532,200)	(162,456)	369,744
Fund Equity at Beginning of Year	1,116,349	1,116,349	0
Prior Year Encumbrances Appropriated	<u>2,010</u>	<u>2,010</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$586,159</u></u>	<u><u>\$955,903</u></u>	<u><u>\$369,744</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$718,741	\$732,908	\$14,167
Other	500	97	(403)
	<u>719,241</u>	<u>733,005</u>	<u>13,764</u>
Total Revenues			
Expenses:			
Personal Services	71,699	59,367	12,332
Contractual Services	683,307	639,765	43,542
Supplies and Materials	10,550	9,510	1,040
Capital Outlay	2,000	0	2,000
	<u>767,556</u>	<u>708,642</u>	<u>58,914</u>
Total Expenses			
Net Change in Fund Equity	(48,315)	24,363	72,678
Fund Equity at Beginning of Year	<u>139,389</u>	<u>139,389</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$91,074</u></u>	<u><u>\$163,752</u></u>	<u><u>\$72,678</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
STORMWATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$483,500	\$470,147	(\$13,353)
Other	2,000	3,677	1,677
	<u>485,500</u>	<u>473,824</u>	<u>(11,676)</u>
Total Revenues			
Expenses:			
Personal Services	378,803	211,218	167,585
Contractual Services	34,400	19,716	14,684
Supplies and Materials	17,250	14,698	2,552
Capital Outlay	28,500	0	28,500
	<u>458,953</u>	<u>245,632</u>	<u>213,321</u>
Total Expenses			
Excess of Revenues Over Expenses Before Transfers	26,547	228,192	201,645
Transfers Out	<u>(248,924)</u>	<u>(200,000)</u>	<u>48,924</u>
Net Change in Fund Equity	(222,377)	28,192	250,569
Fund Equity at Beginning of Year	431,919	431,919	0
Prior Year Encumbrances Appropriated	<u>500</u>	<u>500</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$210,042</u></u>	<u><u>\$460,611</u></u>	<u><u>\$250,569</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$663	\$163
Intergovernmental	649,200	646,428	(2,772)
Interest	100	12	(88)
Other	6,000	7,698	1,698
Total Revenues	<u>655,800</u>	<u>654,801</u>	<u>(999)</u>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	534,722	496,196	38,526
Other	770,704	638,303	132,401
Total Street Maintenance and Repair	<u>1,305,426</u>	<u>1,134,499</u>	<u>170,927</u>
State Highway Maintenance			
Other	81,950	5,792	76,158
Total Expenditures	<u>1,387,376</u>	<u>1,140,291</u>	<u>247,085</u>
Excess of Revenues Under Expenditures	(731,576)	(485,490)	246,086
Other Financing Sources:			
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Net Change in Fund Balance	(131,576)	114,510	246,086
Fund Balance at Beginning of Year	678,784	678,784	0
Prior Year Encumbrances Appropriated	<u>3,960</u>	<u>3,960</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$551,168</u></u>	<u><u>\$797,254</u></u>	<u><u>\$246,086</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
E-911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$126,000	\$128,879	\$2,879
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	158,296	142,564	15,732
Net Change in Fund Balance	(32,296)	(13,685)	18,611
Fund Balance at Beginning of Year	203,571	203,571	0
Fund Balance at End of Year	<u>\$171,275</u>	<u>\$189,886</u>	<u>\$18,611</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$188,500	\$184,959	(\$3,541)
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Personal Services	24,903	24,903	0
Contractual Services	30,000	30,000	0
Other	107,698	57,037	50,661
Total General Government	162,601	111,940	50,661
Capital Outlay			
Other	40,096	25,269	14,827
Total Expenditures	202,697	137,209	65,488
Net Change in Fund Balance	(14,197)	47,750	61,947
Fund Balance at Beginning of Year	240,364	240,364	0
Prior Year Encumbrances Appropriated	2,994	2,994	0
Fund Balance at End of Year	\$229,161	\$291,108	\$61,947

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$8,500	\$8,915	\$415
Contributions and Donations	200	461	261
Other	6,000	6,798	798
	<hr/>	<hr/>	<hr/>
Total Revenues	14,700	16,174	1,474
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	27,000	23,636	3,364
Public Health			
Other	5,000	0	5,000
	<hr/>	<hr/>	<hr/>
Total Expenditures	32,000	23,636	8,364
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(17,300)	(7,462)	9,838
	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	48,257	48,257	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$30,957</u>	<u>\$40,795</u>	<u>\$9,838</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Contributions and Donations	\$1,600	\$0	(\$1,600)
Other	8,000	9,600	\$1,600
	<hr/>	<hr/>	<hr/>
Total Revenues	9,600	9,600	0
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	218,934	211,092	7,842
Other	69,200	52,424	16,776
	<hr/>	<hr/>	<hr/>
Total Expenditures	288,134	263,516	24,618
	<hr/>	<hr/>	<hr/>
Excess of Revenues Under Expenditures	(278,534)	(253,916)	24,618
	<hr/>	<hr/>	<hr/>
Other Financing Sources:			
Transfers In	265,000	265,000	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(13,534)	11,084	24,618
	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	65,074	65,074	0
Prior Year Encumbrances Appropriated	6,086	6,086	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$57,626</u>	<u>\$82,244</u>	<u>\$24,618</u>

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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$4,600	\$2,903	(\$1,697)
Intergovernmental	8,000	10,165	2,165
Total Revenues	12,600	13,068	468
Expenditures:			
Current:			
Public Health			
Other	30,000	4,375	25,625
Net Change in Fund Balance	(17,400)	8,693	26,093
Fund Balance at Beginning of Year	40,740	40,740	0
Fund Balance at End of Year	\$23,340	\$49,433	\$26,093

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, 2012

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Fines, Licenses and Permits	\$4,000	\$9,657	\$5,657
Expenditures:			
Current:			
Public Health			
Other	<u>5,000</u>	<u>4,192</u>	<u>808</u>
Net Change in Fund Balance	(1,000)	5,465	6,465
Fund Balance at Beginning of Year	<u>5,117</u>	<u>5,117</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$4,117</u></u>	<u><u>\$10,582</u></u>	<u><u>\$6,465</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$30,000	\$26,575	(\$3,425)
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Other	35,000	34,286	714
Net Change in Fund Balance	(5,000)	(7,711)	(2,711)
Fund Balance at Beginning of Year	10,343	10,343	0
Fund Balance at End of Year	<u>\$5,343</u>	<u>\$2,632</u>	<u>(\$2,711)</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$129,606	\$132,528	\$2,922
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	130,000	120,897	9,103
Excess of Revenues Over (Under) Expenditures	(394)	11,631	12,025
Other Financing Sources:			
Transfers In	2,625	2,625	0
Net Change in Fund Balance	2,231	14,256	12,025
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$2,231</u>	<u>\$14,256</u>	<u>\$12,025</u>

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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$33,000	\$27,317	(\$5,683)
Intergovernmental	5,000	3,967	(1,033)
Total Revenues	38,000	31,284	(6,716)
Expenditures:			
Current:			
Economic Development			
Other	44,500	44,414	86
Excess of Revenues Under Expenditures	(6,500)	(13,130)	(6,630)
Other Financing Sources:			
Transfers In	6,500	4,900	(1,600)
Net Change in Fund Balance	0	(8,230)	(8,230)
Fund Balance at Beginning of Year	8,255	8,255	0
Fund Balance at End of Year	<u>\$8,255</u>	<u>\$25</u>	<u>(\$8,230)</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$126,000	\$126,119	\$119
Intergovernmental	8,200	18,268	10,068
Total Revenues	<u>134,200</u>	<u>144,387</u>	<u>10,187</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	322,089	289,547	32,542
Fire Department			
Personal Services	<u>131,832</u>	<u>106,745</u>	<u>25,087</u>
Total Security of Persons and Property	<u>453,921</u>	<u>396,292</u>	<u>57,629</u>
Debt Service:			
Principal Retirement	1,621	1,621	0
Interest and Fiscal Charges	<u>2,679</u>	<u>2,679</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>458,221</u>	<u>400,592</u>	<u>57,629</u>
Excess of Revenues Under Expenditures	(324,021)	(256,205)	67,816
Other Financing Sources:			
Transfers In	<u>325,273</u>	<u>270,282</u>	<u>(54,991)</u>
Net Change in Fund Balance	1,252	14,077	12,825
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,252</u></u>	<u><u>\$14,077</u></u>	<u><u>\$12,825</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, 2012

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other	\$0	\$1,138	\$1,138
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Other	900	900	0
Debt Service:			
Principal Retirement	1,387,500	1,387,500	0
Interest and Fiscal Charges	322,022	260,621	61,401
Total Expenditures	1,710,422	1,649,021	61,401
Excess of Revenues Under Expenditures	(1,710,422)	(1,647,883)	62,539
Other Financing Sources (Uses):			
Refunding Bonds Issued	5,630,294	5,630,000	(294)
Premium on Debt Issued	402,706	402,706	0
Bond Anticipation Notes Issued	612,000	582,500	(29,500)
Transfers In	964,000	943,000	(21,000)
Payment to Refunded Bond Escrow Agent	(5,938,729)	(5,938,729)	0
Total Other Financing Sources (Uses)	1,670,271	1,619,477	(50,794)
Net Change in Fund Balance	(40,151)	(28,406)	11,745
Fund Balance at Beginning of Year	56,043	56,043	0
Fund Balance at End of Year	\$15,892	\$27,637	\$11,745

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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay	<u>497,285</u>	<u>97,916</u>	<u>399,369</u>
Net Change in Fund Balance	(497,285)	(97,916)	399,369
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>\$0</u></u>	<u><u>\$399,369</u></u>	<u><u>\$399,369</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, 2012

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$229,999	\$227,124	(\$2,875)
Expenditures:			
Capital Outlay	<u>429,999</u>	<u>429,999</u>	<u>0</u>
Excess of Revenues Under Expenditures	(200,000)	(202,875)	(2,875)
Other Financing Sources:			
Transfers In	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Net Change in Fund Balance	0	(2,875)	(2,875)
Fund Balance at Beginning of Year	<u>103,498</u>	<u>103,498</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$103,498</u></u>	<u><u>\$100,623</u></u>	<u><u>(\$2,875)</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Revenue in Lieu of Taxes	<u>\$195,000</u>	<u>\$203,459</u>	<u>\$8,459</u>
Expenditures:			
Capital Outlay	400,000	86,754	313,246
Debt Service:			
Interest and Fiscal Charges	<u>2,800</u>	<u>0</u>	<u>2,800</u>
Total Expenditures	<u>402,800</u>	<u>86,754</u>	<u>316,046</u>
Net Change in Fund Balance	(207,800)	116,705	324,505
Fund Balance at Beginning of Year	<u>435,259</u>	<u>435,259</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$227,459</u></u>	<u><u>\$551,964</u></u>	<u><u>\$324,505</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, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay	<u>134,221</u>	<u>65,214</u>	<u>69,007</u>
Net Change in Fund Balance	0	(65,214)	69,007
Fund Balance at Beginning of Year	<u>134,221</u>	<u>134,221</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$134,221</u></u>	<u><u>\$69,007</u></u>	<u><u>\$69,007</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	112-123
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	124-125
These schedules contain information to help the reader assess the City’s most significant local revenue source, the income tax.	
Debt Capacity	126-132
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	133-135
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	136-141
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.

City of Franklin, Ohio
Net Position by Component
Last Ten Years
 (accrual basis of accounting)

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$39,414,521	\$40,600,904	\$40,499,186	\$40,076,220	\$39,349,974	\$39,750,554
2,969,595	2,813,950	2,609,134	2,186,575	1,593,584	1,349,506
402,419	299,798	479,323	1,072,744	1,165,427	1,766,673
997,563	1,078,765	907,226	386,580	494,090	302,684
513,502	369,520	747,319	896,504	1,050,712	1,140,087
612,035	845,165	925,090	727,799	621,613	668,427
0	20,957	240,340	276,950	266,190	247,845
0	1,003,387	1,002,296	1,077,699	1,126,400	1,162,406
<u>2,263,639</u>	<u>2,348,013</u>	<u>1,615,731</u>	<u>3,467,921</u>	<u>4,464,786</u>	<u>6,426,853</u>
<u>47,173,274</u>	<u>49,380,459</u>	<u>49,025,645</u>	<u>50,168,992</u>	<u>50,132,776</u>	<u>52,815,035</u>
14,664,105	15,491,196	16,509,392	16,980,657	16,772,997	16,862,816
802,640	610,290	620,446	566,309	615,677	617,060
333,769	217,630	232,630	247,630	262,630	277,630
<u>1,752,795</u>	<u>2,434,615</u>	<u>2,015,800</u>	<u>2,396,518</u>	<u>3,042,701</u>	<u>3,026,717</u>
<u>17,553,309</u>	<u>18,753,731</u>	<u>19,378,268</u>	<u>20,191,114</u>	<u>20,694,005</u>	<u>20,784,223</u>
54,078,626	56,092,100	57,008,578	57,056,877	56,122,971	56,613,370
6,631,523	7,259,462	7,763,804	7,438,790	7,196,323	7,532,318
<u>4,016,434</u>	<u>4,782,628</u>	<u>3,631,531</u>	<u>5,864,439</u>	<u>7,507,487</u>	<u>9,453,570</u>
<u>\$64,726,583</u>	<u>\$68,134,190</u>	<u>\$68,403,913</u>	<u>\$70,360,106</u>	<u>\$70,826,781</u>	<u>\$73,599,258</u>

City of Franklin, Ohio
Changes in Net Position
Last Ten 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	2012
\$614,629	\$709,146	\$615,128	\$889,757	\$672,936	\$794,169
27,997	9,660	17,283	104,619	18,541	8,787
127,698	97,292	30,224	68,603	69,060	50,253
95,000	104,500	108,680	114,114	131,211	137,793
17,929	42,422	105,353	12,805	4,884	12,026
0	0	0	0	0	0
535	867	1,606	433	765	663
1,220,580	1,414,446	1,433,860	1,388,880	1,082,600	848,632
2,255,359	2,871,175	1,410,224	1,027,095	1,076,702	796,103
4,359,727	5,249,508	3,722,358	3,606,306	3,056,699	2,648,426
2,372,746	2,391,732	2,514,213	2,485,178	2,609,827	2,509,825
2,302,373	2,546,969	2,596,582	2,944,427	3,198,842	2,510,827
624,251	649,671	673,260	700,817	711,350	736,048
442,470	457,602	421,920	476,739	496,374	470,519
0	0	635,971	0	0	0
5,741,840	6,045,974	6,841,946	6,607,161	7,016,393	6,227,219
10,101,567	11,295,482	10,564,304	10,213,467	10,073,092	8,875,645
2,618,300	2,107,127	2,298,636	2,400,627	1,965,549	2,474,033
5,550,877	5,004,072	5,108,503	4,861,552	5,277,083	5,660,608
21,911	59,846	11,810	7,199	13,361	8,567
345,357	353,315	308,359	276,892	321,029	326,993
95,314	84,517	44,630	44,666	43,926	44,414
57,355	80,111	84,331	84,329	101,873	101,875
3,490,439	2,173,257	2,825,088	2,277,099	3,154,060	2,225,466
585,256	523,872	494,341	461,532	460,542	329,589
0	0	0	0	0	0
12,764,809	10,386,117	11,175,698	10,413,896	11,337,423	11,171,545
1,866,287	1,948,802	2,067,302	1,832,887	2,115,087	1,935,129
2,618,355	2,240,853	3,032,843	2,731,399	2,907,671	2,576,395
584,968	654,623	684,648	684,848	731,408	712,050
737,361	674,377	578,995	700,850	664,908	791,053
5,806,971	5,518,655	6,363,788	5,949,984	6,419,074	6,014,627
(8,405,082)	(5,136,609)	(7,453,340)	(6,807,590)	(8,280,724)	(8,523,119)
(65,131)	527,319	478,158	657,177	597,319	212,592
(\$8,470,213)	(\$4,609,290)	(\$6,975,182)	(\$6,150,413)	(\$7,683,405)	(\$8,310,527)

(continued)

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

	2003	2004	2005	2006
General Revenues and Other Changes in Net Position:				
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 Position</i>	<u>7,442,598</u>	<u>7,038,929</u>	<u>8,084,887</u>	<u>9,776,209</u>
Change in Net Position				
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 Position	<u>453,460</u>	<u>(5,070,164)</u>	<u>508,170</u>	<u>0</u>
<i>Total Primary Government Changes in Net Position</i>	<u>\$703,838</u>	<u>(\$7,083,610)</u>	<u>(\$638,484)</u>	<u>\$717,391</u>

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

2007	2008	2009	2010	2011	2012
\$658,432	\$472,445	\$420,843	\$385,893	\$381,481	\$402,435
571,233	534,375	492,312	480,797	560,031	534,509
193,805	134,236	129,542	131,048	158,099	154,252
5,639,866	5,322,030	4,822,556	5,900,995	5,902,578	9,079,755
0	124,412	160,540	176,828	186,011	185,820
0	0	207,659	150,507	192,413	203,459
633,352	502,780	596,149	614,411	574,395	284,897
11,096	0	0	0	0	0
610,369	213,422	56,486	55,726	44,891	56,470
0	0	0	1,886	11	0
182,322	310,224	307,846	191,376	124,598	159,958
(226,111)	(420,598)	(95,407)	(138,530)	120,000	143,823
<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>	<u>11,205,378</u>
33,902	10,423	0	2,509	0	0
15,075	14,930	50,972	14,630	25,572	21,449
226,111	420,598	95,407	138,530	(120,000)	(143,823)
<u>275,088</u>	<u>445,951</u>	<u>146,379</u>	<u>155,669</u>	<u>(94,428)</u>	<u>(122,374)</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>	<u>11,083,004</u>
(130,718)	2,056,717	(354,814)	1,143,347	(36,216)	2,682,259
209,957	973,270	624,537	812,846	502,891	90,218
0	377,620	0	0	0	0
<u>\$79,239</u>	<u>\$3,407,607</u>	<u>\$269,723</u>	<u>\$1,956,193</u>	<u>\$466,675</u>	<u>\$2,772,477</u>

City of Franklin, Ohio
Program Revenues by Function/Program
Last Ten 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>	<u>2012</u>
\$833,514	\$1,010,717	\$815,284	\$1,043,409	\$887,648	\$1,101,565
159,804	168,656	119,548	144,916	46,507	151,562
418,331	449,407	393,310	320,132	244,283	92,122
95,000	104,500	108,680	114,114	131,211	137,793
18,625	43,268	236,492	138,210	124,571	22,696
0	1,138,136	218,292	112,013	92,179	82,875
6,780	15,637	5,972	10,778	5,864	3,978
<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>1,055,835</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>	<u>2,648,426</u>
2,372,746	2,391,732	2,884,719	2,485,178	2,609,827	2,509,825
2,302,373	2,546,969	2,596,582	2,944,427	3,198,842	2,510,827
624,251	649,671	673,260	700,817	711,350	736,048
<u>442,470</u>	<u>457,602</u>	<u>687,385</u>	<u>476,739</u>	<u>496,374</u>	<u>470,519</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>6,227,219</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>	<u>\$8,875,645</u>

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

	2003	2004	2005	2006	2007
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	82,602	143,769	5,386	145,333	14,739
Unreserved	3,115,075	2,477,149	3,432,280	3,483,285	1,175,034
Total General Fund	3,197,677	2,620,918	3,437,666	3,628,618	1,189,773
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	45,906	28,494	167,084	86,965	99,411
Unreserved, Undesignated (Deficit), Reported in:					
Special Revenue Funds	1,042,151	1,282,641	1,329,298	1,758,396	1,897,625
Debt Service Fund	(129,011)	(107,942)	(603,359)	174,538	557,710
Capital Projects Funds	612,292	130,756	(17,886)	65,420	208,754
Permanent Fund	0	0	0	0	0
Total All Other Governmental Funds	1,571,338	1,333,949	875,137	2,085,319	2,763,500
Total Governmental Funds	\$4,769,015	\$3,954,867	\$4,312,803	\$5,713,937	\$3,953,273

The City implemented GASB Statement No. 54 in 2011.

2008	2009	2010	2011	2012
\$0	\$0	\$17,762	\$17,079	\$20,301
0	0	78,581	89,926	115,154
0	0	3,233,617	3,900,839	5,045,729
54,806	6,114	0	0	0
1,905,918	1,369,098	0	0	0
<u>1,960,724</u>	<u>1,375,212</u>	<u>3,329,960</u>	<u>4,007,844</u>	<u>5,181,184</u>
0	0	1,271,686	1,328,086	1,341,689
0	0	3,002,848	3,137,877	3,194,444
0	0	40,844	51,662	69,140
0	0	102,479	56,043	27,637
0	0	(33,692)	(181,080)	(439,720)
1,078,834	1,032,305	0	0	0
2,033,024	2,179,954	0	0	0
557,424	623,678	0	0	0
48,781	181,392	0	0	0
0	240,340	0	0	0
<u>3,718,063</u>	<u>4,257,669</u>	<u>4,384,165</u>	<u>4,392,588</u>	<u>4,193,190</u>
<u>\$5,678,787</u>	<u>\$5,632,881</u>	<u>\$7,714,125</u>	<u>\$8,400,432</u>	<u>\$9,374,374</u>

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

	2003	2004	2005	2006	2007
Revenues:					
Property Taxes	\$1,411,659	\$1,465,413	\$1,466,764	\$1,370,974	\$1,406,763
Other Local Taxes (1)	0	0	0	0	0
Income Taxes	4,868,815	4,589,690	5,181,967	6,958,137	5,398,222
Payments in Lieu of Taxes	0	0	0	0	0
Special Assessments	511,435	506,734	524,451	344,528	347,421
Charges for Services	234,489	233,138	279,341	238,036	223,945
Fines, Licenses and Permits	639,624	613,952	540,103	672,599	485,236
Intergovernmental	2,121,051	1,719,383	1,598,288	1,626,424	2,261,029
Interest	260,068	192,540	174,674	551,059	812,926
Contributions and Donations	0	0	0	199,519	0
Other	244,623	276,808	1,097,570	187,886	192,777
Total Revenues	10,291,764	9,597,658	10,863,158	12,149,162	11,128,319
Expenditures:					
Current:					
General Government	2,195,294	2,383,552	3,151,782	2,521,962	2,673,282
Security of Persons and Property	4,191,975	4,548,636	4,493,448	5,064,237	5,528,164
Public Health and Welfare	56,199	41,799	27,626	64,790	21,911
Leisure Time Activities	269,344	275,678	234,362	244,662	288,923
Economic Development	72,448	59,266	88,113	30,476	95,314
Basic Utility Services	183,400	27,742	34,559	0	0
Transportation	678,954	887,728	707,360	696,812	1,842,933
Capital Outlay	3,634,022	1,181,176	582,822	1,018,125	1,219,077
Debt Service:					
Principal Retirement	663,267	1,528,929	589,479	570,260	616,313
Interest and Fiscal Charges	620,727	666,419	636,119	615,338	598,441
Issuance Costs	29,092	0	0	0	0
Current Refunding	0	0	50,000	20,000	103,000
Total Expenditures	12,594,722	11,600,925	10,595,670	10,846,662	12,987,358
Excess of Revenues Over (Under) Expenditures	(2,302,958)	(2,003,267)	267,488	1,302,500	(1,859,039)
Other Financing Sources (Uses):					
Bond Anticipation Notes Issued	865,000	1,093,000	0	0	775,000
Refunding Bonds Issued	0	0	0	0	0
Current Refunding	0	0	(685,000)	(665,000)	(775,000)
Transfers In	2,372,571	2,855,439	1,675,230	2,836,820	5,122,307
Discount on Debt Issued	(18,825)	0	0	0	0
Refunding Notes Issued	0	0	685,000	878,000	0
Inception of Capital Lease	0	0	0	0	0
Premium on Debt Issued	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
General Obligation Bonds Issued	2,220,000	0	0	0	0
Proceeds from Sale of Capital Assets	0	0	0	0	11,096
Transfers Out	(2,282,129)	(2,759,320)	(1,584,782)	(2,951,186)	(5,035,028)
Total Other Financing Sources (Uses)	3,156,617	1,189,119	90,448	98,634	98,375
Net Change in Fund Balances	\$853,659	(\$814,148)	\$357,936	\$1,401,134	(\$1,760,664)
Debt Service as a Percentage of Noncapital Expenditures	14.7%	21.1%	12.7%	12.3%	11.2%

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

2008	2009	2010	2011	2012
\$1,146,837	\$1,038,798	\$1,011,884	\$1,084,876	\$1,083,889
125,956	153,622	172,307	227,839	152,896
5,513,546	4,937,793	5,844,404	5,973,040	8,125,750
0	207,659	150,507	192,413	203,459
367,129	392,219	431,696	361,487	397,406
285,640	257,271	387,196	114,030	79,297
508,971	504,197	676,215	665,920	786,601
3,539,564	2,418,831	2,979,788	2,347,841	1,598,314
509,905	270,155	315,503	338,252	206,927
1,138,136	186,659	1,886	3,011	13,151
310,224	389,460	204,505	146,344	159,958
<u>13,445,908</u>	<u>10,756,664</u>	<u>12,175,891</u>	<u>11,455,053</u>	<u>12,807,648</u>
2,361,988	2,313,715	2,451,752	1,933,507	2,177,554
4,950,296	4,944,740	4,833,128	5,172,755	5,398,829
59,846	11,810	7,199	13,361	8,567
299,801	275,250	273,552	293,418	293,064
84,517	44,630	44,666	43,926	44,414
0	0	0	0	0
894,171	1,348,543	1,115,056	1,013,128	1,150,966
2,115,784	678,476	326,111	1,167,232	2,049,678
631,369	583,428	619,490	646,554	642,621
548,796	500,670	461,803	464,365	337,951
0	0	0	0	0
65,000	322,500	100,000	140,500	147,000
<u>12,011,568</u>	<u>11,023,762</u>	<u>10,232,757</u>	<u>10,888,746</u>	<u>12,250,644</u>
<u>1,434,340</u>	<u>(267,098)</u>	<u>1,943,134</u>	<u>566,307</u>	<u>557,004</u>
710,000	387,500	287,500	147,000	0
0	0	0	0	5,630,000
(710,000)	(387,500)	(287,500)	(147,000)	0
2,573,987	3,037,723	1,294,945	2,363,996	3,330,421
0	0	0	0	0
0	0	0	0	0
0	0	0	0	179,138
0	0	0	0	402,706
0	0	0	0	(5,938,729)
0	0	0	0	0
18,919	0	0	0	0
(2,299,182)	(2,816,531)	(1,156,835)	(2,243,996)	(3,186,598)
<u>293,724</u>	<u>221,192</u>	<u>138,110</u>	<u>120,000</u>	<u>416,938</u>
<u>\$1,728,064</u>	<u>(\$45,906)</u>	<u>\$2,081,244</u>	<u>\$686,307</u>	<u>\$973,942</u>
12.7%	13.4%	12.2%	12.2%	10.5%

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	
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
2012	6,355,829	70%	998,773	11%	7,354,602	81%	1,725,153	19%	9,079,755

Source: City Income Tax Department

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 and all of 2012 was two percent.

City of Franklin, Ohio
Principal Income Taxpayers - Withholding Accounts
2012 and 2002

Range of Withholding Amount	2012		2002 (1)	
	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

(1) Information for 2003 was not available.

City of Franklin, Ohio
 Computation of All Direct and Overlapping Governmental Activities Debt
 December 31, 2012

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin	Amount Applicable to the City of Franklin
Direct			
City of Franklin			
General Obligation Bonds	\$5,984,282	100.00%	\$5,984,282
Special Assessment Bonds	1,507,000	100.00	1,507,000
Capital Leases	179,138	100.00	179,138
Bond Anticipation Notes	137,500	100.00	137,500
Total Direct Debt	<u>7,807,920</u>		<u>7,807,920</u>
Overlapping Subdivisions			
Warren County			
General Obligation Bonds	6,039,926	3.72	224,685
Special Assessment Bonds	10,180,450	3.72	378,713
State 166 Loan	3,978,053	3.72	147,984
Capital Leases	2,029	3.72	75
Franklin City School District			
General Obligation Bonds	2,650,298	52.77	1,398,562
Energy Conservation Bonds	831,134	52.77	438,589
Carlisle Local School District			
Energy Conservation Improvement Installment Note	85,316	0.12	102
Warren County Vocational School District			
Certificates of Participation	5,859,606	5.54	324,622
Energy Conservation Notes	810,000	5.54	44,874
Capital Leases	115,975	5.54	6,425
Total Overlapping Debt	<u>30,552,787</u>		<u>2,964,633</u>
Grand Total	<u><u>\$38,360,707</u></u>		<u><u>\$10,772,553</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
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
2012	5,984,282	579,321,740	11,896	1.03%	503.05

- (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	Mortgage Revenue Bonds	OWDA Loans	Notes Payable
2003	\$8,407,080	\$4,042,000	\$1,098,900	\$48,043	\$3,610,000	\$2,464,834	\$0
2004	8,112,976	3,810,000	663,900	568,272	3,500,000	2,384,256	543,000
2005	7,803,872	3,557,000	1,005,000	0	3,385,000	2,252,061	1,284,500
2006	7,489,768	3,303,000	955,000	0	6,168,735	2,156,781	1,245,000
2007	7,155,664	3,023,000	878,000	0	5,842,028	2,107,550	1,245,000
2008	6,816,560	2,733,000	775,000	0	5,485,321	3,067,762	1,225,000
2009	6,547,456	2,421,000	710,000	0	5,118,614	2,991,797	1,090,000
2010	6,263,352	2,088,000	387,500	0	4,736,907	2,923,288	895,000
2011	5,964,248	1,743,000	287,500	0	4,340,200	2,783,537	695,000
2012	5,984,282	1,507,000	137,500	179,138	3,944,265	2,598,675	445,000

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
\$19,670,857	12,130	\$242,430,180	8.11	\$1,622
19,582,404	12,285	251,903,925	7.77	1,594
19,287,433	12,410	260,907,840	7.39	1,554
21,318,284	12,457	272,322,477	7.83	1,711
20,251,242	12,731	279,425,641	7.25	1,591
20,102,643	12,622	273,114,836	7.36	1,593
18,878,867	12,104	267,406,385	6.49	1,560
17,294,047	13,200	291,614,400	5.94	1,310
15,813,485	11,771	291,614,400	7.05	1,343
14,795,860	11,896	212,117,576	6.98	1,244

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

	2003	2004	2005	2006	2007
Total Assessed Property Value	<u>\$226,444,640</u>	<u>\$240,632,700</u>	<u>\$253,954,030</u>	<u>\$240,026,372</u>	<u>\$246,303,533</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>23,776,687</u>	<u>25,266,434</u>	<u>42,963,265</u>	<u>25,202,769</u>	<u>25,861,871</u>
Debt Outstanding:					
General Obligation Bonds	\$8,407,080	\$8,130,000	\$7,820,000	\$7,505,000	\$7,170,000
Mortgage Revenue Bonds	3,610,000	3,500,000	3,385,000	6,140,000	5,815,000
Special Assessment Bonds	4,042,000	3,810,000	3,557,000	3,303,000	3,023,000
Bond Anticipation Notes	1,098,900	1,206,900	2,289,500	2,200,000	2,123,000
OWDA Loans	<u>2,464,834</u>	<u>2,384,256</u>	<u>2,252,061</u>	<u>2,156,781</u>	<u>2,107,550</u>
Total Gross Indebtedness	19,622,814	19,031,156	19,303,561	21,304,781	20,238,550
Less:					
Mortgage Revenue Bonds	(3,610,000)	(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)
Special Assessment Bonds	(4,042,000)	(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)
Bond Anticipation Notes	0	0	0	(1,245,000)	(1,245,000)
OWDA Loans	<u>(2,464,834)</u>	<u>(2,384,256)</u>	<u>(2,252,061)</u>	<u>(2,156,781)</u>	<u>(2,107,550)</u>
Total Net Debt Applicable to Debt Limit	<u>9,505,980</u>	<u>9,336,900</u>	<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$14,270,707</u>	<u>\$15,929,534</u>	<u>\$32,853,765</u>	<u>\$16,742,769</u>	<u>\$17,813,871</u>
Legal Debt Margin as a Percentage of the Debt Limit	60.02%	63.05%	76.47%	66.43%	68.88%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$12,454,455</u>	<u>\$13,234,799</u>	<u>\$22,504,567</u>	<u>\$13,201,450</u>	<u>\$13,546,694</u>
Total Gross Indebtedness	19,622,814	19,031,156	19,303,561	21,304,781	20,238,550
Less:					
Mortgage Revenue Bonds	(3,610,000)	(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)
Special Assessment Bonds	(4,042,000)	(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)
Bond Anticipation Notes	0	0	0	(1,245,000)	(1,245,000)
OWDA Loans	<u>(2,464,834)</u>	<u>(2,384,256)</u>	<u>(2,252,061)</u>	<u>(2,156,781)</u>	<u>(2,107,550)</u>
Net Debt Within 5 ½ % Limitations	<u>9,505,980</u>	<u>9,336,900</u>	<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$2,948,475</u>	<u>\$3,897,899</u>	<u>\$12,395,067</u>	<u>\$4,741,450</u>	<u>\$5,498,694</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	23.67%	29.45%	55.08%	35.92%	40.59%

Source: City Financial Records

2008	2009	2010	2011	2012
<u>\$219,771,600</u>	<u>\$219,559,180</u>	<u>\$209,315,445</u>	<u>\$204,700,314</u>	<u>\$209,515,900</u>
<u>23,076,018</u>	<u>23,053,714</u>	<u>21,978,122</u>	<u>21,493,533</u>	<u>21,999,170</u>
\$6,830,000	\$6,560,000	\$6,275,000	\$5,975,000	\$5,595,000
5,460,000	5,095,000	4,715,000	4,320,000	3,905,000
2,733,000	2,421,000	2,088,000	1,743,000	1,507,000
2,000,000	1,800,000	1,282,500	982,500	582,500
<u>3,067,762</u>	<u>2,991,797</u>	<u>2,923,288</u>	<u>2,783,537</u>	<u>2,598,675</u>
20,090,762	18,867,797	17,283,788	15,804,037	14,188,175
(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)	(3,905,000)
(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)	(1,507,000)
(1,225,000)	(1,090,000)	(895,000)	(695,000)	(445,000)
<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>	<u>(2,598,675)</u>
<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>	<u>5,732,500</u>
<u>\$15,471,018</u>	<u>\$15,783,714</u>	<u>\$15,315,622</u>	<u>\$15,231,033</u>	<u>\$16,266,670</u>
67.04%	68.46%	69.69%	70.86%	73.94%
<u>\$12,087,438</u>	<u>\$12,075,755</u>	<u>\$11,512,349</u>	<u>\$11,258,517</u>	<u>\$11,523,375</u>
20,090,762	18,867,797	17,283,788	15,804,037	14,188,175
(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)	(3,905,000)
(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)	(1,507,000)
(1,225,000)	(1,090,000)	(895,000)	(695,000)	(445,000)
<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>	<u>(2,598,675)</u>
<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>	<u>5,732,500</u>
<u>\$4,482,438</u>	<u>\$4,805,755</u>	<u>\$4,849,849</u>	<u>\$4,996,017</u>	<u>\$5,790,875</u>
37.08%	39.80%	42.13%	44.38%	50.25%

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	
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
2012	2,509,825	1,378,664	1,131,161	599,862	285,837	1.28

(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
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	267,406,385	22,092	3,030	9.3
2010	13,200	291,614,400	18,830	3,030	8.4
2011	11,771	225,261,627	19,137	2,911	6.7
2012	11,896	212,117,576	17,831	3,038	6.3

- 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
2012 and 2002

2012

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	526	1	5.30%
Cox Media	404	2	4.07
CBS Personnel	367	3	3.70
Faurecia	348	4	3.51
Wal-Mart	300	5	3.02
Valued Relations	271	6	2.73
Patrick Staffing	218	7	2.20
Ferco Tech	187	8	1.88
J & A Management Company	180	9	1.81
City of Franklin	173	10	1.74
Total	2,974		29.96
All Other Employers	6,951		70.04
Total Employment within the City	9,925		100.00%

2002 (1)

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

(1) Information for 2003 was not available.

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

Function/Program	2003		2004		2005		2006		2007	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	18	32	18	32	20	34	20	34	18	28
Security of Persons and Property	42	95	41	94	40	95	43	96	43	74
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	24	16	24	18	27
<i>Total Number of Employees</i>	<u>78</u>	<u>201</u>	<u>77</u>	<u>200</u>	<u>78</u>	<u>205</u>	<u>81</u>	<u>206</u>	<u>81</u>	<u>181</u>

Source: City Payroll Records

2008		2009		2010		2011		2012	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
18	28	21	28	20	28	20	28	19	26
41	74	29	63	27	60	29	62	38	63
2	52	2	71	2	52	2	52	2	58
0	0	0	0	0	0	0	0	0	0
18	27	19	25	19	25	18	25	17	26
<u>79</u>	<u>181</u>	<u>71</u>	<u>187</u>	<u>68</u>	<u>165</u>	<u>69</u>	<u>167</u>	<u>76</u>	<u>173</u>

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

Function/Program	2003	2004	2005	2006	2007
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	44	48	48	48	48
Miles of Sanitary Sewers	44.00	44.00	44.00	44.00	44.00
Water Treatment Facility	0	0	0	0	1
Transportation:					
Miles of Streets	110.00	110.00	110.00	110.00	110.00
Number of Street Lights	913	929	929	929	929

Source: City Capital Assets Records

2008	2009	2010	2011	2012
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	49	49	49	49
44.00	46.00	46.00	46.00	46.00
1	1	1	1	1
110.00	109.00	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	2003	2004	2005	2006	2007
General Government:					
Active Income Tax Accounts	8,294	8,772	9,470	8,972	7,400
Individual	5,874	6,266	6,888	6,432	5,402
Business	1,174	1,205	1,240	1,173	1,056
Withholding	1,246	1,301	1,342	1,367	942
Clerk of Courts:					
Traffic Court Cases	8,179	7,726	7,461	7,356	6,336
Civil Court Cases	830	804	779	643	658
Small Claims Court Cases	93	71	62	55	53
Security of Persons and Property:					
Police Calls	23,631	24,358	24,031	24,893	24,864
Physical Arrests	878	737	696	794	2,216
Citations	1,998	2,949	2,487	2,235	1,696

Source: Department reports

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
7,468	7,276	6,974	7,027	7,454
5,551	5,430	5,409	5,528	5,508
972	867	842	768	847
945	979	663	731	1,099
6,180	6,014	8,273	8,052	7,170
965	632	601	659	626
99	98	49	42	37
21,645	24,655	25,202	24,810	23,759
1,357	1,190	2,189	2,003	2,226
1,958	1,809	767	895	1,654

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**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

SUPPLEMENTAL REPORT

DECEMBER 31, 2012

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

City of Franklin
1 Benjamin Franklin Way
Franklin, Ohio 45005

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2012, and the related notes to the financial statements, which collectively comprise the City of Franklin's basic financial statements and have issued our report thereon dated June 24, 2013, wherein we noted as discussed in Note 20, the City of Franklin adopted Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows and Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of Franklin's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of Franklin's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Franklin's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City of Franklin's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Franklin's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Julian & Grube, Inc.
June 24, 2013



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
SEPTEMBER 3, 2013