



Mary Taylor, CPA
Auditor of State

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CITY OF FRANKLIN
WARREN COUNTY

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Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 16, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 16, 2010

**CITY OF FRANKLIN
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Noncompliance

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

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

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

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

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

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

**FINDING NUMBER 2009-001
 (Continued)**

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

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

FINDING NUMBER 2009-002

Material Noncompliance

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

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

Fund	Date	Balance
Issue II (215)	November 30, 2009	(\$3,787)
	December 31, 2009	(95,489)
Capital Improvement (400)	November 30, 2009	(10,541)

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

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

**CITY OF FRANKLIN
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-1	Prior Period Restatement and Audit Adjustments	Yes	
2008-2	Ohio Rev. Code 5705.41(D), certification of the availability of funds	No	Reissued as Finding 2009-001
2008-3	Ohio Rev. Code 5705.41(B), expenditures in excess of appropriations	Yes	
2008-4	Ohio Rev. Code 5705.28, appropriations in excess of estimated resources	Yes	

CITY OF FRANKLIN, OHIO

Comprehensive Annual Financial Report

For the Year Ended December 31, 2009

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Introductory Section

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City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2009

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

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2009

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City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2009
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CITY OF FRANKLIN

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

June 16, 2010

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, 2009, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Franklin (the "City"). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the City, specifically with the City Finance Director's office.

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

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

Auditor of State Mary Taylor has issued an unqualified ("clean") opinion on the City of Franklin's financial statements for the year ended December 31, 2009. The Independent Accountants' Report is located at the front of the financial section of this report.

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

FORMATION OF THE CITY

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

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

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

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

PROFILE OF THE GOVERNMENT AND REPORTING ENTITY

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

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

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

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

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

At the beginning of each year, Council adopts a temporary budget which will give them an extension until March 30th of the current year. Council is required to adopt a final budget by no later than April 1st. Upon presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget, as it may have been amended, as the City's annual budget effective for the fiscal year beginning January 1. All funds, except agency funds, are legally required to be budgeted and appropriated. The legal level of control in the adopted budget has been established by Council at the fund and department level. 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 major initiative that occurred in 2009 was the establishment of “Franklin Yards,” a rail transload facility that will serve the City, the County, and the entire Southwest Ohio region. Faced with an abandoned shingle facility, City staff and Council needed to be creative to find another use for the property. Due to input from area businesses, which were looking to rail as a cost-saving measure for transportation expenses, the City partnered with Warren County, R. Good Logistics, and Norfolk Southern to establish a rail hub to facilitate the delivery of raw materials and the shipment of finished goods to and from their intended markets. The City of Franklin has a history of partnering with the private sector. Franklin Yards, which opened at the beginning of 2009, will have a positive impact on the local economy.

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

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

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

LOCAL ECONOMY

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

The City has had numerous economic development successes in the recent past (e.g., the Dayton Daily News printing facility, Burrows Paper Corporation, and MTP, Inc.). The City is known in the Dayton region for being competitive and creative with our retention or relocation efforts. For instance, the Dayton-Montgomery County Port Authority, realizing the importance of a regional approach to economic development, recently crossed traditional boundaries and assisted the City in retaining a key company within our jurisdiction.

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

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

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

A further initiative that has created interest in Franklin's downtown is the City's mural program. Local citizen, and nationally renowned artist, Eric Henn has completed several murals to date and several have won national awards. Partnering with AT&T, a mural at the Main/3rd Street intersection is near completion. Contributions from local owners, the Middletown Community Foundation and the City have contributed to this tourism initiative.

FINANCIAL PLANNING AND POLICIES

The cash fund balance in the General Fund (47.35 percent of the total General Fund revenues) exceeds the policy guidelines set by Council for budgetary and planning purposes. (i.e., between 10 and 20 percent of total General Fund revenues.)

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

OTHER INFORMATION

Independent Audit

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

Awards

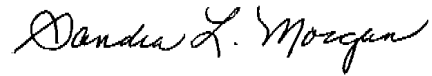
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

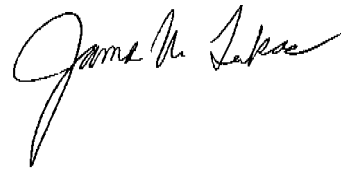
Acknowledgments

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Sandra L. Morgan".

Sandra Morgan
Finance Director

A handwritten signature in cursive script that reads "James M. Lukas".

James Lukas
City Manager

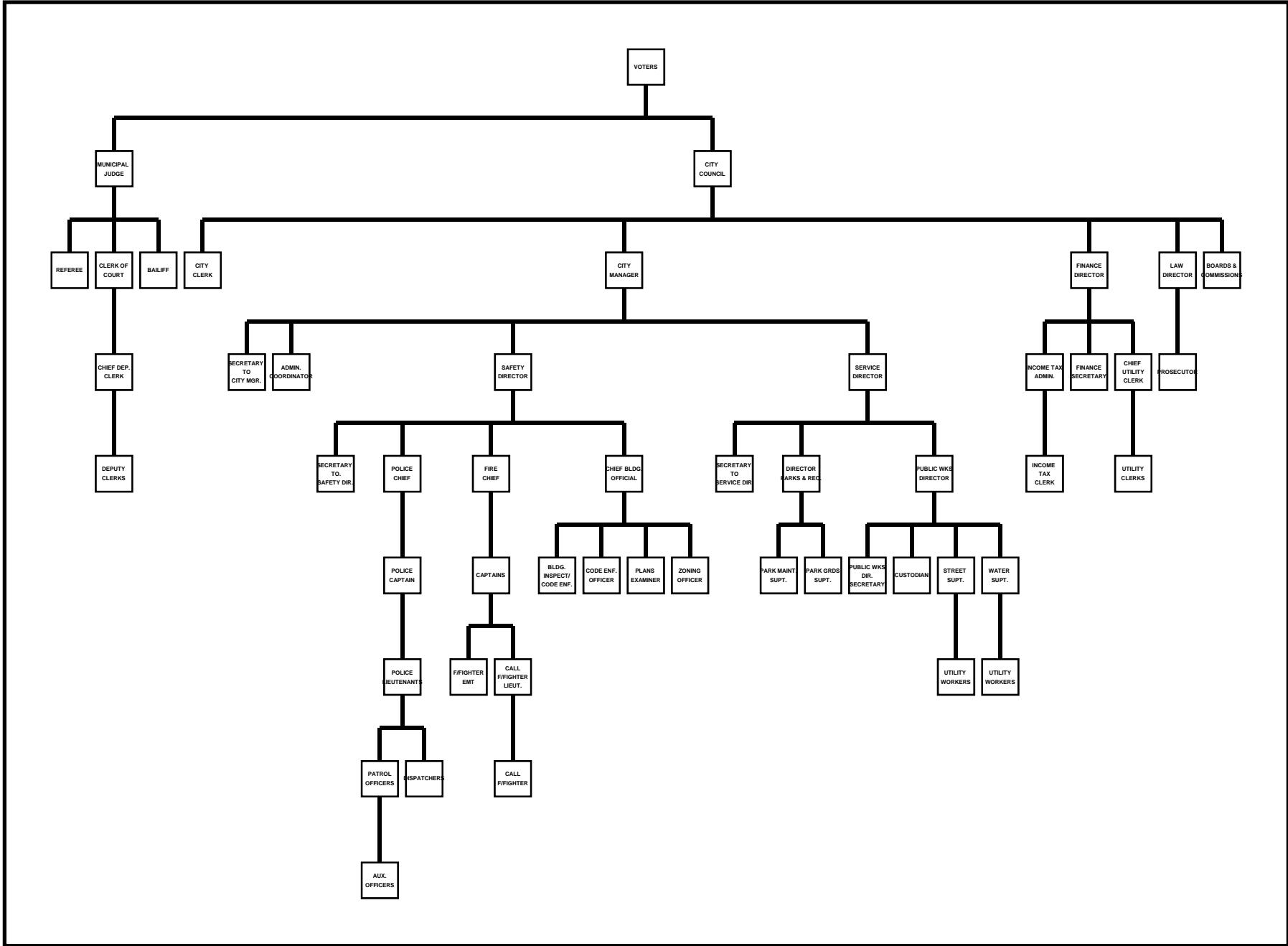
City of Franklin, Ohio

List of Principal Officials

December 31, 2009

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

CITY of FRANKLIN 2009 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, 2008

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



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President

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

Executive Director

Financial Section

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Fire Levy Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining non-major fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining non-major fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. 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 tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 16, 2010

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2009
(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, 2009. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the transmittal letter, the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The City's governmental net assets decreased \$354,814 and net assets of business-type activities increased \$624,537, resulting in a total increase in net assets of \$269,723.
- General revenues of governmental activities accounted for \$7,193,933 or 66 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, and grants, contributions and interest accounted for \$3,722,358 or 34 percent of total governmental revenues of \$10,916,291.
- The City had \$11,175,698 in expenses related to governmental activities; only \$3,722,358 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 \$326,590. The Water Fund reflected an operating income of \$900,265, while the Sewer, Trash and Stormwater Utility Funds reflected operating losses of \$430,795, \$11,388 and \$131,492, respectively.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 8. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with the approval of Council, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Franklin's major funds are the General, Fire Levy, Debt Service, Issue II, Water, Sewer, Trash and Stormwater Utility Funds.

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

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

THE CITY AS A WHOLE

As stated previously, the statement of net assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and Other Assets	\$13,795,743	\$14,697,141	\$4,033,330	\$4,270,276	\$17,829,073	\$18,967,417
Nondepreciable Capital Assets	19,175,661	19,175,661	1,095,364	3,251,727	20,271,025	22,427,388
Depreciable Capital Assets, Net	30,912,591	31,654,028	24,433,327	21,823,348	55,345,918	53,477,376
Total Assets	63,883,995	65,526,830	29,562,021	29,345,351	93,446,016	94,872,181
Liabilities:						
Current and Other Liabilities	4,519,909	4,989,999	1,003,820	746,705	5,523,729	5,736,704
Long-Term Liabilities:						
Due Within One Year	818,868	811,861	628,956	618,426	1,447,824	1,430,287
Due in More Than One Year	9,519,573	10,344,511	8,550,977	9,226,489	18,070,550	19,571,000
Total Liabilities	14,858,350	16,146,371	10,183,753	10,591,620	25,042,103	26,737,991
Net Assets:						
Invested in Capital Assets, Net of Related Debt	40,499,186	40,600,904	16,509,392	15,491,196	57,008,578	56,092,100
Restricted	6,910,728	6,431,542	853,076	827,920	7,763,804	7,259,462
Unrestricted	1,615,731	2,348,013	2,015,800	2,434,615	3,631,531	4,782,628
Total Net Assets	\$49,025,645	\$49,380,459	\$19,378,268	\$18,753,731	\$68,403,913	\$68,134,190

Total net assets increased \$269,723.

Net assets of the City's governmental activities decreased \$354,814. This was primarily due to decreases in Income and Property Taxes as a result of the struggling economy offset by increases in payments in lieu of taxes.

Net assets of the City's business-type activities increased \$624,537. This was primarily due to developer donated infrastructure and increases in water and sewer charges.

Table 2 shows the changes in net assets for the years ended December 31, 2009 and December 31, 2008.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$878,274	\$963,887	\$6,205,975	\$6,045,974	\$7,084,249	\$7,009,861
Operating Grants, Contributions and Interest	1,433,860	1,414,446	0	0	1,433,860	1,414,446
Capital Grants, Contributions and Interest	1,410,224	2,871,175	635,971	0	2,046,195	2,871,175
Total Program Revenues	<u>3,722,358</u>	<u>5,249,508</u>	<u>6,841,946</u>	<u>6,045,974</u>	<u>10,564,304</u>	<u>11,295,482</u>
General Revenues:						
Property Taxes	1,042,697	1,141,056	0	0	1,042,697	1,141,056
Income Taxes	4,822,556	5,322,030	0	0	4,822,556	5,322,030
Other Local Taxes	160,540	124,412	0	0	160,540	124,412
Payments in Lieu of Taxes	207,659	0	0	0	207,659	0
Grants and Entitlements	596,149	502,780	0	0	596,149	502,780
Unrestricted Investment Earnings	56,486	213,422	0	10,423	56,486	223,845
Other	307,846	310,224	50,972	14,930	358,818	325,154
Total General Revenues	<u>7,193,933</u>	<u>7,613,924</u>	<u>50,972</u>	<u>25,353</u>	<u>7,244,905</u>	<u>7,639,277</u>
Total Revenues	<u>10,916,291</u>	<u>12,863,432</u>	<u>6,892,918</u>	<u>6,071,327</u>	<u>17,809,209</u>	<u>18,934,759</u>
Program Expenses:						
General Government	2,298,636	2,107,127	0	0	2,298,636	2,107,127
Security of Persons and Property:						
Police	3,346,077	3,250,081	0	0	3,346,077	3,250,081
Fire	1,487,715	1,509,378	0	0	1,487,715	1,509,378
Other	274,711	244,613	0	0	274,711	244,613
Public Health and Welfare	11,810	59,846	0	0	11,810	59,846
Leisure Time Activities	308,359	353,315	0	0	308,359	353,315
Economic Development	44,630	84,517	0	0	44,630	84,517
Basic Utility Services	84,331	80,111	0	0	84,331	80,111
Transportation	2,825,088	2,173,257	0	0	2,825,088	2,173,257
Interest and Fiscal Charges	494,341	523,872	0	0	494,341	523,872
Water	0	0	2,067,302	1,948,802	2,067,302	1,948,802
Sewer	0	0	3,032,843	2,240,853	3,032,843	2,240,853
Trash	0	0	684,648	654,623	684,648	654,623
Stormwater Utility	0	0	578,995	674,377	578,995	674,377
Total Expenses	<u>11,175,698</u>	<u>10,386,117</u>	<u>6,363,788</u>	<u>5,518,655</u>	<u>17,539,486</u>	<u>15,904,772</u>
Increase (Decrease) in Net Assets Before Transfers	(259,407)	2,477,315	529,130	552,672	269,723	3,029,987
Transfers	<u>(95,407)</u>	<u>(420,598)</u>	<u>95,407</u>	<u>420,598</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Assets	(354,814)	2,056,717	624,537	973,270	269,723	3,029,987
Beginning Net Assets	49,380,459	47,323,742	18,753,731	17,780,461	68,134,190	65,104,203
Ending Net Assets	<u>\$49,025,645</u>	<u>\$49,380,459</u>	<u>\$19,378,268</u>	<u>\$18,753,731</u>	<u>\$68,403,913</u>	<u>\$68,134,190</u>

Charges for Services and Sales showed a modest decrease of \$85,613 in the governmental activities due primarily to decreases in building permits. Capital Grants, Contributions and Interest in the governmental activities decreased \$1,460,951 due mainly to a decrease in Issue II monies received in 2009.

Unrestricted Investment Earnings decreased \$156,936 due to declining interest rates.

Property Taxes in the governmental activities decreased \$98,359 due to a decrease in property valuation.

Income Taxes in the governmental activities decreased \$499,474 in 2009, which is primarily due to struggling business and the closing of IKO Production Inc.

Payments in Lieu of Taxes increased \$207,659. The City began receiving payments on tax increment financing agreements with local businesses in 2009.

Charges for Services and Sales in the business-type activities increased \$160,001 in 2009. This was primarily related to water and sewer rate increases. Capital grants, Contributions and Interest in the business-type activities increased \$635,971 due to the recognition of developer donated infrastructure.

Program expenses for General Government increased \$191,509 due to resources that were used for capital outlay in 2008 being reallocated to operational expenses in 2009. Transportation increased \$651,831 due to an increase in depreciation and expenses for improvements to capital assets that are not owned by the City.

Program expenses for Sewer operations increased \$791,990, primarily due to increases in payments to Franklin Regional Wastewater Treatment.

Program expenses for Stormwater Utility decreased \$95,382 due primarily to a decrease in depreciation.

Transfers between governmental activities and business-type activities decreased \$325,191 due to decreases in capital assets transfers between activities.

Governmental Activities

The 1.5 percent income tax is the largest source of revenue for the General Fund and the City of Franklin. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

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

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

Table 3
Governmental Activities

	Total Cost Of Services 2009	Net Cost of Services 2009	Total Cost Of Services 2008	Net Cost of Services 2008
General Government	\$2,298,636	\$1,483,352	\$2,107,127	\$1,096,410
Security of Persons and Property:				
Police	3,346,077	3,226,529	3,250,081	3,081,425
Fire	1,487,715	1,094,405	1,509,378	1,059,971
Other	274,711	166,031	244,613	140,113
Public Health and Welfare	11,810	(224,682)	59,846	16,578
Leisure Time Activities	308,359	90,067	353,315	(784,821)
Economic Development	44,630	38,658	84,517	68,880
Basic Utility Services	84,331	84,331	80,111	80,111
Transportation	2,825,088	1,000,308	2,173,257	(145,930)
Interest and Fiscal Charges	494,341	494,341	523,872	523,872
Total Expenses	\$11,175,698	\$7,453,340	\$10,386,117	\$5,136,609

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 8.05 percent of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants, contributions and interest comprise another 26.05 percent. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

Business-Type Activities

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

The Water Fund collects the fees charged for the sale of water. Those fees are then used to maintain lines for delivery, to treat water for further consumption, to maintain its treatment facility and storage towers and for the payment of debt incurred for improvements. Net assets increased \$920,301 in the Water Fund during 2009, which was mainly attributable to capital contributions from developers and other funds, related to the construction of a subdivision and the City's new water tower. In addition, there were increases in Charges for Services related to an increase in water rates.

The Sewer Fund conducts the operations of the City's wastewater collection and treatment system. Money that is collected from the fees which are billed based on the number of gallons of water used is placed in this fund for use in the maintenance of the collections system and improvements to the treatment plant. Net assets of the Sewer Fund decreased \$440,441. This was mainly due to an increase in Contractual Services related to payments made to Franklin Regional Wastewater Treatment, and increased personnel costs.

The Trash Fund charges fees to citizens for the collection of residential garbage. The City outsources the actual collection services. The net assets of the Trash Fund saw a small decrease of \$11,131 in 2009.

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 an increase in net assets of \$155,808 for 2009. This was primarily due to a decrease in depreciation expense.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,756,664 and expenditures of \$11,023,762. The General Fund's balance decreased by \$585,512 primarily due to decreases in property and income taxes related to a decrease in property valuation and the struggling local economy.

The Fire Levy Fund's balance decreased \$135,271. This was due to payments on bond anticipation notes, offset by decreases in fire expenditures.

The Debt Service Fund's balance increased \$66,254. The Issue II Fund's balance decreased \$100,894, due to expenditures for the City's water tower. This project was completed in 2009.

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 resolution.

Original General Fund budgeted revenues were \$7,716,493 and final budgeted revenues were \$7,297,410. The decrease of \$419,083 is primarily due to decreases in estimates for income tax receipts during 2009, combined with overall decreases in revenues. The City's final actual revenues were \$7,057,352 at year-end, which represents a three percent decrease over final budgeted revenues.

Original General Fund appropriations were \$6,141,354. Final appropriations were \$6,824,891. This represented an increase of 11 percent mainly in General Government expenditures. The City's final actual expenditures were \$6,282,662 at year-end, which represented an eight percent decrease from final budgeted expenditures. This is attributable to savings in most of the General Fund departments for 2009.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$19,175,661	\$19,175,661	\$1,095,364	\$1,095,364	\$20,271,025	\$20,271,025
Construction in Progress	0	0	0	2,156,363	0	2,156,363
Land Improvements	281,584	333,042	9,725	9,929	291,309	342,971
Buildings	5,320,094	5,438,916	58,625	59,292	5,378,719	5,498,208
Equipment	623,008	619,027	175,542	135,065	798,550	754,092
Vehicles	612,829	758,323	218,474	218,474	831,303	976,797
Infrastructure	24,075,076	24,504,720	23,970,961	21,400,588	48,046,037	45,905,308
Totals	\$50,088,252	\$50,829,689	\$25,528,691	\$25,075,075	\$75,616,943	\$75,904,764

Capital assets decreased \$287,821, which was due to depreciation expense and deletions exceeding additions for 2009.

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

Debt

At December 31, 2009, the City of Franklin had \$18,878,867 in debt outstanding.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Special Assessment Bonds	\$2,421,000	\$2,733,000	\$0	\$0	\$2,421,000	\$2,733,000
General Obligation Bonds	6,547,456	6,816,560	0	0	6,547,456	6,816,560
Bond Anticipation Notes	387,500	710,000	895,000	1,090,000	1,282,500	1,800,000
Short-Term Bond						
Anticipation Notes	322,500	65,000	195,000	135,000	517,500	200,000
OWDA Loans	0	0	2,991,797	3,067,762	2,991,797	3,067,762
Mortgage Revenue Bonds	0	0	5,118,614	5,485,321	5,118,614	5,485,321
Totals	\$9,678,456	\$10,324,560	\$9,200,411	\$9,778,083	\$18,878,867	\$20,102,643

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

The City's overall 10.5 percent legal debt margin was \$16,134,147 as of December 31, 2009. The more restrictive unvoted legal debt margin was \$4,989,315 as of the same date. See Notes 15 and 16 of the notes to the basic financial statements for more detailed information.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

CITY OF FRANKLIN, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2009

	Governmental Activities	Business-Type Activities	Totals
Assets			
Equity in Pooled Cash and Cash Equivalents	\$7,604,867	\$2,775,372	\$10,380,239
Accrued Interest Receivable	18,940	0	18,940
Accounts Receivable	9,956	760,663	770,619
Intergovernmental Receivable	575,513	0	575,513
Materials and Supplies Inventory	178,596	9,530	188,126
Income Taxes Receivable	1,044,199	0	1,044,199
Property Taxes Receivable	1,442,984	0	1,442,984
Other Local Taxes Receivable	32,310	0	32,310
Revenue in Lieu of Taxes Receivable	150,507	0	150,507
Internal Balances	319,498	(319,498)	0
Special Assessments Receivable	2,202,159	0	2,202,159
Capital Lease Receivable	196,824	0	196,824
Cash and Cash Equivalents with Trustee	0	626,151	626,151
Deferred Charges	19,390	181,112	200,502
Nondepreciable Capital Assets	19,175,661	1,095,364	20,271,025
Depreciable Capital Assets, Net	30,912,591	24,433,327	55,345,918
Total Assets	63,883,995	29,562,021	93,446,016
Liabilities			
Accounts Payable	2,277,278	62,904	2,340,182
Accrued Wages and Benefits Payable	155,475	39,540	195,015
Intergovernmental Payable	247,082	34,142	281,224
Contracts Payable	0	425,127	425,127
Accrued Interest Payable	49,830	122,486	172,316
Deferred Revenue	1,467,744	0	1,467,744
Notes Payable	322,500	195,000	517,500
Refundable Deposits	0	124,621	124,621
Long-Term Liabilities:			
Due Within One Year	818,868	628,956	1,447,824
Due in More Than One Year	9,519,573	8,550,977	18,070,550
Total Liabilities	14,858,350	10,183,753	25,042,103
Net Assets			
Invested in Capital Assets, Net of Related Debt	40,499,186	16,509,392	57,008,578
Restricted for:			
Debt Service	2,609,134	620,446	3,229,580
Capital Outlay	479,323	0	479,323
Fire Protection	907,226	0	907,226
Transportation	747,319	0	747,319
Other Purposes	925,090	0	925,090
Revenue Bonds Replacement and Improvement	0	232,630	232,630
Leisure Time Activities Expendable	240,340	0	240,340
Leisure Time Activities Nonexpendable	1,002,296	0	1,002,296
Unrestricted	1,615,731	2,015,800	3,631,531
Total Net Assets	\$49,025,645	\$19,378,268	\$68,403,913

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$2,298,636	\$615,128	\$200,156	\$0
Security of Persons and Property:				
Police	3,346,077	17,283	102,265	0
Fire	1,487,715	30,224	363,086	0
Building Inspection	155,716	0	0	0
Street Lighting	118,995	108,680	0	0
Public Health and Welfare	11,810	105,353	131,139	0
Leisure Time Activities	308,359	0	0	218,292
Economic Development	44,630	0	5,972	0
Basic Utility Services	84,331	0	0	0
Transportation	2,825,088	1,606	631,242	1,191,932
Interest and Fiscal Charges	494,341	0	0	0
Total Governmental Activities	<u>11,175,698</u>	<u>878,274</u>	<u>1,433,860</u>	<u>1,410,224</u>
Business-Type Activities:				
Water	2,067,302	2,514,213	0	370,506
Sewer	3,032,843	2,596,582	0	0
Trash	684,648	673,260	0	0
Stormwater Utility	578,995	421,920	0	265,465
Total Business-Type Activities	<u>6,363,788</u>	<u>6,205,975</u>	<u>0</u>	<u>635,971</u>
Total Activities	<u>\$17,539,486</u>	<u>\$7,084,249</u>	<u>\$1,433,860</u>	<u>\$2,046,195</u>

General Revenues:

Taxes

 Property Taxes Levied for:

 General Purposes

 Fire

 Other Purposes

 Income Taxes

 Other Local Taxes Levied for General Purposes

 Payments in Lieu of Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year - Restated (See Note 3)

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Expense)Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,483,352)	\$0	(\$1,483,352)
(3,226,529)	0	(3,226,529)
(1,094,405)	0	(1,094,405)
(155,716)	0	(155,716)
(10,315)	0	(10,315)
224,682	0	224,682
(90,067)	0	(90,067)
(38,658)	0	(38,658)
(84,331)	0	(84,331)
(1,000,308)	0	(1,000,308)
(494,341)	0	(494,341)
<u>(7,453,340)</u>	<u>0</u>	<u>(7,453,340)</u>
0	817,417	817,417
0	(436,261)	(436,261)
0	(11,388)	(11,388)
<u>0</u>	<u>108,390</u>	<u>108,390</u>
<u>0</u>	<u>478,158</u>	<u>478,158</u>
<u>(7,453,340)</u>	<u>478,158</u>	<u>(6,975,182)</u>
420,843	0	420,843
492,312	0	492,312
129,542	0	129,542
4,822,556	0	4,822,556
160,540	0	160,540
207,659	0	207,659
596,149	0	596,149
56,486	0	56,486
307,846	50,972	358,818
(95,407)	95,407	0
<u>7,098,526</u>	<u>146,379</u>	<u>7,244,905</u>
(354,814)	624,537	269,723
<u>49,380,459</u>	<u>18,753,731</u>	<u>68,134,190</u>
<u>\$49,025,645</u>	<u>\$19,378,268</u>	<u>\$68,403,913</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Fire Levy</u>	<u>Debt Service</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,376,116	\$1,336,164	\$230,660
Materials and Supplies Inventory	15,794	7,341	0
Intergovernmental Receivable	215,445	30,951	0
Income Taxes Receivable	1,044,199	0	0
Property Taxes Receivable	576,745	667,833	0
Revenue in Lieu of Taxes Receivable	0	0	0
Other Local Taxes Receivable	32,310	0	0
Accounts Receivable	0	9,956	0
Interfund Receivable	194,792	0	393,018
Special Assessments Receivable	0	0	2,098,836
Capital Lease Receivable	0	0	0
Accrued Interest Receivable	18,940	0	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$5,474,341</u>	<u>\$2,052,245</u>	<u>\$2,722,514</u>
Liabilities:			
Accounts Payable	\$2,216,974	\$31,716	\$0
Accrued Wages and Benefits Payable	108,702	29,138	0
Intergovernmental Payable	107,752	25,562	0
Accrued Interest Payable	0	5,203	0
Interfund Payable	260,550	0	0
Deferred Revenue	1,405,151	703,107	2,098,836
Notes Payable	0	282,500	0
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>4,099,129</u>	<u>1,077,226</u>	<u>2,098,836</u>
Fund Balances:			
Reserved:			
Reserved for Encumbrances	6,114	26,639	0
Reserved for Leisure Time Activities	0	0	0
Unreserved, Undesignated (Deficit), Reported in:			
General Fund	1,369,098	0	0
Special Revenue Funds	0	948,380	0
Debt Service Fund	0	0	623,678
Capital Projects Funds	0	0	0
Permanent Funds	0	0	0
	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficit)	<u>1,375,212</u>	<u>975,019</u>	<u>623,678</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$5,474,341</u>	<u>\$2,052,245</u>	<u>\$2,722,514</u>

See accompanying notes to the basic financial statements

Issue II	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$2,661,927	\$7,604,867
0	155,461	178,596
58,927	270,190	575,513
0	0	1,044,199
0	198,406	1,442,984
0	150,507	150,507
0	0	32,310
0	0	9,956
0	11,728	599,538
0	103,323	2,202,159
0	196,824	196,824
0	0	18,940
<u>\$58,927</u>	<u>\$3,748,366</u>	<u>\$14,056,393</u>
\$0	\$28,588	\$2,277,278
0	17,635	155,475
0	113,768	247,082
737	0	5,940
19,490	0	280,040
58,927	869,176	5,135,197
40,000	0	322,500
<u>119,154</u>	<u>1,029,167</u>	<u>8,423,512</u>
0	3,370	36,123
0	1,002,296	1,002,296
0	0	1,369,098
0	1,231,574	2,179,954
0	0	623,678
(60,227)	241,619	181,392
0	240,340	240,340
<u>(60,227)</u>	<u>2,719,199</u>	<u>5,632,881</u>
<u>\$58,927</u>	<u>\$3,748,366</u>	<u>\$14,056,393</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

Total Governmental Fund Balances \$5,632,881

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

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

Land	19,175,661	
Infrastructure	62,372,585	
Other Capital Assets	12,502,612	
Accumulated Depreciation	(43,962,606)	
Total capital assets		50,088,252

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

Property and Other Local Taxes	157,453	
Special Assessments	2,202,159	
Capital Lease Receivable	196,824	
Charges for Services	8,148	
Shared Taxes and Local Government Revenue Assistance	481,435	
Income Taxes	621,434	
		3,667,453

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis 19,390

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (43,890)

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

Discount on Bonds	12,544	
Notes	(387,500)	
Bonds	(8,981,000)	
Police Pension	(66,871)	
Compensated Absences	(915,614)	
Total liabilities		(10,338,441)

Net Assets of Governmental Activities \$49,025,645

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, 2009

	<u>General</u>	<u>Fire Levy</u>	<u>Debt Service</u>
Revenues:			
Property Taxes	\$419,205	\$491,258	\$0
Other Local Taxes	153,622	0	0
Income Taxes	4,937,793	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	287,205
Charges for Services	106,301	11,452	0
Fines, Licenses and Permits	405,361	0	0
Intergovernmental	656,967	318,492	0
Interest	56,486	0	181,693
Contributions and Donations	0	0	0
Other	200,675	13,871	14,281
Total Revenues	<u>6,936,410</u>	<u>835,073</u>	<u>483,179</u>
Expenditures:			
Current:			
General Government	2,217,414	0	0
Security of Persons and Property:			
Police	2,752,148	0	0
Fire	0	1,279,967	0
Building Inspection	167,928	0	0
Street Lighting	0	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	41,268	0	0
Economic Development	0	0	0
Transportation	67	0	0
Capital Outlay	0	60,563	0
Debt Service:			
Principal Retirement	0	0	582,000
Interest and Fiscal Charges	323	10,617	486,765
Current Refunding	0	282,500	40,000
Total Expenditures	<u>5,179,148</u>	<u>1,633,647</u>	<u>1,108,765</u>
Excess of Revenues Over (Under) Expenditures	<u>1,757,262</u>	<u>(798,574)</u>	<u>(625,586)</u>
Other Financing Sources (Uses):			
Bond Anticipation Notes Issued	0	0	387,500
Current Refunding	0	0	(387,500)
Transfers In	16,970	824,973	771,840
Transfers Out	(2,359,744)	(161,670)	(80,000)
Total Other Financing Sources (Uses)	<u>(2,342,774)</u>	<u>663,303</u>	<u>691,840</u>
Net Change in Fund Balances	(585,512)	(135,271)	66,254
Fund Balances at Beginning of Year - (Restated - See Note 3)	<u>1,960,724</u>	<u>1,110,290</u>	<u>557,424</u>
Fund Balances (Deficit) at End of Year	<u><u>\$1,375,212</u></u>	<u><u>\$975,019</u></u>	<u><u>\$623,678</u></u>

See accompanying notes to the basic financial statements

Issue II	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$128,335	\$1,038,798
0	0	153,622
0	0	4,937,793
0	207,659	207,659
0	105,014	392,219
0	139,518	257,271
0	98,836	504,197
150,685	1,292,687	2,418,831
0	31,976	270,155
0	186,659	186,659
0	160,633	389,460
<u>150,685</u>	<u>2,351,317</u>	<u>10,756,664</u>
0	96,301	2,313,715
0	525,716	3,277,864
0	99,986	1,379,953
0	0	167,928
0	118,995	118,995
0	11,810	11,810
0	233,982	275,250
0	44,630	44,630
20,859	1,327,617	1,348,543
200,363	417,550	678,476
0	1,428	583,428
93	2,872	500,670
0	0	322,500
<u>221,315</u>	<u>2,880,887</u>	<u>11,023,762</u>
<u>(70,630)</u>	<u>(529,570)</u>	<u>(267,098)</u>
0	0	387,500
0	0	(387,500)
9,736	1,414,204	3,037,723
<u>(40,000)</u>	<u>(175,117)</u>	<u>(2,816,531)</u>
<u>(30,264)</u>	<u>1,239,087</u>	<u>221,192</u>
(100,894)	709,517	(45,906)
<u>40,667</u>	<u>2,009,682</u>	<u>5,678,787</u>
<u>(\$60,227)</u>	<u>\$2,719,199</u>	<u>\$5,632,881</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, 2009

Net Change in Fund Balances - Total Governmental Funds (\$45,906)

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

Capital outlays are reported as expenditures in governmental funds.

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

Capital Asset Additions	494,922	
Current Year Depreciation	(1,773,297)	
	(1,278,375)	(1,278,375)

Donations of capital assets are not reported in the governmental funds.

However, in the statement of activities, their value at the time of donation is reported as revenue. 552,254

When capital assets are disposed of, the cost of the capital assets is removed from the capital assets account in the statement of net assets resulting in a loss on disposal of capital assets in the statement of activities. (15,316)

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

Property and Other Local Taxes	10,817	
Special Assessments	(281,011)	
Charges for Services	5,598	
Shared Taxes and Local Government Revenue Assistance	3,820	
Income Taxes	(115,237)	
Miscellaneous	(16,614)	
	(392,627)	(392,627)

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

Bond Principal Retirement	582,000	
Note Principal Retirement	710,000	
Police Pension Principal Retirement	1,428	
Total Long-Term Debt Repayment	1,293,428	1,293,428

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

Accrued Interest	8,610	
Amortization of Bond Discounts	(896)	
Amortization of Bond Issuance Costs	(1,385)	
	6,329	6,329

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

Note Proceeds (387,500)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Compensated Absences (87,101)

Change in Net Assets of Governmental Activities (\$354,814)

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, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$460,000	\$460,000	\$419,205	(\$40,795)
Other Local Taxes	170,855	134,000	156,296	22,296
Income Taxes	5,415,583	5,175,560	4,954,106	(221,454)
Charges for Services	116,203	97,400	106,301	8,901
Fines, Licenses and Permits	439,202	465,800	401,776	(64,024)
Intergovernmental	722,015	615,400	660,490	45,090
Interest	173,268	225,000	158,503	(66,497)
Other	219,367	124,250	200,675	76,425
Total Revenues	<u>7,716,493</u>	<u>7,297,410</u>	<u>7,057,352</u>	<u>(240,058)</u>
Expenditures:				
Current:				
General Government	2,737,437	3,648,207	3,398,848	249,359
Security of Persons and Property:				
Police	3,168,907	2,900,407	2,681,182	219,225
Building Inspection	235,010	235,009	161,364	73,645
Leisure Time Activities	0	41,268	41,268	0
Total Expenditures	<u>6,141,354</u>	<u>6,824,891</u>	<u>6,282,662</u>	<u>542,229</u>
Excess of Revenues Over Expenditures	<u>1,575,139</u>	<u>472,519</u>	<u>774,690</u>	<u>302,171</u>
Other Financing Sources (Uses):				
Transfers In	0	419,083	423,053	3,970
Transfers Out	(2,329,100)	(2,511,452)	(2,360,067)	151,385
Total Other Financing Sources (Uses)	<u>(2,329,100)</u>	<u>(2,092,369)</u>	<u>(1,937,014)</u>	<u>155,355</u>
Net Change in Fund Balance	(753,961)	(1,619,850)	(1,162,324)	457,526
Fund Balance at Beginning of Year	4,430,411	4,430,411	4,430,411	0
Prior Year Encumbrances Appropriated	<u>73,758</u>	<u>73,758</u>	<u>73,758</u>	<u>0</u>
Fund Balance at End of Year	<u>\$3,750,208</u>	<u>\$2,884,319</u>	<u>\$3,341,845</u>	<u>\$457,526</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$540,000	\$540,000	\$491,258	(\$48,742)
Charges for Services	15,452	3,000	5,819	2,819
Intergovernmental	845,716	145,000	318,492	173,492
Other	36,832	0	13,871	13,871
Total Revenues	1,438,000	688,000	829,440	141,440
Expenditures:				
Current:				
Security of Persons and Property	1,679,439	1,485,214	1,336,282	148,932
Capital Outlay	98,595	87,500	80,369	7,131
Total Expenditures	1,778,034	1,572,714	1,416,651	156,063
Excess of Revenues Over (Under) Expenditures	(340,034)	(884,714)	(587,211)	297,503
Other Financing Sources (Uses):				
Transfers In	0	750,000	782,473	32,473
Transfers Out	0	(292,820)	(169,740)	123,080
Total Other Financing Sources (Uses)	0	457,180	612,733	155,553
Net Change in Fund Balance	(340,034)	(427,534)	25,522	453,056
Fund Balance at Beginning of Year	1,275,815	1,275,815	1,275,815	0
Prior Year Encumbrances Appropriated	5,895	5,895	5,895	0
Fund Balance at End of Year	\$941,676	\$854,176	\$1,307,232	\$453,056

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	\$944,444	\$626,104	\$151,187
Materials and Supplies Inventory	9,530	0	0
Accounts Receivable	291,598	375,818	53,233
Restricted Assets:			
Cash and Cash Equivalents with Trustee	385,705	0	0
Total Current Assets	<u>1,631,277</u>	<u>1,001,922</u>	<u>204,420</u>
Noncurrent Assets:			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	294,562	62,689	0
Cash and Cash Equivalents with Trustee	240,446	0	0
Deferred Charges	181,112	0	0
Nondepreciable Capital Assets	1,020,364	37,500	0
Depreciable Capital Assets, Net	9,131,417	4,009,116	0
Total Noncurrent Assets	<u>10,867,901</u>	<u>4,109,305</u>	<u>0</u>
Total Assets	<u>12,499,178</u>	<u>5,111,227</u>	<u>204,420</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	34,022	26,148	2,172
Accrued Wages and Benefits Payable	25,246	8,465	1,374
Contracts Payable	0	425,127	0
Intergovernmental Payable	17,537	10,166	1,530
Accrued Interest Payable	102,411	0	0
Interfund Payable	319,498	0	0
Notes Payable	0	0	0
OWDA Loans Payable	171,822	0	0
Compensated Absences Payable	32,184	25,853	0
Revenue Bonds Payable	380,000	0	0
Total Current Liabilities	<u>1,082,720</u>	<u>495,759</u>	<u>5,076</u>
Long Term Liabilities:			
Compensated Absences Payable	41,953	51,719	0
Notes Payable	0	0	0
Revenue Bonds Payable	4,738,614	0	0
OWDA Loans Payable	2,819,975	0	0
Refundable Deposits	61,932	62,689	0
Total Long Term Liabilities	<u>7,662,474</u>	<u>114,408</u>	<u>0</u>
Total Liabilities	<u>8,745,194</u>	<u>610,167</u>	<u>5,076</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	2,222,482	4,046,616	0
Restricted for:			
Debt Service	620,446	0	0
Revenue Bonds			
Replacement and Improvement	232,630	0	0
Unrestricted	678,426	454,444	199,344
Total Net Assets	<u>\$3,753,984</u>	<u>\$4,501,060</u>	<u>\$199,344</u>

See accompanying notes to the basic financial statements

Stormwater Utility	Total
\$696,386	\$2,418,121
0	9,530
40,014	760,663
0	385,705
736,400	3,574,019
0	357,251
0	240,446
0	181,112
37,500	1,095,364
11,292,794	24,433,327
11,330,294	26,307,500
12,066,694	29,881,519
562	62,904
4,455	39,540
0	425,127
4,909	34,142
20,075	122,486
0	319,498
195,000	195,000
0	171,822
19,097	77,134
0	380,000
244,098	1,827,653
3,716	97,388
895,000	895,000
0	4,738,614
0	2,819,975
0	124,621
898,716	8,675,598
1,142,814	10,503,251
10,240,294	16,509,392
0	620,446
0	232,630
683,586	2,015,800
<u>\$10,923,880</u>	<u>\$19,378,268</u>

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>
Operating Revenues:			
Charges for Services	\$2,514,213	\$2,596,582	\$673,260
Other	0	5,466	0
Total Operating Revenues	<u>2,514,213</u>	<u>2,602,048</u>	<u>673,260</u>
Operating Expenses:			
Personal Services	638,461	366,231	65,543
Contractual Services	499,650	2,468,522	607,219
Supplies and Materials	280,803	77,682	11,886
Depreciation	180,219	120,053	0
Other	14,815	355	0
Total Operating Expenses	<u>1,613,948</u>	<u>3,032,843</u>	<u>684,648</u>
Operating Income (Loss)	<u>900,265</u>	<u>(430,795)</u>	<u>(11,388)</u>
Non-Operating Revenues/(Expenses)			
Other Non-Operating Revenues	7,895	35,354	257
Interest and Fiscal Charges	(453,338)	0	0
Other Non-Operating Expenses	(16)	0	0
Total Non-Operating Revenues (Expenses)	<u>(445,459)</u>	<u>35,354</u>	<u>257</u>
Income (Loss) Before Transfers and Contributions	454,806	(395,441)	(11,131)
Capital Contributions from Developers	370,506	0	0
Capital Contributions from Other Funds	316,599	0	0
Transfers In	0	0	0
Transfers Out	(221,610)	(45,000)	0
Change in Net Assets	920,301	(440,441)	(11,131)
Net Assets at Beginning of Year - Restated (See Note 3)	<u>2,833,683</u>	<u>4,941,501</u>	<u>210,475</u>
Net Assets at End of Year	<u><u>\$3,753,984</u></u>	<u><u>\$4,501,060</u></u>	<u><u>\$199,344</u></u>

See accompanying notes to the basic financial statements

Stormwater Utility	Total
\$421,920	\$6,205,975
0	5,466
<u>421,920</u>	<u>6,211,441</u>
179,166	1,249,401
39,954	3,615,345
12,053	382,424
322,239	622,511
0	15,170
<u>553,412</u>	<u>5,884,851</u>
<u>(131,492)</u>	<u>326,590</u>
2,000	45,506
(25,583)	(478,921)
0	(16)
<u>(23,583)</u>	<u>(433,431)</u>
(155,075)	(106,841)
265,465	635,971
0	316,599
45,418	45,418
0	(266,610)
<u>155,808</u>	<u>624,537</u>
<u>10,768,072</u>	<u>18,753,731</u>
<u><u>\$10,923,880</u></u>	<u><u>\$19,378,268</u></u>

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	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	\$2,519,493	\$2,634,689	\$679,203	\$446,248	\$6,279,633
Cash Paid for Employee Services and Benefits	(614,363)	(407,966)	(64,256)	(177,239)	(1,263,824)
Cash Paid to Suppliers for Goods and Services	(767,466)	(2,358,619)	(664,147)	(53,200)	(3,843,432)
Utility Deposits Received	24,118	26,535	0	0	50,653
Utility Deposits Returned	(20,088)	(20,088)	0	0	(40,176)
Other Operating Revenues	0	5,466	0	0	5,466
Other Non-Operating Revenues	7,895	35,354	257	2,000	45,506
Other Non-Operating Expenses	(16)	0	0	0	(16)
Net Cash Provided by (Used for) Operating Activities	<u>1,149,573</u>	<u>(84,629)</u>	<u>(48,943)</u>	<u>217,809</u>	<u>1,233,810</u>
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In From Other Funds	0	0	0	45,418	45,418
Transfers Out To Other Funds	(221,610)	(45,000)	0	0	(266,610)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(221,610)</u>	<u>(45,000)</u>	<u>0</u>	<u>45,418</u>	<u>(221,192)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(132,310)	0	0	0	(132,310)
Interest Paid on OWDA Loans	(201,860)	0	0	0	(201,860)
Principal Paid on OWDA Loans	(161,963)	0	0	0	(161,963)
Interest Paid on Mortgage Revenue Bonds	(219,992)	0	0	0	(219,992)
Principal Paid on Mortgage Revenue Bonds	(365,000)	0	0	0	(365,000)
Principal Paid on Bond Anticipation Notes	0	0	0	(1,225,000)	(1,225,000)
Interest Paid on Bond Anticipation Notes	0	0	0	(30,418)	(30,418)
Proceeds of Bond Anticipation Notes	0	0	0	1,090,000	1,090,000
Proceeds of OWDA Loans	85,998	0	0	0	85,998
Net Cash Used for Capital and Related Financing Activities	<u>(995,127)</u>	<u>0</u>	<u>0</u>	<u>(165,418)</u>	<u>(1,160,545)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(67,164)	(129,629)	(48,943)	97,809	(147,927)
Cash and Cash Equivalents at Beginning of Year (Restated - See Note 3)	<u>1,932,321</u>	<u>818,422</u>	<u>200,130</u>	<u>598,577</u>	<u>3,549,450</u>
Cash and Cash Equivalents at End of Year	<u>\$1,865,157</u>	<u>\$688,793</u>	<u>\$151,187</u>	<u>\$696,386</u>	<u>\$3,401,523</u>

(continued)

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(continued)

	Water	Sewer	Trash	Stormwater Utility	Totals
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	\$900,265	(\$430,795)	(\$11,388)	(\$131,492)	\$326,590
Adjustments to Reconcile Operating Income (Loss) <u>to Net Cash Provided by Operating Activities:</u>					
Depreciation Expense	180,219	120,053	0	322,239	622,511
Other Non-Operating Revenues	7,895	35,354	257	2,000	45,506
Other Non-Operating Expenses	(16)	0	0	0	(16)
Change in Assets and Liabilities:					
Decrease in Accounts Receivable	5,278	38,107	5,943	24,328	73,656
Decrease in Materials and Supplies Inventory	2,269	0	0	0	2,269
Increase (Decrease) in Accounts Payable	25,535	20,691	(799)	(1,193)	44,234
Increase (Decrease) in Contracts Payable	0	167,249	(44,243)	0	123,006
Increase (Decrease) in Accrued Wages and Benefits Payable	17,603	(11,237)	761	719	7,846
Increase (Decrease) in Compensated Absences Payable	405	(28,150)	0	435	(27,310)
Increase (Decrease) in Due to Other Governments	6,090	(2,348)	526	773	5,041
Increase in Refundable Deposits Payable	4,030	6,447	0	0	10,477
Total Adjustments	249,308	346,166	(37,555)	349,301	907,220
Net Cash Provided by (Used for) Operating Activities	<u>\$1,149,573</u>	<u>(\$84,629)</u>	<u>(\$48,943)</u>	<u>\$217,809</u>	<u>\$1,233,810</u>

Noncash Capital Financing Activities:

During 2009, the Water Fund received assets in the amount of \$316,599 from governmental activities. The assets were recorded as capital assets and capital contributions in the Water Fund.

The Water and Stormwater Utility Funds received \$370,506 and \$265,465 in capital contributions from developers.

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2009

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$260
Cash in Segregated Accounts	<u>55,553</u>
Total Assets	<u><u>\$55,813</u></u>
Liabilities:	
Intergovernmental Payable	\$28,081
Undistributed Monies	11,596
Deposits Held and Due to Others	<u>16,136</u>
Total Liabilities	<u><u>\$55,813</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 park and recreation system, water, sewer and stormwater drainage systems, a contracting service for trash collection, community development, and a staff to provide essential support to these service providers. Council and the City Manager have direct responsibility for these activities.

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

The City is associated with one organization which is defined as a joint venture, one which is defined as a shared risk pool and three organizations which are defined as jointly governed organizations. These organizations are presented in Note 18 of the Basic Financial Statements. These organizations are:

Joint Venture:

Joint Recreation Facility

Shared Risk Pool:

Ohio Plan

Jointly Governed Organizations:

Warren County General Health District

Joint Emergency Medical Service

Warren County Fire Response and Life Safety Council of Governments

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

FUND ACCOUNTING

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUNDS

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

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

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

Trash - This fund is used to account for the provision of trash collection services to residents 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, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY FUNDS

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

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

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

BASIS OF ACCOUNTING

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

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, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

DEFERRED REVENUES

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but were levied to finance 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

EXPENSES/EXPENDITURES

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGETS AND BUDGETARY ACCOUNTING

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. No budget was prepared for the Tax Increment Financing Fund or the Permanent Fund. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures 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 resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year, 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." Cash deposits on hand for future principal and interest payments on mortgage revenue bonds in excess of the amount required by the bond trust indenture are presented as "Cash and Cash Equivalents with Trustee."

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2009. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2009.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2009 amounted to \$56,486, which includes \$30,046 assigned from other funds.

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

MATERIALS AND SUPPLIES INVENTORY

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

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

RESTRICTED ASSETS

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

CAPITAL ASSETS

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

All capital assets are capitalized at cost when historical records are available and estimated historical cost where no historical records exist, and are updated for additions and reductions during the year. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their fair market values on the date donated. The City maintains a capitalization threshold of \$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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

CAPITALIZATION OF INTEREST

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

COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The City considers any employee with 10 or more years of service with the City as probable to retire and receive payment for sick leave from the City. The amount is based on accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the City's termination policy.

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

CONTRIBUTIONS OF CAPITAL

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INTERFUND RECEIVABLES/PAYABLES

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

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

BOND DISCOUNTS, PREMIUMS/ISSUANCE COSTS

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

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

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

RESERVES OF FUND BALANCES

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

INTERNAL ACTIVITY

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NET ASSETS

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

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

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

OPERATING REVENUES AND EXPENSES

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

ESTIMATES

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS

CHANGES IN ACCOUNTING PRINCIPLES

For the year ended 2009, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 53, “Accounting and Financial Reporting for Derivative Instruments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”, Statement No. 57, “OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans”, and Statement No. 58, “Accounting and Financial Reporting for Chapter 9 Bankruptcies”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants’ and auditing literature into the GASB’s accounting and financial reporting literature for state and local governments. The statement’s guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change in the City’s financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the City’s financial statements.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS (continued)

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the City's financial statements.

RESTATEMENT OF FUND BALANCE/NET ASSETS

In 2009, it was determined that accounts and intergovernmental receivables for township fire runs had been overstated. A capital lease receivable for land that the City purchased in 2008 and leased to a local business owner had not been recognized, and that the leased land was still being reported as a capital asset of the City. In addition, the company providing infrastructure valuation to the City found an error in historical cost estimates that was corrected. Finally, charges for services revenue related to special assessments was understated on the government-wide financial statements in 2008. The corrections of these errors had the following effect on fund balance and net assets of the governmental activities at December 31, 2008 as previously reported.

	General Fund	Governmental Activities
Fund Balance/Net Assets, December 31, 2008 as Reported	\$1,963,274	\$49,229,991
Adjustment for Accounts Receivable	(2,550)	(340,106)
Adjustment for Intergovernmental Receivable	0	(40,350)
Adjustment for Capital Lease Receivable	0	213,438
Adjustment for Leased Land Value	0	(125,934)
Adjustment for Historical Cost Estimates	0	360,516
Adjustment for Special Assessments	0	82,904
Fund Balance/Net Assets, December 31, 2008 Restated	<u>\$1,960,724</u>	<u>\$49,380,459</u>

In 2009, it was determined that a receipt in 2008 had been posted to the Water Fund twice, in error. In addition, the company providing infrastructure valuation to the City found an error in historical cost estimates that was corrected. Finally, it was noted that a water pressure relief construction project was erroneously omitted in capital assets. The correction of these errors had the following effect on fund net assets and net assets of the business-type activities at December 31, 2008 as previously reported.

	Water Fund	Sewer Fund	Stormwater Fund	Business-Type Activities
Net Assets, December 31, 2008 as Reported	\$2,786,737	\$4,888,319	\$10,641,048	\$18,526,579
Adjustment for Cash Balance	(63,166)	0	0	(63,166)
Adjustment for Historical Cost Estimates	28,020	53,182	127,024	208,226
Adjustment for Water Pressure Relief Construction (Capital Assets)	82,092	0	0	82,092
Fund Balance/Net Assets, December 31, 2008 Restated	<u>\$2,833,683</u>	<u>\$4,941,501</u>	<u>\$10,768,072</u>	<u>\$18,753,731</u>

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, 2009

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 as a reservation of fund balance (GAAP basis).
4. Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).
5. Unrecorded cash and unrecorded interest represent amounts received but not included on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.

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

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis	(\$585,512)	(\$135,271)
Revenue Accruals	169,139	(5,633)
Expenditure Accruals	(1,093,800)	245,928
Encumbrances	(9,714)	(28,932)
Net Decrease in Fair Value of Investments - 2008	(25,299)	0
Net Decrease in Fair Value of Investments - 2009	8,595	0
Unrecorded Cash	(28,874)	0
Unrecorded Interest	(2,619)	0
Transfers	405,760	(50,570)
Budget Basis	(\$1,162,324)	\$25,522

NOTE 5 – DEPOSITS AND INVESTMENTS

POLICIES AND PROCEDURES

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 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.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

INVESTMENTS

As of December 31, 2009, the City had the following investments:

Investment Type	Fair Value/ Cost	Investment Maturities (in Years)		Moody's Rating	Percent of Total Investments
		Less Than 1	2-5		
STAROhio	\$3,426,771	\$3,426,771	\$0	N/A	N/A
Federal Home Loan Mortgage Corporation Medium Term Notes	252,595	0	252,595	Aaa	6.85%
Western Asset Government Money Market Mutual Fund	5,767	5,767	0	Aaa	N/A
Total Investments	<u>\$3,685,133</u>	<u>\$3,432,538</u>	<u>\$252,595</u>		

INTEREST RATE RISK

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

CREDIT RISK

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

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY

COMPLIANCE

The City did not encumber all commitments required by law.

ACCOUNTABILITY

At year-end, the Issue II Fund and the Police and Fire Pension nonmajor special revenue fund had deficit fund balances of \$60,227 and \$85,065, 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the City. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable September 20.

The full tax rate for all City operations for the year ended December 31, 2009, was \$5.73 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$206,768,470
General Business Personal Property	382,050
Public Utility Personal Property	12,408,660
Totals	<u><u>\$219,559,180</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Franklin. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2009, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2009 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 8 – INCOME TAX

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

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

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2009, the proceeds were allocated to the General Fund.

NOTE 9 – RECEIVABLES

Receivables at December 31, 2009, consisted of intergovernmental, including grants, entitlements and shared revenues, taxes, accounts (including utility), interfund, special assessments, capital leases and interest on investments. All receivables are considered fully collectible, including charges for utilities receivable which, if delinquent, may be certified and collected as special assessments, subject to foreclosure for nonpayment.

Special assessments expected to be collected in more than one year amount to \$1,760,630. The City has \$68,363 in delinquent special assessments at December 31, 2009. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Local Government Assistance	\$182,632
Rollback and Homestead Exemption	58,888
Estate Tax	9,125
Charges for Services	3,825
Gas Tax	193,312
Motor Vehicle License Tax	53,618
Permissive Motor Vehicle License Tax	11,006
Commercial Vehicle Tax	4,180
OPWC Grant	58,927
Total Governmental Activities	<u><u>\$575,513</u></u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 10 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2009, was as follows:

	Balance At December 31, 2008, Restated	Additions	Deletions	Balance At December 31, 2009
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$19,175,661	\$0	\$0	\$19,175,661
Depreciable Capital Assets:				
Land Improvements	1,268,173	0	0	1,268,173
Buildings	6,869,171	0	0	6,869,171
Equipment	1,346,811	114,946	0	1,461,757
Vehicles	2,917,634	42,195	(56,318)	2,903,511
Infrastructure	61,482,550	890,035	0	62,372,585
Total Depreciable Capital Assets	<u>73,884,339</u>	<u>1,047,176</u>	<u>(56,318)</u>	<u>74,875,197</u>
Less Accumulated Depreciation:				
Land Improvements	(935,131)	(51,458)	0	(986,589)
Buildings	(1,430,255)	(118,822)	0	(1,549,077)
Equipment	(727,784)	(110,965)	0	(838,749)
Vehicles	(2,159,311)	(172,373)	41,002	(2,290,682)
Infrastructure	(36,977,830)	(1,319,679)	0	(38,297,509)
Total Accumulated Depreciation	<u>(42,230,311)</u>	<u>(1,773,297)*</u>	<u>41,002</u>	<u>(43,962,606)</u>
Depreciable Capital Assets, Net	<u>31,654,028</u>	<u>(726,121)</u>	<u>(15,316)</u>	<u>30,912,591</u>
Governmental Activities Capital Assets, Net	<u>\$50,829,689</u>	<u>(\$726,121)</u>	<u>(\$15,316)</u>	<u>\$50,088,252</u>

Additions to capital assets includes \$552,254 in assets donated by outside entities, such as property developers.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 10 – CAPITAL ASSETS (continued)

	Balance At December 31, 2008, Restated	Additions	Deletions	Balance At December 31, 2009
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$1,095,364	\$0	\$0	\$1,095,364
Construction in Progress	2,156,363	392,596	(2,548,959)	0
Total Capital Assets, Not Being Depreciated	3,251,727	392,596	(2,548,959)	1,095,364
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	72,700	0	0	72,700
Equipment	254,169	47,560	0	301,729
Vehicles	457,647	0	0	457,647
Infrastructure	35,830,882	3,184,930	0	39,015,812
Total Depreciable Capital Assets	36,628,319	3,232,490	0	39,860,809
Less Accumulated Depreciation:				
Land Improvements	(2,992)	(204)	0	(3,196)
Buildings	(13,408)	(667)	0	(14,075)
Equipment	(119,104)	(7,083)	0	(126,187)
Vehicles	(239,173)	0	0	(239,173)
Infrastructure	(14,430,294)	(614,557)	0	(15,044,851)
Total Accumulated Depreciation	(14,804,971)	(622,511)	0	(15,427,482)
Depreciable Capital Assets, Net	21,823,348	2,609,979	0	24,433,327
Business-Type Activities Capital Assets, Net	\$25,075,075	\$3,002,575	(\$2,548,959)	\$25,528,691

Additions to capital assets of business-type activities include \$316,599 in assets transferred in from governmental activities and \$635,971 in assets donated by outside entities, such as property developers.

* Depreciation expense was charged to governmental programs as follows:

General Government	\$52,498
Security of Persons and Property:	
Police	73,622
Fire	62,508
Leisure Time Activities	52,329
Basic Utility Services	84,331
Transportation	1,448,009
Total Depreciation Expense	<u>\$1,773,297</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 – DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2009 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were \$242,613, \$254,271, and \$207,168, respectively; 74.16 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the Member-Directed Plan for 2009 were \$3,005 made by the City and \$2,146 made by plan members.

OHIO POLICE AND FIRE PENSION FUND

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters. The City’s contributions to OP&F for police and firefighters were \$243,756 and \$113,499 for the year ended December 31, 2009, \$222,454 and \$155,753 for the year ended December 31, 2008, and \$236,640 and \$153,808 for the year ended December 31, 2007. 85.12 percent for police and 81.81 percent for firefighters has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

NOTE 12 – POST-EMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

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 require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to the Traditional Pension and Combined Plans 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 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 12 – POST-EMPLOYMENT BENEFITS (continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$175,428, \$193,467, and \$136,459, respectively; 74.16 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

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

OHIO POLICE AND FIRE PENSION FUND

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

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

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

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

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 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. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24.0 percent of covered payroll for fire employer units. 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 IRS Code Section 115 trust and once 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 to 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, 2009, 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).

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 12 – POST-EMPLOYMENT BENEFITS (continued)

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 \$129,047 and \$44,413 for the year ended December 31, 2009, \$127,793 and \$64,697 for the year ended December 31, 2008, and \$125,280 and \$60,186 for the year ended December 31, 2007. The full amount has been contributed for 2008 and 2007. 85.12 percent has been contributed for police and 81.81 percent has been contributed for firefighters for 2009.

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, 2009, the unfunded liability of the City was \$66,871, 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 the government-wide financial statements.

NOTE 13 – OTHER EMPLOYEE BENEFITS

COMPENSATED ABSENCES

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

City employees earn sick leave at a rate of 4.62 hours per 80 hours of service. Sick leave is cumulative without limit. In the case of death or retirement, every employee will be paid for a maximum of 150 days of sick leave hours. Those employees that were hired before June 7, 2005 and leave City employment for reasons other than death or retirement will be paid 50 percent of accumulated sick leave up to a maximum of 75 days (600 hours). Employees hired on or after June 7, 2005 will be paid 25 percent of accumulated sick leave up to a maximum payment of 240 hours.

Accumulated Unpaid Compensatory Time

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 13 – OTHER EMPLOYEE BENEFITS (continued)

HEALTH CARE BENEFITS

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

HEALTH SAVINGS ACCOUNT

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

DEFERRED COMPENSATION

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

NOTE 14 – RISK MANAGEMENT

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

For 2009, the City participated in the Ohio Plan (the “Plan), a risk sharing pool. (see Note 18) The City pays its annual premium to its agent, the Hylant Group. Coverage is as follows:

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

Settled claims have not exceeded this coverage in any of the past three years. There were reductions in coverage for general liability, public officials liability, law enforcement officers liability and automobile liability from the prior year.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 15 – LONG -TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2009 follows:

Types/Issues	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009	Due Within One Year
<u>Special Assessment Bonds with Governmental Commitment</u>					
6.85% - 1991 Franklin Commerce Improvement - \$1,340,000	\$350,000	\$0	\$110,000	\$240,000	\$115,000
7.125% - 1989 Shady Glenn - \$170,000	18,000	0	9,000	9,000	9,000
6.00% - 1995 Miller Stub Street - \$78,513	38,000	0	5,000	33,000	5,000
5.75% - 1995 Shotwell Drive - \$227,000	112,000	0	13,000	99,000	14,000
5.80% - 1997 Franklin Commerce Center - \$577,400	320,000	0	30,000	290,000	35,000
5.00% - 1998 Scholl Road - \$514,177	310,000	0	25,000	285,000	30,000
5.00% - 1998 Fourth Street Improvement - \$337,705	205,000	0	15,000	190,000	20,000
5.00% - 1998 Schumaker-Franklin - \$1,322,708	825,000	0	70,000	755,000	70,000
5.00% - 1998 Deardoff Phase II - \$158,410	100,000	0	10,000	90,000	10,000
5.70% - 1999 Eastlawn Sewer Line Extension - \$119,779	75,000	0	5,000	70,000	5,000
5.125% - 2001 Shotwell Drive Phase III - \$490,000	380,000	0	20,000	360,000	20,000
TOTAL-Special Assessment Bonds	<u>\$2,733,000</u>	<u>\$0</u>	<u>\$312,000</u>	<u>\$2,421,000</u>	<u>\$333,000</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 15 – LONG -TERM OBLIGATIONS (continued)

Types/Issues	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009	Due Within One Year
<u>General Obligation Bonds</u>					
<u>(Unvoted)</u>					
4.625% - 5.125% 2001					
Street Improvement - \$920,000	\$710,000	\$0	\$35,000	\$675,000	\$40,000
3.00% - 5.25% 2002					
Public Works Facility - \$4,625,000	4,325,000	0	145,000	4,180,000	155,000
4.00% - 5.00% 2003					
Various Purpose - \$960,000	785,000	0	40,000	745,000	40,000
1.50% - 4.65% 2003					
Adminstrative and Court Facility					
Improvements - \$1,260,000	1,010,000	0	50,000	960,000	50,000
Discount on Debt Issue	(13,440)	0	(896)	(12,544)	0
TOTAL- General					
Obligation Bonds	<u>6,816,560</u>	<u>0</u>	<u>269,104</u>	<u>6,547,456</u>	<u>285,000</u>
<u>Other Long-Term Obligations</u>					
2.49% - 2008					
Consolidated Fire Equipment and					
Stormwater Study Bond					
Anticipation Notes - \$530,000	282,500	0	282,500	0	0
2.49% - 2008					
Road Improvement Bond					
Anticipation Notes \$280,000	247,000	0	247,000	0	0
2.49% - 2008					
Road Improvement and Street Sweeper					
Bond Anticipation Notes \$213,000	180,500	0	180,500	0	0
2.24% - 2009					
Road Improvement Bond					
Anticipation Notes \$280,000	0	247,000	0	247,000	0
2.24% - 2009					
Road Improvement and Street Sweeper					
Bond Anticipation Notes \$213,000	0	140,500	0	140,500	0
Compensated Absences	828,513	389,309	302,208	915,614	199,378
2.50% - Police and Fire Pension	68,299	0	1,428	66,871	1,490
TOTAL- Other Long-Term					
Obligations	<u>1,606,812</u>	<u>776,809</u>	<u>1,013,636</u>	<u>1,369,985</u>	<u>200,868</u>
TOTAL- All General					
Long-Term Obligations	<u>\$11,156,372</u>	<u>\$776,809</u>	<u>\$1,594,740</u>	<u>\$10,338,441</u>	<u>\$818,868</u>

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

On October 1, 2001, the City issued \$920,000 in General Obligation Bonds for the purpose of retiring Bond Anticipation Notes that were issued for making improvements to Second Street. The bonds will be paid from the Debt Service Fund with transfers from the Capital Improvement Capital Projects Fund (22 percent) and the General Fund (78 percent).

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 15 – LONG -TERM OBLIGATIONS (continued)

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

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

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

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

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

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 15 – LONG -TERM OBLIGATIONS (continued)

<u>Year</u>	<u>Amount</u>
2010	\$50,000
2011	55,000
2012	55,000
2013	60,000
2014	60,000
2015	65,000
2016	65,000
2017	70,000
2018	70,000
2019	75,000
2020	80,000
2021	80,000
2022	85,000
2023	90,000
Total	<u><u>\$960,000</u></u>

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

On March 11, 2009, the City paid \$42,500 toward the fire equipment note and refinanced the remaining \$282,500.

On March 11, 2009, the City paid \$13,000 toward the road improvement note and refinanced the remaining \$247,000.

On March 11, 2009, the City paid \$9,500 toward the road improvement and street sweeper note and refinanced the remaining \$180,500.

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.

Changes in the long-term obligations reported in the business-type activities of the City during 2009 were as follows:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 15 – LONG-TERM OBLIGATIONS (continued)

Types/Issues	Balance January 1, 2009	Increases	Decreases	Balance December 31, 2009	Due Within One Year
OWDA Loans	\$3,067,762	\$85,998	\$161,963	\$2,991,797	\$171,822
4.000% - 4.125% - 2006 Mortgage Revenue					
Refunding Bonds - \$6,140,000	5,460,000	0	365,000	5,095,000	380,000
Unamortized Gain	(28,444)	0	(1,918)	(26,526)	0
Premium on Debt Issue	53,765	0	3,625	50,140	0
2.49% - 2008					
Stormwater Drainage Improvement					
Project Bond Anticipation					
Notes - \$1,090,000	1,090,000	0	1,090,000	0	0
2.24% - 2009					
Stormwater Drainage Improvement					
Project Bond Anticipation					
Notes - \$1,090,000	0	895,000	0	895,000	0
Compensated Absences	201,832	67,311	94,621	174,522	77,134
TOTAL - Business Type-Activities	<u>\$9,844,915</u>	<u>\$1,048,309</u>	<u>\$1,713,291</u>	<u>\$9,179,933</u>	<u>\$628,956</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 enterprise fund's bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition.

The City has pledged future revenues, net of operating expenses, to repay the OWDA Loan and the Mortgage Revenue Refunding Bonds in the City's Water Fund. The debt is payable solely from net revenues and is payable through 2022. Annual principal and interest payments on the debt issues are expected to require 88 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$10,944,850, with principal and interest of \$4,498,022 remaining on the OWDA Loan and \$6,446,828 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$947,568, with \$362,576 paid on the OWDA Loans and \$584,992 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,080,484.

On March 11, 2009, the City refinanced the \$1,090,000 note for the City's stormwater drainage system.

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

As of December 31, 2009, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,783,714 with an unvoted debt margin of \$4,805,755.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 15 – LONG -TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2009 are:

Governmental Activities				
Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2010	\$285,000	\$315,155	\$333,000	\$131,818
2011	300,000	303,301	345,000	112,191
2012	310,000	290,562	236,000	91,951
2013	320,000	277,246	248,000	79,413
2014	340,000	263,348	274,000	66,247
2015-2019	1,985,000	1,064,358	905,000	125,190
2020-2024	2,080,000	542,167	80,000	6,150
2025-2027	940,000	100,538	0	0
Totals	<u>\$6,560,000</u>	<u>\$3,156,675</u>	<u>\$2,421,000</u>	<u>\$612,960</u>

Business-Type Activities				
Year	Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2010	\$380,000	\$205,392	\$171,822	\$190,754
2011	395,000	190,194	182,306	180,270
2012	415,000	174,394	193,456	169,121
2013	430,000	157,794	205,316	157,261
2014	445,000	140,594	217,931	144,645
2015-2019	2,225,000	418,460	1,309,001	503,879
2020-2024	805,000	65,000	657,761	151,225
2025-2028	0	0	54,204	9,070
	<u>\$5,095,000</u>	<u>\$1,351,828</u>	<u>\$2,991,797</u>	<u>\$1,506,225</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, 2009 on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$5,875,000. The outstanding balance at December 31, 2009 on the Sound Preservation 202 LP revenue housing bonds is \$4,178,179.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 16 – SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year-ended December 31, 2009 follows:

Fund Type	Balance January 1, 2009	Increase	Decrease	Balance December 31, 2009
<u>Governmental</u>				
General				
2.49% - 2008 Road Improvement Bond Anticipation Notes \$280,000	\$13,000	\$0	\$13,000	\$0
Special Revenue				
2.49% - 2008 Consolidated Fire Equipment and Stormwater Study Bond Anticipation Notes \$530,000	42,500	0	42,500	0
2.24% - 2009 Consolidated Fire Equipment and Stormwater Study Bond Anticipation Notes \$530,000	0	282,500	0	282,500
Total Special Revenue	42,500	282,500	42,500	282,500
Capital Projects				
2.49% - 2008 Road Improvement and Street Sweeper Bond Anticipation Notes \$213,000	9,500	0	9,500	0
2.24% - 2009 Road Improvement and Street Sweeper Bond Anticipation Notes \$213,000	0	40,000	0	40,000
Total Capital Projects	9,500	40,000	9,500	40,000
Total Governmental Funds	\$65,000	\$322,500	\$65,000	\$322,500
<u>Business-Type Activities</u>				
Stormwater Utility				
2.49% - 2008 Consolidated Fire Equipment and Stormwater Study Bond Anticipation Notes \$530,000	\$135,000	\$0	\$135,000	\$0
2.24% - 2009 Stormwater Drainage Improvement Project Bond Anticipation Notes \$1,090,000	0	195,000	0	195,000
Total Business-Type Funds	\$135,000	\$195,000	\$135,000	\$195,000

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 17 – INTERFUND ACTIVITY

INTERFUND RECEIVABLE/PAYABLE

Interfund balances at December 31, 2009, consist of the following individual fund receivables and payables:

		Receivable			Total
		General	Debt Service	Nonmajor Governmental	
Payable	General	\$0	\$248,822	\$11,728	\$260,550
	Issue II	19,490	0	0	19,490
	Water	175,302	144,196	0	319,498
	Total	\$194,792	\$393,018	\$11,728	\$599,538

The amount due to the Debt Service Fund from the General Fund is for principal and interest payments. The amount due to the General and Debt Service Funds from the Water Fund relates to interest and fiscal charges paid by the respective funds on behalf of the Water Fund. The amount due to the Nonmajor Governmental Funds from the General Fund is related to misposted special assessments, homestead and rollback and gas tax receipts. The amount due from the Issue II Fund to the General Fund is borrowing for negative cash balance.

TRANSFERS FROM/TO OTHER FUNDS

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

		Transfers From							Total
		General	Fire Levy	Debt Service	Issue II	Nonmajor Governmental	Water	Sewer	
Transfers to	General	\$0	\$0	\$13,000	\$0	\$3,970	\$0	\$0	\$16,970
	Fire Levy	735,000	0	57,500	0	32,473	0	0	824,973
	Debt Service	328,300	136,930	0	40,000	0	221,610	45,000	771,840
	Issue II	236	0	9,500	0	0	0	0	9,736
	Nonmajor Governmental	1,250,790	24,740	0	0	138,674	0	0	1,414,204
	Stormwater Utility	45,418	0	0	0	0	0	0	45,418
	Total	\$2,359,744	\$161,670	\$80,000	\$40,000	\$175,117	\$221,610	\$45,000	\$3,083,141

The transfer from the General Fund to the Fire Levy Fund was for operating monies for the fire department. Transfers to the Debt Service Fund were made for scheduled debt service payments, including the amounts transferred from the Water and Sewer Funds for their portion of payments on the municipal building general obligation bonds. Transfers from the General Fund to the Nonmajor Governmental Funds included amounts transferred for the construction of capital assets, upkeep of park facilities and grants made to local businesses for improvements in the downtown area. Transfers between the Nonmajor Governmental Funds were made to reimburse funds for the cleanup of damage caused by a major windstorm in 2008.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 \$41,218 in 2009. The joint venture is not accumulating significant resources or experiencing fiscal stress which would cause 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, 2009 prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	\$130,005
Operating Expenditures	130,001
Excess of Operating Revenues	
Under Expenditures	4
Fund Balance at Beginning of Year	1
Fund Balance at End of Year	\$5

SHARED RISK POOL

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 \$7,042 during 2009 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 Jacobs 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 \$1,823 during 2009 for the operation of the COG. The City does not have any financial interest in or responsibility for the COG. Nick Nelson acts as fiscal agent for the organization. Financial information may be obtained from Nick Nelson, 406 Justice Drive, Lebanon, Ohio 45036.

NOTE 19 – CAPITAL LEASE RECEIVABLE

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 19 – CAPITAL LEASE RECEIVABLE (continued)

<u>December 31,</u>	<u>Amount</u>
2010	\$28,944
2011	28,944
2012	28,944
2013	28,944
2014	28,944
2015-2018	<u>108,541</u>
Total Minimum Lease Payments to be Received	253,261
Less: Amount Representing Unearned Interest	<u>(56,437)</u>
Net Investment in Direct Financing Leases	<u><u>\$196,824</u></u>

NOTE 20 – CONTINGENT LIABILITIES

LITIGATION

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

FEDERAL AND STATE GRANTS

For the period January 1, 2008, to December 31, 2008, the City received federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 21 – SUBSEQUENT EVENTS

The City issued the following Bond Anticipation Notes on March 10, 2010, with maturity on March 9, 2011.

<u>Note</u>	<u>Amount</u> <u>Issued</u>
Road Improvement	\$247,000
Road Improvement and Street Sweeper	140,500
Stormwater Drainage Improvement	895,000

On March 10, 2010, the City paid off the \$282,500 fire equipment note. The City also paid \$40,000 toward the road improvement and street sweeper note and reissued the remaining \$140,500. \$195,000 was paid toward the stormwater drainage improvement note and the remaining \$895,000 was reissued.

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

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

NONMAJOR SPECIAL REVENUE FUNDS

Transportation

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

E-911

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

Court

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

FEMA

To account for grants from the federal government for damage caused by a major windstorm that hit Ohio in September of 2008.

Recreation

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

Community Development & Improvement

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

Street Lighting

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

U.S. Filter

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

Police and Fire Pension

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

(continued)

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS
(continued)

CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Improvement

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

ODOT Project

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

Property Acquisition

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

Tax Increment Financing

To account for payments received in lieu of taxes on property granted a tax exemption by the City. These monies must be used for land purchases or infrastructure improvements. No budget was prepared for the Tax Increment Financing Nonmajor Capital Project fund.

PERMANENT FUND

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

NONMAJOR PERMANENT FUND

F. C. Dial Trust

To account for financial resources restricted for 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. No budget was prepared for the F.C. Dial Trust Permanent Fund. 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, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,177,672	\$241,619	\$1,242,636	\$2,661,927
Materials and Supplies Inventory	155,461	0	0	155,461
Intergovernmental Receivable	270,190	0	0	270,190
Property Taxes Receivable	198,406	0	0	198,406
Revenue in Lieu of Taxes Receivable	0	150,507	0	150,507
Interfund Receivable	11,728	0	0	11,728
Special Assessments Receivable	103,323	0	0	103,323
Capital Lease Receivable	0	196,824	0	196,824
Total Assets	\$1,916,780	\$588,950	\$1,242,636	\$3,748,366
Liabilities:				
Accounts Payable	\$28,588	\$0	\$0	\$28,588
Accrued Wages and Benefits Payable	17,635	0	0	17,635
Intergovernmental Payable	113,768	0	0	113,768
Deferred Revenue	521,845	347,331	0	869,176
Total Liabilities	681,836	347,331	0	1,029,167
Fund Balances:				
Reserved for Encumbrances	3,370	0	0	3,370
Reserved for Leisure Time Activities	0	0	1,002,296	1,002,296
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,231,574	0	0	1,231,574
Capital Projects Funds	0	241,619	0	241,619
Permanent Fund	0	0	240,340	240,340
Total Fund Balances	1,234,944	241,619	1,242,636	2,719,199
Total Liabilities and Fund Balances	\$1,916,780	\$588,950	\$1,242,636	\$3,748,366

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Property Taxes	\$128,335	\$0	\$0	\$128,335
Payments in Lieu of Taxes	0	207,659	0	207,659
Special Assessments	105,014	0	0	105,014
Charges for Services	139,518	0	0	139,518
Fines, Licenses and Permits	98,836	0	0	98,836
Intergovernmental	1,045,008	247,679	0	1,292,687
Interest	143	0	31,833	31,976
Contributions and Donations	200	0	186,459	186,659
Other	58,082	102,551	0	160,633
Total Revenues	1,575,136	557,889	218,292	2,351,317
Expenditures:				
Current:				
General Government	96,301	0	0	96,301
Security of Persons and Property:				
Police	525,716	0	0	525,716
Fire	99,986	0	0	99,986
Street Lighting	118,995	0	0	118,995
Public Health and Welfare	11,810	0	0	11,810
Leisure Time Activities	233,982	0	0	233,982
Economic Development	44,630	0	0	44,630
Transportation	713,950	613,667	0	1,327,617
Capital Outlay	87,503	330,047	0	417,550
Debt Service:				
Principal Retirement	1,428	0	0	1,428
Interest and Fiscal Charges	2,872	0	0	2,872
Total Expenditures	1,937,173	943,714	0	2,880,887
Excess of Revenues Over (Under) Expenditures	(362,037)	(385,825)	218,292	(529,570)
Other Financing Sources (Uses):				
Transfers In	794,874	619,330	0	1,414,204
Transfers Out	(175,117)	0	0	(175,117)
Total Other Financing Sources (Uses)	619,757	619,330	0	1,239,087
Net Change in Fund Balances	257,720	233,505	218,292	709,517
Fund Balances at Beginning of Year	977,224	8,114	1,024,344	2,009,682
Fund Balances at End of Year	\$1,234,944	\$241,619	\$1,242,636	\$2,719,199

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2009

	<u>Transportation</u>	<u>E-911</u>	<u>Court</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$485,454	\$207,208	\$298,644
Materials and Supplies Inventory	154,596	0	0
Intergovernmental Receivable	262,116	0	0
Property Taxes Receivable	0	0	0
Interfund Receivable	9,506	0	0
Special Assessments Receivable	0	0	0
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$911,672</u></u>	<u><u>\$207,208</u></u>	<u><u>\$298,644</u></u>
Liabilities:			
Accounts Payable	\$23,232	\$0	\$5,146
Accrued Wages and Benefits Payable	12,885	0	0
Intergovernmental Payable	13,414	1,082	0
Deferred Revenue	212,042	0	0
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u><u>261,573</u></u>	<u><u>1,082</u></u>	<u><u>5,146</u></u>
Fund Balances:			
Reserved for Encumbrances	0	0	3,370
Unreserved, Undesignated (Deficit)	650,099	206,126	290,128
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances (Deficit)	<u><u>650,099</u></u>	<u><u>206,126</u></u>	<u><u>293,498</u></u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$911,672</u></u>	<u><u>\$207,208</u></u>	<u><u>\$298,644</u></u>

Recreation	Community Development & Improvement	Street Lighting	U.S. Filter	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$76,435	\$50,766	\$23,039	\$28,680	\$7,446	\$1,177,672
865	0	0	0	0	155,461
0	0	0	1,300	6,774	270,190
0	0	0	35,922	162,484	198,406
0	0	0	396	1,826	11,728
0	0	103,323	0	0	103,323
<u>\$77,300</u>	<u>\$50,766</u>	<u>\$126,362</u>	<u>\$66,298</u>	<u>\$178,530</u>	<u>\$1,916,780</u>
\$210	\$0	\$0	\$0	\$0	\$28,588
4,750	0	0	0	0	17,635
4,935	0	0	0	94,337	113,768
0	0	103,323	37,222	169,258	521,845
<u>9,895</u>	<u>0</u>	<u>103,323</u>	<u>37,222</u>	<u>263,595</u>	<u>681,836</u>
0	0	0	0	0	3,370
<u>67,405</u>	<u>50,766</u>	<u>23,039</u>	<u>29,076</u>	<u>(85,065)</u>	<u>1,231,574</u>
<u>67,405</u>	<u>50,766</u>	<u>23,039</u>	<u>29,076</u>	<u>(85,065)</u>	<u>1,234,944</u>
<u>\$77,300</u>	<u>\$50,766</u>	<u>\$126,362</u>	<u>\$66,298</u>	<u>\$178,530</u>	<u>\$1,916,780</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, 2009

	<u>Transportation</u>	<u>E-911</u>	<u>Court</u>	<u>FEMA</u>
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Charges for Services	1,606	0	137,912	0
Fines, Licenses and Permits	0	0	98,836	0
Intergovernmental	654,872	126,692	9,993	175,117
Interest	143	0	0	0
Contributions and Donations	0	0	200	0
Other	11,081	0	35,462	0
Total Revenues	<u>667,702</u>	<u>126,692</u>	<u>282,403</u>	<u>175,117</u>
Expenditures:				
Current:				
General Government	0	0	96,301	0
Security of Persons and Property:				
Police	0	138,352	73,421	0
Fire	0	0	0	0
Street Lighting	0	0	0	0
Public Health and Welfare	0	0	11,810	0
Leisure Time Activities	0	0	0	0
Economic Development	0	0	0	0
Transportation	713,950	0	0	0
Capital Outlay	0	0	31,350	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>713,950</u>	<u>138,352</u>	<u>212,882</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(46,248)</u>	<u>(11,660)</u>	<u>69,521</u>	<u>175,117</u>
Other Financing Sources (Uses):				
Transfers In	338,673	0	0	0
Transfers Out	0	0	0	(175,117)
Total Other Financing Sources (Uses)	<u>338,673</u>	<u>0</u>	<u>0</u>	<u>(175,117)</u>
Net Change in Fund Balances	292,425	(11,660)	69,521	0
Fund Balances (Deficit) at Beginning of Year	<u>357,674</u>	<u>217,786</u>	<u>223,977</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u>\$650,099</u>	<u>\$206,126</u>	<u>\$293,498</u>	<u>\$0</u>

Recreation	Community Development & Improvement	Street Lighting	U.S. Filter	Police and Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$30,653	\$97,682	\$128,335
0	0	105,014	0	0	105,014
0	0	0	0	0	139,518
0	0	0	0	0	98,836
0	0	0	6,151	72,183	1,045,008
0	0	0	0	0	143
0	0	0	0	0	200
11,539	0	0	0	0	58,082
11,539	0	105,014	36,804	169,865	1,575,136
0	0	0	0	0	96,301
0	0	0	0	313,943	525,716
0	0	0	0	99,986	99,986
0	0	118,995	0	0	118,995
0	0	0	0	0	11,810
233,982	0	0	0	0	233,982
0	216	0	44,414	0	44,630
0	0	0	0	0	713,950
0	56,153	0	0	0	87,503
0	0	0	0	1,428	1,428
0	0	0	0	2,872	2,872
233,982	56,369	118,995	44,414	418,229	1,937,173
(222,443)	(56,369)	(13,981)	(7,610)	(248,364)	(362,037)
200,000	0	2,100	0	254,101	794,874
0	0	0	0	0	(175,117)
200,000	0	2,100	0	254,101	619,757
(22,443)	(56,369)	(11,881)	(7,610)	5,737	257,720
89,848	107,135	34,920	36,686	(90,802)	977,224
\$67,405	\$50,766	\$23,039	\$29,076	(\$85,065)	\$1,234,944

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2009

	<u>Capital Improvement</u>	<u>ODOT Project</u>	<u>Property Acquisition</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$25,476	\$3,001	\$8,258	\$204,884	\$241,619
Revenue in Lieu of Taxes Receivable	0	0	0	150,507	150,507
Capital Lease Receivable	0	0	196,824	0	196,824
Total Assets	<u>\$25,476</u>	<u>\$3,001</u>	<u>\$205,082</u>	<u>\$355,391</u>	<u>\$588,950</u>
Liabilities:					
Deferred Revenue	\$0	\$0	\$196,824	\$150,507	\$347,331
Fund Balances:					
Unreserved, Undesignated	<u>25,476</u>	<u>3,001</u>	<u>8,258</u>	<u>204,884</u>	<u>241,619</u>
Total Liabilities and Fund Balances	<u>\$25,476</u>	<u>\$3,001</u>	<u>\$205,082</u>	<u>\$355,391</u>	<u>\$588,950</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, 2009

	<u>Capital Improvement</u>	<u>ODOT Project</u>	<u>Property Acquisition</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:					
Payments in Lieu of Taxes	\$0	\$0	\$0	\$207,659	\$207,659
Intergovernmental	0	0	247,679	0	247,679
Other	0	0	102,551	0	102,551
Total Revenues	<u>0</u>	<u>0</u>	<u>350,230</u>	<u>207,659</u>	<u>557,889</u>
Expenditures:					
Current:					
Transportation	0	216,999	393,893	2,775	613,667
Capital Outlay	330,047	0	0	0	330,047
Total Expenditures	<u>330,047</u>	<u>216,999</u>	<u>393,893</u>	<u>2,775</u>	<u>943,714</u>
Excess of Revenues Over (Under) Expenditures	(330,047)	(216,999)	(43,663)	204,884	(385,825)
Other Financing Sources:					
Transfers In	319,330	220,000	80,000	0	619,330
Net Change in Fund Balances	(10,717)	3,001	36,337	204,884	233,505
Fund Balances (Deficit) at Beginning of Year	<u>36,193</u>	<u>0</u>	<u>(28,079)</u>	<u>0</u>	<u>8,114</u>
Fund Balances at End of Year	<u><u>\$25,476</u></u>	<u><u>\$3,001</u></u>	<u><u>\$8,258</u></u>	<u><u>\$204,884</u></u>	<u><u>\$241,619</u></u>

AGENCY FUNDS

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

Municipal Court

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

Joint Recreation

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

Building Standards Fee

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

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2009

	<u>Municipal Court</u>	<u>Joint Recreation</u>	<u>Building Standards Fee</u>	<u>Total</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$5	\$255	\$260
Cash in Segregated Accounts	<u>55,553</u>	<u>0</u>	<u>0</u>	<u>55,553</u>
Total Assets	<u>\$55,553</u>	<u>\$5</u>	<u>\$255</u>	<u>\$55,813</u>
Liabilities:				
Intergovernmental Payable	\$28,081	\$0	\$0	\$28,081
Undistributed Monies	11,336	5	255	11,596
Deposits Held and Due to Others	<u>16,136</u>	<u>0</u>	<u>0</u>	<u>16,136</u>
Total Liabilities	<u>\$55,553</u>	<u>\$5</u>	<u>\$255</u>	<u>\$55,813</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Balance 1/1/09	Additions	Reductions	Balance 12/31/09
MUNICIPAL COURT				
Assets:				
Cash in Segregated Accounts	\$28,852	\$55,553	\$28,852	\$55,553
Liabilities:				
Intergovernmental Payable	\$19,996	\$28,081	\$19,996	\$28,081
Undistributed Monies	7,675	11,336	7,675	11,336
Deposits Held and Due to Others	1,181	16,136	1,181	16,136
Total Liabilities	<u>\$28,852</u>	<u>\$55,553</u>	<u>\$28,852</u>	<u>\$55,553</u>
JOINT RECREATION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1	\$130,005	\$130,001	\$5
Liabilities:				
Undistributed Monies	\$1	\$130,005	\$130,001	\$5
BUILDING STANDARDS FEE				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$255	\$479	\$479	\$255
Liabilities:				
Undistributed Monies	\$255	\$479	\$479	\$255
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$256	\$130,484	\$130,480	\$260
Cash in Segregated Accounts	28,852	55,553	28,852	55,553
Total Assets	<u>\$29,108</u>	<u>\$186,037</u>	<u>\$159,332</u>	<u>\$55,813</u>
Liabilities:				
Intergovernmental Payable	\$19,996	\$28,081	\$19,996	\$28,081
Undistributed Monies	7,931	141,820	138,155	11,596
Deposits Held and Due to Others	1,181	16,136	1,181	16,136
Total Liabilities	<u>\$29,108</u>	<u>\$186,037</u>	<u>\$159,332</u>	<u>\$55,813</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$460,000	\$460,000	\$419,205	(\$40,795)
Other Local Taxes	170,855	134,000	156,296	22,296
Income Taxes	5,415,583	5,175,560	4,954,106	(221,454)
Charges for Services	116,203	97,400	106,301	8,901
Fines, Licenses and Permits	439,202	465,800	401,776	(64,024)
Intergovernmental	722,015	615,400	660,490	45,090
Interest	173,268	225,000	158,503	(66,497)
Other	219,367	124,250	200,675	76,425
Total Revenues	7,716,493	7,297,410	7,057,352	(240,058)
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Clerk and Council				
Personal Services	150,639	155,706	152,879	2,827
Other	108,417	103,350	78,251	25,099
Total Clerk and Council	259,056	259,056	231,130	27,926
Municipal Court				
Personal Services	555,180	555,179	540,009	15,170
Other	162,450	162,450	141,586	20,864
Total Municipal Court	717,630	717,629	681,595	36,034
Probation				
Personal Services	150,915	150,915	147,974	2,941
Other	5,900	5,900	4,556	1,344
Total Probation	156,815	156,815	152,530	4,285
Mayor's and Administrative Office				
Personal Services	202,383	202,383	193,263	9,120
Other	13,220	13,220	7,902	5,318
Total Mayor's and Administrative Office	215,603	215,603	201,165	14,438
Clerk Treasurer				
Personal Services	211,388	215,892	191,808	24,084
Other	23,754	24,260	20,148	4,112
Total Clerk Treasurer	235,142	240,152	211,956	28,196
Income Tax Administration				
Personal Services	38,240	140,951	140,951	0
Other	278,221	1,025,511	1,025,480	31
Total Income Tax Administration	316,461	1,166,462	1,166,431	31
Solicitor				
Personal Services	130,084	139,089	136,389	2,700
Other	63,856	54,851	48,465	6,386
Total Solicitor	193,940	193,940	184,854	9,086
Civil Service Commission				
Other	\$15,500	\$15,500	\$11,278	\$4,222

(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, 2009
(continued)

	Original Budget	Final Budget	Actual	Variance With Final Budget
Planning Commission				
Personal Services	\$1,225	\$1,225	\$1,225	\$0
Other	9,875	9,875	7,423	2,452
Total Planning Commission	11,100	11,100	8,648	2,452
Building and Grounds				
Personal Services	46,728	55,095	53,340	1,755
Other	131,978	155,611	128,502	27,109
Total Building and Grounds	178,706	210,706	181,842	28,864
Special Appropriations				
Other	356,484	331,484	260,917	70,567
Community Services				
Other	26,000	26,000	10,395	15,605
Economic Development				
Other	55,000	12,000	4,347	7,653
Engineering				
Other	0	91,760	91,760	0
Total General Government	2,737,437	3,648,207	3,398,848	249,359
Security of Persons and Property				
Police Law Enforcement				
Personal Services	2,665,883	2,440,004	2,277,168	162,836
Other	503,024	460,403	404,014	56,389
Total Police Law Enforcement	3,168,907	2,900,407	2,681,182	219,225
Building Inspection				
Personal Services	96,871	96,871	95,691	1,180
Other	138,139	138,138	65,673	72,465
Total Building Inspection	235,010	235,009	161,364	73,645
Total Security of Persons and Property	3,403,917	3,135,416	2,842,546	292,870
Leisure Time Activities				
Personal Services	0	50	50	0
Other	0	41,218	41,218	0
Total Leisure Time Activities	\$0	\$41,268	\$41,268	\$0

(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, 2009
(continued)*

	Original Budget	Final Budget	Actual	Variance With Final Budget
Total Expenditures	\$6,141,354	\$6,824,891	\$6,282,662	\$542,229
Excess of Revenues Over Expenditures	1,575,139	472,519	774,690	302,171
Other Financing Sources (Uses):				
Transfers In	0	419,083	423,053	3,970
Transfers Out	(2,329,100)	(2,511,452)	(2,360,067)	151,385
Total Other Financing Sources (Uses)	(2,329,100)	(2,092,369)	(1,937,014)	155,355
Net Change in Fund Balance	(753,961)	(1,619,850)	(1,162,324)	457,526
Fund Balance at Beginning of Year	4,430,411	4,430,411	4,430,411	0
Prior Year Encumbrances Appropriated	73,758	73,758	73,758	0
Fund Balance at End of Year	<u>\$3,750,208</u>	<u>\$2,884,319</u>	<u>\$3,341,845</u>	<u>\$457,526</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$540,000	\$540,000	\$491,258	(\$48,742)
Charges for Services	15,452	3,000	5,819	2,819
Intergovernmental	845,716	145,000	318,492	173,492
Other	36,832	0	13,871	13,871
Total Revenues	1,438,000	688,000	829,440	141,440
Expenditures:				
Current:				
Security of Persons and Property				
Fire				
Personal Services	1,383,102	1,227,457	1,129,954	97,503
Other	296,337	257,757	206,328	51,429
Total Fire	1,679,439	1,485,214	1,336,282	148,932
Capital Outlay				
Other	98,595	87,500	80,369	7,131
Total Expenditures	1,778,034	1,572,714	1,416,651	156,063
Excess of Revenues Over (Under) Expenditures	(340,034)	(884,714)	(587,211)	297,503
Other Financing Sources (Uses):				
Transfers In	0	750,000	782,473	32,473
Transfers Out	0	(292,820)	(169,740)	123,080
Total Other Financing Sources (Uses)	0	457,180	612,733	155,553
Net Change in Fund Balance	(340,034)	(427,534)	25,522	453,056
Fund Balance at Beginning of Year	1,275,815	1,275,815	1,275,815	0
Prior Year Encumbrances Appropriated	5,895	5,895	5,895	0
Fund Balance at End of Year	\$941,676	\$854,176	\$1,307,232	\$453,056

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$465,000	\$468,898	\$3,898
Other	0	14,281	14,281
Total Revenues	<u>465,000</u>	<u>483,179</u>	<u>18,179</u>
Expenditures:			
Debt Service:			
Principal Retirement	2,582,000	2,582,000	0
Interest and Fiscal Charges	566,151	525,812	40,339
Total Expenditures	<u>3,148,151</u>	<u>3,107,812</u>	<u>40,339</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,683,151)</u>	<u>(2,624,633)</u>	<u>58,518</u>
Other Financing Sources:			
Bond Anticipation Notes Issued	1,800,000	1,800,000	0
Transfers In	914,500	890,887	(23,613)
Total Other Financing Sources	<u>2,714,500</u>	<u>2,690,887</u>	<u>(23,613)</u>
Net Change in Fund Balance	31,349	66,254	34,905
Fund Balance at Beginning of Year	<u>164,406</u>	<u>164,406</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$195,755</u></u>	<u><u>\$230,660</u></u>	<u><u>\$34,905</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ISSUE II FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$500,000	\$150,685	(\$349,315)
Expenditures:			
Capital Outlay	543,897	303,994	239,903
Excess of Revenues Under Expenditures	(43,897)	(153,309)	(109,412)
Other Financing Sources:			
Proceeds of OWDA Loans	0	75,998	75,998
Net Change in Fund Balance	(43,897)	(77,311)	(33,414)
Fund Balance at Beginning of Year	57,821	57,821	0
Fund Balance (Deficit) at End of Year	<u>\$13,924</u>	<u>(\$19,490)</u>	<u>(\$33,414)</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,723,900	\$2,519,493	(\$204,407)
Deposits Received	20,000	24,118	4,118
Other	0	7,895	7,895
Total Revenues	<u>2,743,900</u>	<u>2,551,506</u>	<u>(192,394)</u>
Expenses:			
Personal Services	803,201	614,363	188,838
Contractual Services	384,650	352,621	32,029
Supplies and Materials	140,815	127,682	13,133
Other	19,500	14,831	4,669
Deposit Refunds	25,000	20,088	4,912
Capital Outlay	204,374	199,713	4,661
Debt Service:			
Principal Retirement	526,963	526,963	0
Interest and Fiscal Charges	420,605	419,358	1,247
Total Expenses	<u>2,525,108</u>	<u>2,275,619</u>	<u>249,489</u>
Excess of Revenues Over Expenses	218,792	275,887	57,095
Transfers Out	<u>(385,636)</u>	<u>(385,636)</u>	<u>0</u>
Net Change in Fund Equity	(166,844)	(109,749)	57,095
Fund Equity at Beginning of Year	1,304,603	1,304,603	0
Prior Year Encumbrances Appropriated	<u>18,031</u>	<u>18,031</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$1,155,790</u></u>	<u><u>\$1,212,885</u></u>	<u><u>\$57,095</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,772,100	\$2,634,689	(\$137,411)
Deposits Received	22,000	26,535	4,535
Other	50,000	40,820	(9,180)
Total Revenues	<u>2,844,100</u>	<u>2,702,044</u>	<u>(142,056)</u>
Expenses:			
Personal Services	438,169	407,966	30,203
Contractual Services	2,209,001	2,123,805	85,196
Supplies and Materials	59,882	54,528	5,354
Deposit Refunds	22,035	20,088	1,947
Capital Outlay	139,083	9,529	129,554
Other	1,000	355	645
Total Expenses	<u>2,869,170</u>	<u>2,616,271</u>	<u>252,899</u>
Excess of Revenues Over (Under) Expenses	(25,070)	85,773	110,843
Transfers Out	<u>(222,468)</u>	<u>(222,468)</u>	<u>0</u>
Net Change in Fund Equity	(247,538)	(136,695)	110,843
Fund Equity at Beginning of Year	<u>818,422</u>	<u>818,422</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$570,884</u></u>	<u><u>\$681,727</u></u>	<u><u>\$110,843</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$642,500	\$679,203	\$36,703
Other	500	257	(243)
	<hr/>	<hr/>	<hr/>
Total Revenues	643,000	679,460	36,460
	<hr/>	<hr/>	<hr/>
Expenses:			
Personal Services	64,256	64,256	0
Contractual Services	581,638	610,848	(29,210)
Supplies and Materials	12,890	12,685	205
	<hr/>	<hr/>	<hr/>
Total Expenses	658,784	687,789	(29,005)
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenses	(15,784)	(8,329)	7,455
	<hr/>	<hr/>	<hr/>
Transfers Out	(40,614)	(40,614)	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Equity	(56,398)	(48,943)	7,455
	<hr/>	<hr/>	<hr/>
Fund Equity at Beginning of Year	200,130	200,130	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	\$143,732	\$151,187	\$7,455
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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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$395,000	\$446,248	\$51,248
Other	1,000	2,000	1,000
	<hr/>	<hr/>	<hr/>
Total Revenues	396,000	448,248	52,248
	<hr/>	<hr/>	<hr/>
Expenses:			
Personal Services	184,084	177,239	6,845
Contractual Services	8,546	2,979	5,567
Supplies and Materials	18,250	13,246	5,004
Capital Outlay	86,000	27,067	58,933
	<hr/>	<hr/>	<hr/>
Total Expenses	296,880	220,531	76,349
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over Expenses	99,120	227,717	128,597
	<hr/>	<hr/>	<hr/>
Transfers In	30,000	0	(30,000)
Transfers Out	(156,975)	(156,975)	0
	<hr/>	<hr/>	<hr/>
Net Change in Fund Equity	(27,855)	70,742	98,597
	<hr/>	<hr/>	<hr/>
Fund Equity at Beginning of Year	598,577	598,577	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	<u>\$570,722</u>	<u>\$669,319</u>	<u>\$98,597</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$500	\$1,606	\$1,106
Intergovernmental	841,000	631,099	(209,901)
Interest	200	143	(57)
Other	11,000	11,081	81
Total Revenues	<u>852,700</u>	<u>643,929</u>	<u>(208,771)</u>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	507,210	447,970	59,240
Other	317,648	226,659	90,989
Total Street Maintenance and Repair	<u>824,858</u>	<u>674,629</u>	<u>150,229</u>
State Highway Maintenance			
Other	65,000	5,000	60,000
Total Transportation	<u>889,858</u>	<u>679,629</u>	<u>210,229</u>
Capital Outlay			
Other	100,000	0	100,000
Total Expenditures	<u>989,858</u>	<u>679,629</u>	<u>310,229</u>
Excess of Revenues Over (Under) Expenditures	<u>(137,158)</u>	<u>(35,700)</u>	<u>101,458</u>
Other Financing Sources (Uses):			
Transfers In	190,000	338,673	148,673
Transfers Out	(16,750)	0	16,750
Total Other Financing Sources (Uses)	<u>173,250</u>	<u>338,673</u>	<u>165,423</u>
Net Change in Fund Balance	36,092	302,973	266,881
Fund Balance at Beginning of Year	<u>182,481</u>	<u>182,481</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$218,573</u></u>	<u><u>\$485,454</u></u>	<u><u>\$266,881</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$132,000	\$126,692	(\$5,308)
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	177,809	114,491	63,318
Other	22,800	22,779	21
Total Expenditures	200,609	137,270	63,339
Net Change in Fund Balance	(68,609)	(10,578)	58,031
Fund Balance at Beginning of Year	217,786	217,786	0
Fund Balance at End of Year	\$149,177	\$207,208	\$58,031

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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$91,500	\$137,912	\$46,412
Fines, Licenses and Permits	51,000	97,158	46,158
Intergovernmental	5,000	9,993	4,993
Contributions and Donations	0	200	200
Other	0	19,760	19,760
Total Revenues	<u>147,500</u>	<u>265,023</u>	<u>117,523</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Personal Services	21,736	21,199	537
Other	90,050	69,843	20,207
Total General Government	111,786	91,042	20,744
Security of Persons and Property			
Police Law Enforcement			
Other	108,154	71,293	36,861
Public Health and Welfare			
Other	23,000	11,810	11,190
Capital Outlay			
Other	61,202	51,735	9,467
Total Expenditures	<u>304,142</u>	<u>225,880</u>	<u>78,262</u>
Excess of Revenues Over (Under) Expenditures	(156,642)	39,143	195,785
Other Financing Sources:			
Proceeds from Sale of Capital Assets	10,000	15,702	5,702
Net Change in Fund Balance	(146,642)	54,845	201,487
Fund Balance at Beginning of Year	177,688	177,688	0
Prior Year Encumbrances Appropriated	53,642	53,642	0
Fund Balance at End of Year	<u>\$84,688</u>	<u>\$286,175</u>	<u>\$201,487</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FEMA FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$175,117	\$175,117	\$0
Expenditures:	0	0	0
Excess of Revenues over Expenditures	175,117	175,117	0
Other Financing Uses:			
Transfers Out	(175,117)	(175,117)	0
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other	\$8,000	\$111,539	\$103,539
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	190,839	188,660	2,179
Other	56,500	43,131	13,369
Total Expenditures	247,339	231,791	15,548
Excess of Revenues Over (Under) Expenditures	(239,339)	(120,252)	119,087
Other Financing Sources:			
Transfers In	200,000	200,000	0
Net Change in Fund Balance	(39,339)	79,748	119,087
Fund Balance at Beginning of Year	96,687	96,687	0
Fund Balance at End of Year	<u>\$57,348</u>	<u>\$176,435</u>	<u>\$119,087</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COMMUNITY DEVELOPMENT & IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:	\$0	\$0	\$0
Expenditures:			
Current:			
Economic Development			
Other	144,000	62,756	81,244
Excess of Revenues Over (Under) Expenditures	(144,000)	(62,756)	81,244
Other Financing Sources:			
Transfers In	99,300	0	(99,300)
Net Change in Fund Balance	(44,700)	(62,756)	(18,056)
Fund Balance at Beginning of Year	113,522	113,522	0
Fund Balance at End of Year	<u>\$68,822</u>	<u>\$50,766</u>	<u>(\$18,056)</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$110,000	\$105,014	(\$4,986)
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	112,000	118,995	(6,995)
Excess of Revenues Under Expenditures	(2,000)	(13,981)	(11,981)
Other Financing Sources:			
Transfers In	2,200	2,100	(100)
Net Change in Fund Balance	200	(11,881)	(12,081)
Fund Balance at Beginning of Year	34,920	34,920	0
Fund Balance at End of Year	<u>\$35,120</u>	<u>\$23,039</u>	<u>(\$12,081)</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
U.S. FILTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$29,000	\$30,653	\$1,653
Intergovernmental	15,500	6,151	(9,349)
Total Revenues	44,500	36,804	(7,696)
Expenditures:			
Current:			
Economic Development			
Other	44,500	44,414	86
Net Change in Fund Balance	0	(7,610)	(7,610)
Fund Balance at Beginning of Year	36,290	36,290	0
Fund Balance at End of Year	<u>\$36,290</u>	<u>\$28,680</u>	<u>(\$7,610)</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$124,428	\$97,682	(\$26,746)
Intergovernmental	26,000	72,183	46,183
Total Revenues	<u>150,428</u>	<u>169,865</u>	<u>19,437</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	320,089	311,419	8,670
Fire Department			
Other	<u>116,611</u>	<u>100,872</u>	<u>15,739</u>
Total Security of Persons and Property	<u>436,700</u>	<u>412,291</u>	<u>24,409</u>
Debt Service:			
Principal Retirement	1,428	1,428	0
Interest and Fiscal Charges	<u>2,872</u>	<u>2,872</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>441,000</u>	<u>416,591</u>	<u>24,409</u>
Excess of Revenues Over (Under) Expenditures	(290,572)	(246,726)	43,846
Other Financing Sources:			
Transfers In	<u>292,000</u>	<u>254,101</u>	<u>(37,899)</u>
Net Change in Fund Balance	1,428	7,375	5,947
Fund Balance at Beginning of Year	<u>71</u>	<u>71</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,499</u></u>	<u><u>\$7,446</u></u>	<u><u>\$5,947</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay	<u>348,000</u>	<u>330,047</u>	<u>17,953</u>
Excess of Revenues Over (Under) Expenditures	(348,000)	(330,047)	17,953
Other Financing Sources:			
Transfers In	<u>311,807</u>	<u>319,330</u>	<u>7,523</u>
Net Change in Fund Balance	(36,193)	(10,717)	25,476
Fund Balance at Beginning of Year	<u>36,193</u>	<u>36,193</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$25,476</u></u>	<u><u>\$25,476</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ODOT PROJECT FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$220,000	\$0	(\$220,000)
Expenditures:			
Capital Outlay	220,000	216,999	3,001
Excess of Revenues Over (Under) Expenditures	0	(216,999)	(216,999)
Other Financing Sources:			
Transfers In	220,000	220,000	0
Net Change in Fund Balance	220,000	3,001	(216,999)
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	<u>\$220,000</u>	<u>\$3,001</u>	<u>(\$216,999)</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, 2009

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$352,092	\$247,679	(\$104,413)
Other	28,800	102,551	73,751
Total Revenues	380,892	350,230	(30,662)
Expenditures:			
Capital Outlay	482,500	423,580	58,920
Excess of Revenues Over (Under) Expenditures	(101,608)	(73,350)	28,258
Other Financing Sources:			
Transfers In	100,000	80,000	(20,000)
Net Change in Fund Balance	(1,608)	6,650	8,258
Fund Balance at Beginning of Year	1,608	1,608	0
Fund Balance at End of Year	\$0	\$8,258	\$8,258

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, 2009

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Revenue in Lieu of Taxes	\$0	\$207,659	\$207,659
Expenditures:			
Capital Outlay	<u>0</u>	<u>2,775</u>	<u>(2,775)</u>
Net Change in Fund Balance	0	204,884	204,884
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$204,884</u></u>	<u><u>\$204,884</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, 2009

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Contributions and Donations	\$0	\$186,459	\$186,459
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	186,459	186,459
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$186,459</u></u>	<u><u>\$186,459</u></u>

Statistical Section

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STATISTICAL TABLES

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

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

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

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

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$39,414,521	\$40,600,904	\$40,499,186
2,969,595	2,813,950	2,609,134
402,419	299,798	479,323
997,563	1,078,765	907,226
513,502	369,520	747,319
612,035	845,165	925,090
0	20,957	240,340
0	1,003,387	1,002,296
<u>2,263,639</u>	<u>2,348,013</u>	<u>1,615,731</u>
<u>47,173,274</u>	<u>49,380,459</u>	<u>49,025,645</u>
14,664,105	15,491,196	16,509,392
802,640	610,290	620,446
333,769	217,630	232,630
<u>1,752,795</u>	<u>2,434,615</u>	<u>2,015,800</u>
<u>17,553,309</u>	<u>18,753,731</u>	<u>19,378,268</u>
54,078,626	56,092,100	57,008,578
6,631,523	7,259,462	7,763,804
<u>4,016,434</u>	<u>4,782,628</u>	<u>3,631,531</u>
<u>\$64,726,583</u>	<u>\$68,134,190</u>	<u>\$68,403,913</u>

City of Franklin, Ohio
Changes in Net Assets
Last Seven 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
\$614,629	\$709,146	\$615,128
27,997	9,660	17,283
127,698	97,292	30,224
95,000	104,500	108,680
17,929	42,422	105,353
0	0	0
535	867	1,606
1,220,580	1,414,446	1,433,860
2,255,359	2,871,175	1,410,224
<u>4,359,727</u>	<u>5,249,508</u>	<u>3,722,358</u>
2,372,746	2,391,732	2,514,213
2,302,373	2,546,969	2,596,582
624,251	649,671	673,260
442,470	457,602	421,920
0	0	635,971
<u>5,741,840</u>	<u>6,045,974</u>	<u>6,841,946</u>
<u>10,101,567</u>	<u>11,295,482</u>	<u>10,564,304</u>
2,618,300	2,107,127	2,298,636
5,550,877	5,004,072	5,108,503
21,911	59,846	11,810
345,357	353,315	308,359
95,314	84,517	44,630
57,355	80,111	84,331
3,490,439	2,173,257	2,825,088
585,256	523,872	494,341
0	0	0
<u>12,764,809</u>	<u>10,386,117</u>	<u>11,175,698</u>
1,866,287	1,948,802	2,067,302
2,618,355	2,240,853	3,032,843
584,968	654,623	684,648
737,361	674,377	578,995
<u>5,806,971</u>	<u>5,518,655</u>	<u>6,363,788</u>
(8,405,082)	(5,136,609)	(7,453,340)
(65,131)	527,319	478,158
<u>(\$8,470,213)</u>	<u>(\$4,609,290)</u>	<u>(\$6,975,182)</u>

(continued)

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

	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets:				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$541,118	\$619,574	\$627,814	\$631,920
Fire	658,349	620,817	650,127	642,487
Other Purposes	208,825	224,964	188,120	168,733
Income Taxes	5,084,420	4,450,348	5,138,832	7,115,266
Other Local Taxes Levied for General Purposes (1)	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Grants and Entitlements not Restricted to Specific Programs	586,202	617,246	606,232	669,145
Gain on Sale of Capital Assets	0	0	0	0
Unrestricted Investment Earnings	239,132	209,863	137,003	338,330
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 Investment Earnings	0	1,099	43,120	24,489
Other	9,479	120,869	1,114	6,053
Transfers	(23,150)	11,868,901	(90,448)	114,366
<i>Total Business-Type Activities</i>	<u>(13,671)</u>	<u>11,990,869</u>	<u>(46,214)</u>	<u>144,908</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>7,442,598</u>	<u>7,038,929</u>	<u>8,084,887</u>	<u>9,776,209</u>
Change in Net Assets				
Governmental Activities	313,219	(13,655,179)	(1,085,168)	588,376
Business-Type Activities	(62,841)	11,641,733	(61,486)	129,015
Prior Year Restatement of Net Assets	<u>453,460</u>	<u>(5,070,164)</u>	<u>508,170</u>	<u>0</u>
<i>Total Primary Government Changes in Net Assets</i>	<u>\$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.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$658,432	\$472,445	\$420,843
571,233	534,375	492,312
193,805	134,236	129,542
5,639,866	5,322,030	4,822,556
0	124,412	160,540
0	0	207,659
633,352	502,780	596,149
11,096	0	0
610,369	213,422	56,486
182,322	310,224	307,846
(226,111)	(420,598)	(95,407)
<u>8,274,364</u>	<u>7,193,326</u>	<u>7,098,526</u>
33,902	10,423	0
15,075	14,930	50,972
226,111	420,598	95,407
<u>275,088</u>	<u>445,951</u>	<u>146,379</u>
<u>8,549,452</u>	<u>7,639,277</u>	<u>7,244,905</u>
(130,718)	2,056,717	(354,814)
209,957	973,270	624,537
<u>0</u>	<u>377,620</u>	<u>0</u>
<u>\$79,239</u>	<u>\$3,407,607</u>	<u>\$269,723</u>

City of Franklin, Ohio
Program Revenues by Function/Program
Last Seven 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>
\$833,514	\$1,010,717	\$815,284
159,804	168,656	119,548
418,331	449,407	393,310
95,000	104,500	108,680
18,625	43,268	236,492
0	1,138,136	218,292
6,780	15,637	5,972
<u>2,827,673</u>	<u>2,319,187</u>	<u>1,824,780</u>
<u>4,359,727</u>	<u>5,249,508</u>	<u>3,722,358</u>
2,372,746	2,391,732	2,884,719
2,302,373	2,546,969	2,596,582
624,251	649,671	673,260
<u>442,470</u>	<u>457,602</u>	<u>687,385</u>
<u>5,741,840</u>	<u>6,045,974</u>	<u>6,841,946</u>
<u><u>\$10,101,567</u></u>	<u><u>\$11,295,482</u></u>	<u><u>\$10,564,304</u></u>

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General Fund						
Reserved	\$394,946	\$121,963	\$138,332	\$82,602	\$143,769	\$5,386
Unreserved	<u>1,977,250</u>	<u>2,260,470</u>	<u>2,730,502</u>	<u>3,115,075</u>	<u>2,477,149</u>	<u>3,432,280</u>
<i>Total General Fund</i>	<u>2,372,196</u>	<u>2,382,433</u>	<u>2,868,834</u>	<u>3,197,677</u>	<u>2,620,918</u>	<u>3,437,666</u>
All Other Governmental Funds						
Reserved	82,231	109,981	153,397	45,906	28,494	167,084
Unreserved, Undesignated (Deficit), Reported in:						
Special Revenue Funds	857,791	1,197,286	1,083,976	1,042,151	1,282,641	1,329,298
Debt Service Fund	67,265	67,011	(124,650)	(129,011)	(107,942)	(603,359)
Capital Projects Funds	(742,842)	(2,196,802)	(66,201)	612,292	130,756	(17,886)
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>264,445</u>	<u>(822,524)</u>	<u>1,046,522</u>	<u>1,571,338</u>	<u>1,333,949</u>	<u>875,137</u>
<i>Total Governmental Funds</i>	<u><u>\$2,636,641</u></u>	<u><u>\$1,559,909</u></u>	<u><u>\$3,915,356</u></u>	<u><u>\$4,769,015</u></u>	<u><u>\$3,954,867</u></u>	<u><u>\$4,312,803</u></u>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$145,333	\$14,739	\$54,806	\$6,114
<u>3,483,285</u>	<u>1,175,034</u>	<u>1,905,918</u>	<u>1,369,098</u>
<u>3,628,618</u>	<u>1,189,773</u>	<u>1,960,724</u>	<u>1,375,212</u>
86,965	99,411	1,078,834	1,032,305
1,758,396	1,897,625	2,033,024	2,179,954
174,538	557,710	557,424	623,678
65,420	208,754	48,781	181,392
<u>0</u>	<u>0</u>	<u>0</u>	<u>240,340</u>
<u>2,085,319</u>	<u>2,763,500</u>	<u>3,718,063</u>	<u>4,257,669</u>
<u>\$5,713,937</u>	<u>\$3,953,273</u>	<u>\$5,678,787</u>	<u>\$5,632,881</u>

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

	2000	2001	2002	2003	2004	2005
Revenues:						
Property Taxes	\$506,263	\$553,312	\$586,426	\$1,411,659	\$1,465,413	\$1,466,764
Other Local Taxes (1)	0	0	0	0	0	0
Income Taxes	3,893,976	4,185,384	4,308,743	4,868,815	4,589,690	5,181,967
Payments in Lieu of Taxes	0	0	0	0	0	0
Special Assessments	476,745	491,293	470,678	511,435	506,734	524,451
Charges for Services	139,306	123,252	163,242	234,489	233,138	279,341
Fines, Licenses and Permits	700,802	698,088	888,535	639,624	613,952	540,103
Intergovernmental	2,205,779	2,137,645	1,724,847	2,121,051	1,719,383	1,598,288
Interest	373,495	264,572	175,233	260,068	192,540	174,674
Contributions and Donations	0	0	0	0	0	0
Other	88,638	392,324	223,913	244,623	276,808	1,097,570
Total Revenues	8,385,004	8,845,870	8,541,617	10,291,764	9,597,658	10,863,158
Expenditures:						
Current:						
General Government	1,845,467	1,916,202	1,945,897	2,195,294	2,383,552	3,151,782
Security of Persons and Property	3,141,767	3,481,882	3,569,686	4,191,975	4,548,636	4,493,448
Public Health and Welfare	13,868	18,503	9,241	56,199	41,799	27,626
Leisure Time Activities	275,370	232,485	230,120	269,344	275,678	234,362
Economic Development	204,321	141,755	287,215	72,448	59,266	88,113
Basic Utility Services	86,758	96,090	90,078	183,400	27,742	34,559
Transportation	846,718	618,165	773,026	678,954	887,728	707,360
Capital Outlay	1,942,353	4,072,598	3,210,715	3,634,022	1,181,176	582,822
Debt Service:						
Principal Retirement	314,875	332,780	376,349	663,267	1,528,929	589,479
Interest and Fiscal Charges	389,136	422,142	562,843	620,727	666,419	636,119
Issuance Costs	0	0	0	29,092	0	0
Current Refunding	0	0	0	0	0	50,000
Total Expenditures	9,060,633	11,332,602	11,055,170	12,594,722	11,600,925	10,595,670
Excess of Revenues Over (Under) Expenditures	(675,629)	(2,486,732)	(2,513,553)	(2,302,958)	(2,003,267)	267,488
Other Financing Sources (Uses):						
Bond Anticipation Notes Issued	0	0	200,000	865,000	1,093,000	0
Current Refunding	0	0	0	0	0	(685,000)
Transfers In	970,529	1,359,729	1,207,785	2,372,571	2,855,439	1,675,230
Discount on Debt Issued	0	0	0	(18,825)	0	0
Refunding Notes Issued	0	0	0	0	0	685,000
General Obligation Bonds Issued	0	1,410,000	4,625,000	2,220,000	0	0
Proceeds from Sale of Capital Assets	176	0	0	0	0	0
Transfers Out	(970,529)	(1,359,729)	(1,163,785)	(2,282,129)	(2,759,320)	(1,584,782)
Total Other Financing Sources (Uses)	176	1,410,000	4,869,000	3,156,617	1,189,119	90,448
Net Change in Fund Balances	(\$675,453)	(\$1,076,732)	\$2,355,447	\$853,659	(\$814,148)	\$357,936
Debt Service as a Percentage of Noncapital Expenditures	9.9%	10.4%	12.0%	14.7%	21.1%	12.7%

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

2006	2007	2008	2009
\$1,370,974	\$1,406,763	\$1,146,837	\$1,038,798
0	0	125,956	153,622
6,958,137	5,398,222	5,513,546	4,937,793
0	0	0	207,659
344,528	347,421	367,129	392,219
238,036	223,945	285,640	257,271
672,599	485,236	508,971	504,197
1,626,424	2,261,029	3,539,564	2,418,831
551,059	812,926	509,905	270,155
199,519	0	1,138,136	186,659
187,886	192,777	310,224	389,460
<u>12,149,162</u>	<u>11,128,319</u>	<u>13,445,908</u>	<u>10,756,664</u>
2,521,962	2,673,282	2,361,988	2,313,715
5,064,237	5,528,164	4,950,296	4,944,740
64,790	21,911	59,846	11,810
244,662	288,923	299,801	275,250
30,476	95,314	84,517	44,630
0	0	0	0
696,812	1,842,933	894,171	1,348,543
1,018,125	1,219,077	2,115,784	678,476
570,260	616,313	631,369	583,428
615,338	598,441	548,796	500,670
0	0	0	0
20,000	103,000	65,000	322,500
<u>10,846,662</u>	<u>12,987,358</u>	<u>12,011,568</u>	<u>11,023,762</u>
<u>1,302,500</u>	<u>(1,859,039)</u>	<u>1,434,340</u>	<u>(267,098)</u>
0	775,000	710,000	387,500
(665,000)	(775,000)	(710,000)	(387,500)
2,836,820	5,122,307	2,573,987	3,037,723
0	0	0	0
878,000	0	0	0
0	0	0	0
0	11,096	18,919	0
<u>(2,951,186)</u>	<u>(5,035,028)</u>	<u>(2,299,182)</u>	<u>(2,816,531)</u>
<u>98,634</u>	<u>98,375</u>	<u>293,724</u>	<u>221,192</u>
<u>\$1,401,134</u>	<u>(\$1,760,664)</u>	<u>\$1,728,064</u>	<u>(\$45,906)</u>
12.3%	11.2%	12.7%	13.4%

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

Year	Individual					Business Accounts		Total	
	Withholding	Percentage of Total	Non-Withholding	Percentage of Total	Total Individual	Percentage of Total	Business Accounts		Percentage of Total
2000	\$2,983,462	77%	\$453,087	11%	\$3,436,549	88%	\$457,427	12%	\$3,893,976
2001	3,175,466	76	504,836	12	3,680,302	88	505,082	12	4,185,384
2002	3,208,589	74	475,936	12	3,684,525	86	624,218	14	4,308,743
2003	3,459,715	68	504,189	10	3,963,904	78	1,120,516	22	5,084,420
2004	3,346,509	75	497,533	11	3,844,042	86	606,306	14	4,450,348
2005	3,295,412	64	479,347	9	3,774,759	73	1,364,073	27	5,138,832
2006	2,218,157	31	293,539	5	2,511,696	36	4,603,570	64	7,115,266
2007	3,947,906	70	563,987	10	4,511,893	80	1,127,973	20	5,639,866
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

Source: City Income Tax Department

(1) 2003 through 2009 are on an Accrual Basis and 2000 through 2002 are on a Modified Accrual Basis

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

City of Franklin, Ohio
Principal Income Taxpayers - Withholding Accounts
2009 and 2000

Range of Withholding Amount	2009		2000	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	5	23.91%	5	23.72%
\$55,001 - 100,000	7	16.95	1	2.87
Total	12	40.86	6	26.59
All Others	967	59.14	1,200	73.41
Total Withholding Accounts	979	100.00%	1,206	100.00%

Source: City Income Tax Department

City of Franklin, Ohio
 Computation of All Direct and Overlapping Governmental Activities Debt
 December 31, 2009

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin (1)	Amount Applicable to the City of Franklin
Direct			
City of Franklin			
General Obligation Bonds	\$6,547,456	100.00%	\$6,547,456
Special Assessment Bonds	2,421,000	100.00	2,421,000
Police Pension	66,871	100.00	66,871
Bond Anticipation Notes	710,000	100.00	710,000
Total Direct Debt	<u>9,745,327</u>		<u>9,745,327</u>
Overlapping Subdivisions			
Warren County			
General Obligation Bonds	3,695,000	3.69	136,346
Special Assessment Bonds	13,657,816	3.69	503,973
OPWC Loan	76,116	3.69	2,809
ODOT Loan	481,987	3.69	17,785
State 166 Loan	5,973,772	3.69	220,432
Franklin City School District			
General Obligation Bonds	3,271,869	46.66	1,526,654
Warren County Vocational School District			
Certificates of Participation	7,056,243	5.49	387,388
Capital Leases	337,766	5.49	18,543
Total Overlapping Debt	<u>34,550,569</u>		<u>2,813,930</u>
Grand Total	<u><u>\$44,295,896</u></u>		<u><u>\$12,559,257</u></u>

Source: Warren County Auditor and Fiscal Officers of Subdivisions

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

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

Collection Year	General Obligation Bonded Debt (1)	Estimated Actual Value of Taxable Property (2)	Population (3)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2000	\$1,160,000	\$660,194,658	11,396	0.18%	\$101.79
2001	1,960,000	662,076,389	11,760	0.30%	166.67
2002	6,430,000	696,469,116	11,924	0.92%	539.25
2003	8,407,080	734,918,260	12,130	1.14%	693.08
2004	8,112,976	771,962,020	12,285	1.05%	660.40
2005	7,803,872	719,769,939	12,410	1.08%	628.84
2006	7,489,768	717,007,040	12,457	1.04%	601.25
2007	7,155,664	710,470,887	12,731	1.01%	562.07
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

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

(2) Warren County Auditor

(3) US Census Bureau and the City of Franklin

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

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

Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	Mortgage Revenue Bonds	OWDA Loans	Notes Payable
2000	\$1,160,000	\$4,149,000	\$1,999,478	\$110,935	\$3,900,000	\$2,643,911	\$100,000
2001	1,960,000	4,459,000	2,686,000	89,928	3,810,000	2,610,940	50,000
2002	6,430,000	4,258,000	1,485,600	69,579	3,710,000	2,540,442	0
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

Sources:

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

Total Outstanding Debt	Population (1)	Personal Income (2)	Ratio of Debt to Personal Income	Debt Per Capita
\$14,063,324	11,396	\$210,016,884	6.70%	\$1,234
15,665,868	11,760	222,828,480	7.03	1,332
18,493,621	11,924	232,124,508	7.97	1,551
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	267,401,568	7.06	1,560

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

	2000	2001	2002	2003
Total Assessed Property Value	<u>\$170,851,857</u>	<u>\$213,883,444</u>	<u>\$214,155,190</u>	<u>\$226,444,640</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>17,939,445</u>	<u>22,457,762</u>	<u>22,486,295</u>	<u>23,776,687</u>
Debt Outstanding:				
General Obligation Bonds	\$1,160,000	\$1,960,000	\$6,430,000	\$8,407,080
Mortgage Revenue Bonds	3,900,000	3,810,000	3,710,000	3,610,000
Special Assessment Bonds	4,149,000	4,459,000	4,258,000	4,042,000
Bond Anticipation Notes	2,099,478	2,736,000	1,485,600	1,098,900
OWDA Loans	<u>2,643,911</u>	<u>2,610,940</u>	<u>2,540,442</u>	<u>2,464,834</u>
Total Gross Indebtedness	13,952,389	15,575,940	18,424,042	19,622,814
Less:				
Mortgage Revenue Bonds	(3,900,000)	(3,810,000)	(3,710,000)	(3,610,000)
Special Assessment Bonds	(4,149,000)	(4,459,000)	(4,258,000)	(4,042,000)
Bond Anticipation Notes	(100,000)	(50,000)	0	0
OWDA Loans	<u>(2,643,911)</u>	<u>(2,610,940)</u>	<u>(2,540,442)</u>	<u>(2,464,834)</u>
Total Net Debt Applicable to Debt Limit	<u>3,159,478</u>	<u>4,646,000</u>	<u>7,915,600</u>	<u>9,505,980</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$14,779,967</u>	<u>\$17,811,762</u>	<u>\$14,570,695</u>	<u>\$14,270,707</u>
Legal Debt Margin as a Percentage of the Debt Limit	82.39%	79.31%	64.80%	60.02%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$9,396,852</u>	<u>\$11,763,589</u>	<u>\$11,778,535</u>	<u>\$12,454,455</u>
Total Gross Indebtedness	13,952,389	15,575,940	18,424,042	19,622,814
Less:				
Mortgage Revenue Bonds	(3,900,000)	(3,810,000)	(3,710,000)	(3,610,000)
Special Assessment Bonds	(4,149,000)	(4,459,000)	(4,258,000)	(4,042,000)
Bond Anticipation Notes	(100,000)	(50,000)	0	0
OWDA Loans	<u>(2,643,911)</u>	<u>(2,610,940)</u>	<u>(2,540,442)</u>	<u>(2,464,834)</u>
Net Debt Within 5 ½ % Limitations	<u>3,159,478</u>	<u>4,646,000</u>	<u>7,915,600</u>	<u>9,505,980</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$6,237,374</u>	<u>\$7,117,589</u>	<u>\$3,862,935</u>	<u>\$2,948,475</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	66.38%	60.51%	32.80%	23.67%

Source: City Financial Records

2004	2005	2006	2007	2008	2009
<u>\$240,632,700</u>	<u>\$253,954,030</u>	<u>\$240,026,372</u>	<u>\$246,303,533</u>	<u>\$219,771,600</u>	<u>\$219,559,180</u>
25,266,434	42,963,265	25,202,769	25,861,871	23,076,018	23,053,714
\$8,130,000	\$7,820,000	\$7,505,000	\$7,170,000	\$6,830,000	\$6,560,000
3,500,000	3,385,000	6,140,000	5,815,000	5,460,000	5,095,000
3,810,000	3,557,000	3,303,000	3,023,000	2,733,000	2,421,000
1,206,900	2,289,500	2,200,000	2,123,000	2,000,000	1,800,000
2,384,256	2,252,061	2,156,781	2,107,550	3,067,762	2,991,797
19,031,156	19,303,561	21,304,781	20,238,550	20,090,762	18,867,797
(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)	(5,460,000)	(5,095,000)
(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)	(2,733,000)	(2,421,000)
0	0	(1,245,000)	(1,245,000)	(1,225,000)	(1,090,000)
(2,384,256)	(2,252,061)	(2,156,781)	(2,107,550)	(3,067,762)	(2,991,797)
9,336,900	10,109,500	8,460,000	8,048,000	7,605,000	7,270,000
<u>\$15,929,534</u>	<u>\$32,853,765</u>	<u>\$16,742,769</u>	<u>\$17,813,871</u>	<u>\$15,471,018</u>	<u>\$15,783,714</u>
63.05%	76.47%	66.43%	68.88%	67.04%	68.46%
<u>\$13,234,799</u>	<u>\$22,504,567</u>	<u>\$13,201,450</u>	<u>\$13,546,694</u>	<u>\$12,087,438</u>	<u>\$12,075,755</u>
19,031,156	19,303,561	21,304,781	20,238,550	20,090,762	18,867,797
(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)	(5,460,000)	(5,095,000)
(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)	(2,733,000)	(2,421,000)
0	0	(1,245,000)	(1,245,000)	(1,225,000)	(1,090,000)
(2,384,256)	(2,252,061)	(2,156,781)	(2,107,550)	(3,067,762)	(2,991,797)
9,336,900	10,109,500	8,460,000	8,048,000	7,605,000	7,270,000
<u>\$3,897,899</u>	<u>\$12,395,067</u>	<u>\$4,741,450</u>	<u>\$5,498,694</u>	<u>\$4,482,438</u>	<u>\$4,805,755</u>
29.45%	55.08%	35.92%	40.59%	37.08%	39.80%

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	
2000	\$1,932,016	\$1,546,655	\$385,361	\$158,810	\$411,507	0.68%
2001	1,765,279	1,370,517	394,762	122,971	312,520	0.91
2002	1,989,942	1,430,133	559,809	170,498	396,219	0.99
2003	1,861,656	1,429,768	431,888	175,608	309,978	0.89
2004	1,981,390	1,594,548	386,842	190,578	417,373	0.64
2005	2,295,691	1,188,049	1,107,642	247,195	445,222	1.60
2006	2,571,541	1,508,805	1,062,736	220,280	350,372	1.86
2007	2,406,648	1,260,316	1,146,332	374,231	278,503	1.76
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

(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
2000	11,396	\$210,016,884	\$18,429	3,129	3.0%
2001	11,760	222,828,480	18,948	3,125	3.3
2002	11,924	232,124,508	19,467	3,101	4.0
2003	12,130	242,430,180	19,986	3,097	4.4
2004	12,285	251,903,925	20,505	2,992	4.3
2005	12,410	260,907,840	21,024	2,838	4.2
2006	12,457	272,322,477	21,861	2,927	4.9
2007	12,731	279,425,641	21,948	2,953	4.7
2008	12,622	273,114,836	21,638	2,927	8.5
2009	12,104	267,401,568	22,092	3,030	9.3

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

City of Franklin, Ohio

Principal Employers

2009 and 2000

2009

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	510	1	4.61%
Wal-Mart	411	2	3.71
Dayton Newspapers	359	3	3.24
Faurecia	348	4	3.14
Ample Industries	250	5	2.26
ADESA	211	6	1.91
Atlas Roofing	202	7	1.83
CBS Personnel	201	8	1.82
Classic Healthcare	182	9	1.64
JA Management	167	10	1.51
Total	2,841		25.67
All Other Employers	8,226		74.33
Total Employment within the City	11,067		100.00%

2000

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	540	1	3.73%
Dayton Newspapers	512	2	3.54
Faurecia	496	3	3.42
Burrows Paper Company	434	4	3.00
Newark Group, In.c	322	5	2.22
Ample Industries	292	6	2.02
ADE of Cincinnati Dayton	287	7	2.00
Atlas Roofing	216	8	1.50
Freco Tech Corporation	165	9	1.14
Interstate Uniform Services	145	10	1.00
Total	3,409		23.57%
All Other Employers	11,054		74.76
Total Employment within the City	14,463		100.00%

Source: City of Franklin Tax Department

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

Function/Program	2000		2001		2002		2003		2004	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	16	30	17	31	17	31	18	32	18	32
Security of Persons and Property	39	90	41	93	41	94	42	95	41	94
Leisure Time Activities	2	52	2	52	2	52	2	52	2	52
Economic Development	1	1	1	1	0	0	0	0	0	0
Basic Utility Services	16	19	16	21	16	22	16	22	16	22
<i>Total Number of Employees</i>	<u>74</u>	<u>192</u>	<u>77</u>	<u>198</u>	<u>76</u>	<u>199</u>	<u>78</u>	<u>201</u>	<u>77</u>	<u>200</u>

Source: City Payroll Records

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

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

Function/Program	2000	2001	2002	2003	2004	2005
General Government:						
Government Center	1	1	1	1	1	1
Security of Persons and Property:						
Number of Police Stations	1	1	1	1	1	1
Number of Fire/EMS Stations	1	1	1	1	1	1
Leisure Time Activities:						
Number of Parks	6	6	6	6	6	6
Number of Swimming Pools	1	1	1	1	1	1
Number of Libraries	1	1	1	1	1	1
Basic Utility Services:						
Miles of Water Mains	51	64	64	44	48	48
Miles of Sanitary Sewers	49.76	55.00	55.00	44.00	44.00	44.00
Water Treatment Facility	0	0	0	0	0	0
Transportation:						
Miles of Streets	62.84	72.70	110.00	110.00	110.00	110.00
Number of Street Lights	867	867	867	913	929	929

Source: City capital assets records

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

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

Function/Program	2000	2001	2002	2003	2004	2005
General Government:						
Active Income Tax Accounts	8,201	8,287	8,232	8,294	8,772	9,470
Individual	5,874	5,832	5,861	5,874	6,266	6,888
Business	1,121	1,182	1,125	1,174	1,205	1,240
Withholding	1,206	1,273	1,246	1,246	1,301	1,342
Clerk of Courts:						
Traffic Court Cases	8,604	9,188	11,320	8,179	7,726	7,461
Civil Court Cases	573	602	674	830	804	779
Small Claims Court Cases	83	85	91	93	71	62
Security of Persons and Property:						
Police Calls	19,495	20,766	22,076	23,631	24,358	24,031
Physical Arrests	962	785	872	878	737	696
Citations	2,243	2,164	2,681	1,998	2,949	2,487

Source: Department reports

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
8,972	7,400	7,468	7,276
6,432	5,402	5,551	5,430
1,173	1,056	972	867
1,367	942	945	979
7,356	6,336	6,180	6,014
643	658	965	632
55	53	99	98
24,893	24,864	21,645	24,655
794	2,216	1,357	1,190
2,235	1,696	1,958	1,809

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Mary Taylor, CPA
Auditor of State

CITY OF FRANKLIN

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2010**