

**CITY OF FRANKLIN**

SUPPLEMENTAL REPORT

DECEMBER 31, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Mayor and Members of Council  
City of Franklin  
35 East Fourth Street  
Franklin, Ohio 45005

We have reviewed the Independent Auditor's Report of the City of Franklin, Warren County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

July 12, 2002

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**CITY OF FRANKLIN**

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# TRIMBLE, JULIAN & GRUBE, INC.

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards***

Mayor and Members of Council  
City of Franklin  
35 East Fourth Street  
Franklin, Ohio 45005

We have audited the general purpose financial statements of the City of Franklin as of and for the year ended December 31, 2001, and have issued our report thereon dated June 6, 2002. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the City of Franklin general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-COF-001 and 2001-COF-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the City of Franklin in a separate letter dated June 6, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Franklin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over financial reporting, that does not require inclusion in this report, that we have reported to the management of the City of Franklin in a separate letter dated June 6, 2002.

This report is intended for the information of the Council and management of the City of Franklin and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
June 6, 2002



**CITY OF FRANKLIN  
WARREN COUNTY, OHIO  
DECEMBER 31, 2001**

**SCHEDULE OF FINDINGS**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2001-COF-001
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Ohio Revised Code Section 5705.39 requires that no subdivisions appropriations are to exceed estimated resources by fund.

It was noted during the audit that the City had appropriations exceeding estimated resources in the following fund:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Capital Projects:			
Municipal Buildings	\$2,000,000	\$2,092,240	\$92,240

With appropriations exceeding estimated resources, the City is spending monies that are not lawfully appropriated for those purposes and thus could result in a fund deficit.

We recommend that the City comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the City should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. We recommend that the City use its accounting software “budgetary module” or a spreadsheet to assist in monitoring its budgetary compliance.

**CITY OF FRANKLIN  
WARREN COUNTY, OHIO  
DECEMBER 31, 2001**

**SCHEDULE OF FINDINGS**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)**

Finding Number	2001-COF-002
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Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that for the year ended December 31, 2001 the City had expenditures exceeding appropriations in the following funds:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund:			
Mayor's & Administrative Services			
Personal Services	\$ 263,439	\$ 265,124	\$ 1,685
Planning Commission			
Personal Services	0	850	850
Special Appropriations			
Personal Services	0	37	37
Other Financing Uses			
Operating Transfers Out	954,335	1,384,894	430,559
Special Revenue Funds:			
Street Fund			
Transportation			
Street Cleaning			
Personal Services	0	2,292	2,292
Police Pension			
Police Law Enforcement			
Other	157,804	205,985	48,181
Fire Pension Fund			
Security of Persons and Property			
Fire Department			
Other	70,148	73,986	3,838
Capital Projects Fund:			
Bikeway Fund			
Capital Outlay			
Other	950,000	1,488,872	538,872
Debt Service Fund:			
Debt Service			
Principal Retirement	1,000,000	2,387,000	1,387,000
Enterprise Fund			
Water Fund			
Materials and Supplies	30,563	82,863	52,300

**CITY OF FRANKLIN  
WARREN COUNTY, OHIO  
DECEMBER 31, 2001**

**SCHEDULE OF FINDINGS**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>
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Finding Number	2001-COF-002 - (Continued)
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With expenditures exceeding appropriations, the City is unlawfully expending monies that have not been appropriated.

We recommend that the City comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis. We recommend that the City use its accounting software “budgetary module” or a spreadsheet to assist in monitoring its budgetary compliance.

**CITY OF FRANKLIN  
WARREN COUNTY, OHIO  
DECEMBER 31, 2001**

**STATUS OF PRIOR AUDIT FINDINGS**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2000-COF-001	Ohio Revised Code Section 5705.41(B)	No	The City is attempting to obtain additional appropriation modifications throughout the year to avoid overspending.
2000-COF-002	Ohio Revised Code Section 5705.39	No	The City is attempting to obtain additional amended certificates throughout the year to avoid appropriating amounts in excess of resources anticipated.
2000-COF-003	Ohio Revised Code Section 5705.10	Yes	Finding is no longer valid.

# *Introductory Section*

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*City of Franklin, Ohio*

*Comprehensive Annual Financial Report*

*For the Year Ended December 31, 2001*

**Issued by:  
Office of the Finance Director  
Sandra L. Howell  
Finance Director**

*City of Franklin, Ohio*  
***Comprehensive Annual Financial Report***  
***For the Year Ended December 31, 2001***

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# CITY OF FRANKLIN

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35 E. Fourth Street • Franklin, Ohio 45005 (937) 746-9921 FAX (937) 746-1136

June 6, 2002

Citizens of Franklin  
Mayor and Members of City Council

We are pleased to submit the City of Franklin's (the City) Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. The CAFR is presented in three sections:

1. The Introductory section includes a title page, the table of contents, this letter of transmittal, a list of principal officials, the organizational chart, and the Certificate of Achievement for Excellence in Financial Reporting.
2. The Financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of independent accountants on the general purpose financial statements.
3. The Statistical section includes a number of tables depicting the financial history of the City for the past ten years, as well as information on subjects such as overlapping governments and demographics.

This report is the culmination of the efforts of many people. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects, that it is presented in a manner designed to set forth fairly the financial position of the City's operations, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

## THE CITY OF FRANKLIN

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.

## CITY ORGANIZATION AND REPORTING ENTITY

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 which are not legally separate from the City. They 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 and the Hazardous Materials Response Team were determined to be joint ventures. The Warren County General Health District, the Joint Emergency Medical Service, the Center for Local Governments, and the Ohio-Kentucky-Indiana Regional Council of Governments were determined to be jointly governed organizations (See Note 19).

### **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 which flows into the Ohio River.

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

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

### **ECONOMIC CONDITION AND MAJOR INITIATIVES**

The continued high level of economic activity in the Miami Valley over the last few years has assisted the efforts of Franklin in increasing its economic base. Since the earned income tax is the City's largest source of income, the creation of new jobs is essential for the City's revenue base.

The City has four excellent industrial/office parks with planned extensions for the future. In 2001, the City had ten new industrial/commercial starts with a construction value of over \$9 million. In addition, ten companies expanded their operation within the City in 2001. The largest single investment in Franklin occurred in 1997, with the ground breaking for the Dayton Daily News state-of-the-art printing and distribution facility. This \$100 million facility became fully operational in 1999. Economic development will continue to be vital to the City's future.

In addition to the above economic activities, the City also invested in its future by making needed infrastructure improvements. Specifically, the City built a 25,000 square foot Fire Department Headquarters. These buildings replaced non-functional structures and will serve Franklin residents well into the future. Other needed facility improvement projects are being planned for the future.

The City has also invested in roadway improvement projects. Although additional streets were improved, the two most important projects within the last couple of years involved major thoroughfares within the City – the widening of 2<sup>nd</sup> Street and improvements to Riley Boulevard from 6<sup>th</sup> to Main. The City received substantial amounts of grant money for both of these projects. The Riley Boulevard project won two engineering industry awards – an Honor Award in the American Consulting Engineers Council Ohio 2002 Engineering Excellence Awards program and the 2001 Donald C. Schramm Transportation Improvement Award given by the American Society of Highway Engineers, Triko Valley Section. With the assistance of additional grant money, another important street project, the widening of Riley Boulevard from 2<sup>nd</sup> to 6<sup>th</sup>, is currently in the planning stage and will be constructed in 2003. Another project, the City's portion of "The Great Connection" bike-path system, is also in the planning state (by the Miami Conservancy District) and will be built in the near future.

Another major initiative by Franklin involved the City's water system. Franklin has received national acclaim for its public-private partnerships. The privatization of the wastewater treatment plant with US Filter/Environmental Operating Service was the first full privatization of an EPA grant-funded wastewater treatment plant in the nation. The City followed that venture with another public-private partnership with Earth Tech regarding the City's water treatment facility.

The above projects are indicative of the proactive and aggressive nature of the Franklin City Council.

The City's water system allows Franklin to sell water to surrounding communities. In effect, the City's water system has become a regional one with Franklin currently having water sales contracts with the City of Carlisle and Warren County. The water sales contracts along with the treatment plants ensure the continued efficient use of this valuable water resource.

A further initiative began in 2000 when, due to the City's space needs, a facility improvement Master Plan was initiated for the City's Public Works Department, the Police and Fire Departments, the Municipal Court, and the City's Administration offices. The facility improvement process began with a partnership with the Franklin Public Library. The Library was also investigating facility improvement options due to space limitations. The City and the Library entered into an agreement such that the City acquired the existing Library building at a reduced cost in exchange for City property. The Library's new building to be built on former City property, should be fully operational by mid 2002. The second phase of the City's facilities plan, the building of a new Public Works building, was approved in early 2001 and became fully operation in November 2001. Further facility upgrades may evolve from the Master Plan.

## FINANCIAL INFORMATION

### Accounting System and Budgetary Control

The City's records are maintained on a cash basis for all fund types. Following the year end closing, necessary adjustments are made to the cash basis records to produce this CAFR. For Governmental and related Fiduciary Funds, the modified accrual basis of accounting is used for reporting purposes. This means that revenues are recognized when both measurable and available and expenditures are recognized when the fund liability is incurred.

The accrual basis of accounting is used for Proprietary Funds, which recognizes revenues when earned and expenses when incurred. A more detailed explanation of the basis of accounting for various funds is included in the Notes to the General Purpose Financial Statements, located in the Financial section of this report.

In developing and evaluating the City's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase. Each department head is furnished a monthly budget report showing the status of the budget accounts for which he or she is responsible. The budget reports detail monthly transactions and summarize the balances available to be spent from the allocated appropriations.

### Fund Structure

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The type of funds used is determined by the Ohio Revised Code, by Ordinances and Resolutions of City Council, and by accounting principles generally accepted in the United States of America. The number of individual funds established is determined by prudent financial administration.

### General Fixed Assets

The general fixed assets of the City include all City owned land, buildings, improvements, equipment, and construction in progress used in the performance of general governmental functions. The general fixed assets exclude the fixed assets of the Proprietary Funds. Infrastructure improvements, such as roads, storm sewers, curbs and sidewalks, are not included in the fixed assets of either the General Fixed Assets Accounts Group or the Proprietary Funds. Water and sewer lines are included in the Proprietary Funds. As of December 31, 2001, the general fixed assets of the City amounted to \$7,379,569. This amount represents actual cost or estimated actual cost, if actual cost was not available.

## General Government Functions

The Governmental Funds include the General, Special Revenue, Debt Service, and Capital Projects fund types. All financial data for Proprietary and Fiduciary Funds is excluded from the following analysis. Governmental Fund's revenues and variances when compared to last year are summarized below:

<u>Revenues</u>	<u>2000</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Property and Other Local Taxes	\$506,263	\$553,312	\$47,049	9.29%
Income Taxes	3,893,976	4,185,384	291,408	7.48%
Charges for Services	139,306	123,252	(16,054)	(11.52%)
Fines, Licenses, and Permits	700,802	698,088	(2,714)	(.39%)
Intergovernmental	2,335,192	2,137,645	(197,547)	(8.46%)
Special Assessments	476,745	491,293	14,548	3.05%
Interest	373,495	264,572	(108,923)	(29.16%)
Other	88,638	392,324	303,686	342.61%
Total	<u>\$8,514,417</u>	<u>\$8,845,870</u>	<u>\$331,453</u>	3.89%

Interest revenue decreased due to a decrease in cash levels available for investment.

Other revenue increased due to an increase in miscellaneous reimbursements in the General Fund, most significantly, the Bureau of Workers' Compensation refund for 2001. In addition, the City received common stock as a result of the demutualization of Anthem Blue Cross/Blue Shield, the City's health insurance provider.

The following schedule presents a summary of Governmental fund expenditures and variances as compared to last year.

<u>Expenditures</u>	<u>2000</u>	<u>2001</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
General Government	\$1,845,467	\$1,916,202	\$70,735	3.83%
Security of Persons and Property	3,143,004	3,534,114	391,110	12.44%
Public Health and Welfare	13,868	18,503	4,635	33.42%
Transportation	846,718	618,165	(228,553)	(26.99%)
Leisure Time Activities	275,370	232,485	(42,885)	(15.57%)
Community Environment	204,321	141,755	(62,566)	(30.62%)
Basic Utility Services	86,758	96,090	9,332	10.75%
Capital Outlay	2,167,141	4,072,598	1,905,457	87.92%
Debt Service:				
Principal Retirement	314,875	332,780	17,905	5.69%
Interest and Fiscal Charges	374,136	422,142	48,006	12.83%
Total	<u>\$9,271,658</u>	<u>\$11,384,834</u>	<u>\$2,113,176</u>	22.79%

Public Health and Welfare expenditures increased due to an increase in expenditures for new computer equipment in the Computer Research fund.

Transportation expenditures decreased due to activities completed in the prior year. In 2000, the City purchased new equipment related to street maintenance and snow removal. In addition, they constructed a new salt storage facility.

During 2000, the City completed a road and paving project at the City pool, which resulted in a decrease in Leisure Time Activities in expenditures in 2001 in the Recreation fund.

Community Environment decreased due to a reduction in expenditures for engineering and construction related to Community Development Block Grant Projects in the Community Development fund.

Capital Outlay increased due to the construction of a new Waterworks Facility administration building.

### General Fund Balance

In 2001, revenues and other financing sources of \$6,499,497 were greater than expenditures and other financing uses by \$8,212, resulting in a fund balance of \$2,382,433 at December 31, 2001.

### Special Revenue Funds

The Special Revenue Funds are created to account for funds from specifically identified sources that must be maintained and accounted for separately. The City's major Special Revenue Funds consist of the Community Development Fund, the Fire Pension Fund, the Police Pension Fund, the Recreation Fund, the Street Fund, and the Street Lighting Fund.

All Special Revenue Funds, on a combined basis, operated with \$1,776,888 in revenues and other financing sources and \$1,457,732 in expenditures and other financing uses. The December 31, 2001 fund balances totaled \$1,307,267.

### Capital Projects Funds

All Capital Projects Funds, on a combined basis, operated with \$2,728,070 in revenues and other financing sources and \$4,182,030 in expenditures and other financing uses in 2001 which resulted in a decrease in fund balances of \$1,453,960. Capital Projects Funds will continue to be used to provide resources for capital improvements and renovations, and to acquire fixed assets as the City Council authorizes expenditures of bond and note proceeds.

### Proprietary Funds

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.



## Enterprise Operations

The City has three Enterprise Funds: Water, Sewer and Trash. Financial statements for these funds are included in this report. The Enterprise Funds are user fee supported.

	<u>Total Assets</u>	<u>Total Equity</u>	<u>Net Income (Loss)</u>	<u>Return on Equity</u>
Water	\$8,738,816	\$1,964,605	(\$167,607)	(8.54%)
Sewer	2,782,715	1,715,211	(368,704)	(21.50%)
Trash	160,287	155,373	44,948	28.93%

In January 1997, a 25 percent increase in water rates went into effect. The City has also increased rates for 2002. In 2001, the City was involved in a dispute with its largest sewer customer, who refused to pay over \$80,000 in sewer usage fees. This resulted in a significant increase in the net loss to the Sewer Fund. The City will continue to monitor revenues in the Water and Sewer Enterprise Funds to determine if any future increases are deemed necessary.

## Fiduciary Funds

The City uses Fiduciary Funds to hold assets in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City's Fiduciary Fund types are Expendable Trust and Agency Funds.

### Expendable Trust Fund

The Unclaimed Monies Fund holds and accounts for monies which have yet to be claimed by their rightful owners. This fund had a fund balance of \$2,598 as of December 31, 2001.

### Agency Funds

These funds are strictly of a custodial nature and as such do not measure the results of operation. The City has five Agency Funds. The Agency Funds of the City include:

- Municipal Court
- Joint Emergency Medical Services (JEMS)
- Joint Recreation
- Hazardous Materials
- Building Standards Fee

## **DEBT ADMINISTRATION**

The Debt Service Fund is used to pay the general obligations of the City and is used to accumulate resources for the payment of general and special assessment debt principal and interest.

At December 31, 2001, general obligation bonded debt outstanding payable from the Debt Service Fund amounted to \$1,960,000, while special assessment bonds totaled \$4,459,000. Special assessment debt is paid from assessments against property owners who benefited from the capital construction financed by the debt issue. In the event property owners fail to make the required payments, the City would be responsible for the debt service.

Debt expected to be paid from Enterprise Fund revenues is reported as a liability of the Enterprise Funds. Enterprise Fund bond and loan obligations at December 31, 2001, totaled \$6,420,940.

Bond anticipation note debt outstanding at December 31, 2001 amounted to \$2,736,000. New notes were issued for construction of a new public works facility and street improvements in the amounts of \$2,000,000 and \$291,000 respectively. The street improvement, fire rescue vehicle, fire equipment acquisition and waterworks system improvement notes were reissued for \$100,000, \$35,000, \$260,000 and \$50,000 respectively.

The ratio of general bonded debt to assessed valuation and the amount of bonded debt per capita are considered good indicators of the City's debt position to city manager, citizens, and investors in general governmental debt.

The City's debt position as of December 31, 2001, was as follows:

Overall Legal Debt Margin	\$17,902,826
Unvoted Legal Debt Margin	\$7,195,066
Ratio of Net Bonded Debt to Assessed Valuation	.89 %
Net General Bonded Debt Per Capita	\$166.50

#### **CASH MANAGEMENT**

The Finance Director is in charge of the City's cash management program. All City cash is pooled for investment purposes. During 2001, the City earned \$328,706 in interest. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The City regularly reviews the market value of the pool to ensure that adequate collateral is being provided. The City invests in Star Ohio, a Federal Farm Credit Bank Note, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, a Federal Home Loan Mortgage Corporation Debenture, money market mutual funds, and certificates of deposit.

#### **RISK MANAGEMENT**

The City is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The City is also covered under the State Workers' Compensation Fund. Every effort is made by the City Administration to monitor insurance costs and related risk to insure proper fiscal management in this area.

A more detailed description of the City's insurance coverage may be found in Note 13 to the financial statements.

## OTHER INFORMATION

### Independent Audit

This report includes an unqualified audit report regarding the City's general purpose financial statements. This year's audit was conducted by the accounting firm of Trimble, Julian & Grube, Inc. The Independent Accountants' Report on the general purpose financial statements is included in the financial section of this report. The auditor's report related specifically to internal controls and compliance with applicable laws and regulations is presented in a separate report which may be obtained from the City finance office.

### Certificate of Achievement

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, Ohio, for its 2000 Comprehensive Annual Financial Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement to any governmental unit that publishes an easily readable and efficiently organized CAFR which conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment is a significant accomplishment by a governmental unit.

We believe this report conforms to the reporting standards set forth by the GFOA. We are submitting our current Comprehensive Annual Financial Report for review and determination of eligibility for a certificate for 2001.

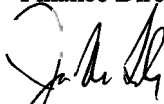
### Acknowledgments

A note of sincere appreciation is extended to the many conscientious people who have contributed their time and effort to prepare this report. A special thank you is also extended to Mr. Jim Petro, Auditor of State, and to his Local Government Services staff for their assistance and guidance in the preparation of this CAFR.

Respectfully submitted,



Sandra L. Howell  
Finance Director



James Lukas  
City Manager

*City of Franklin*

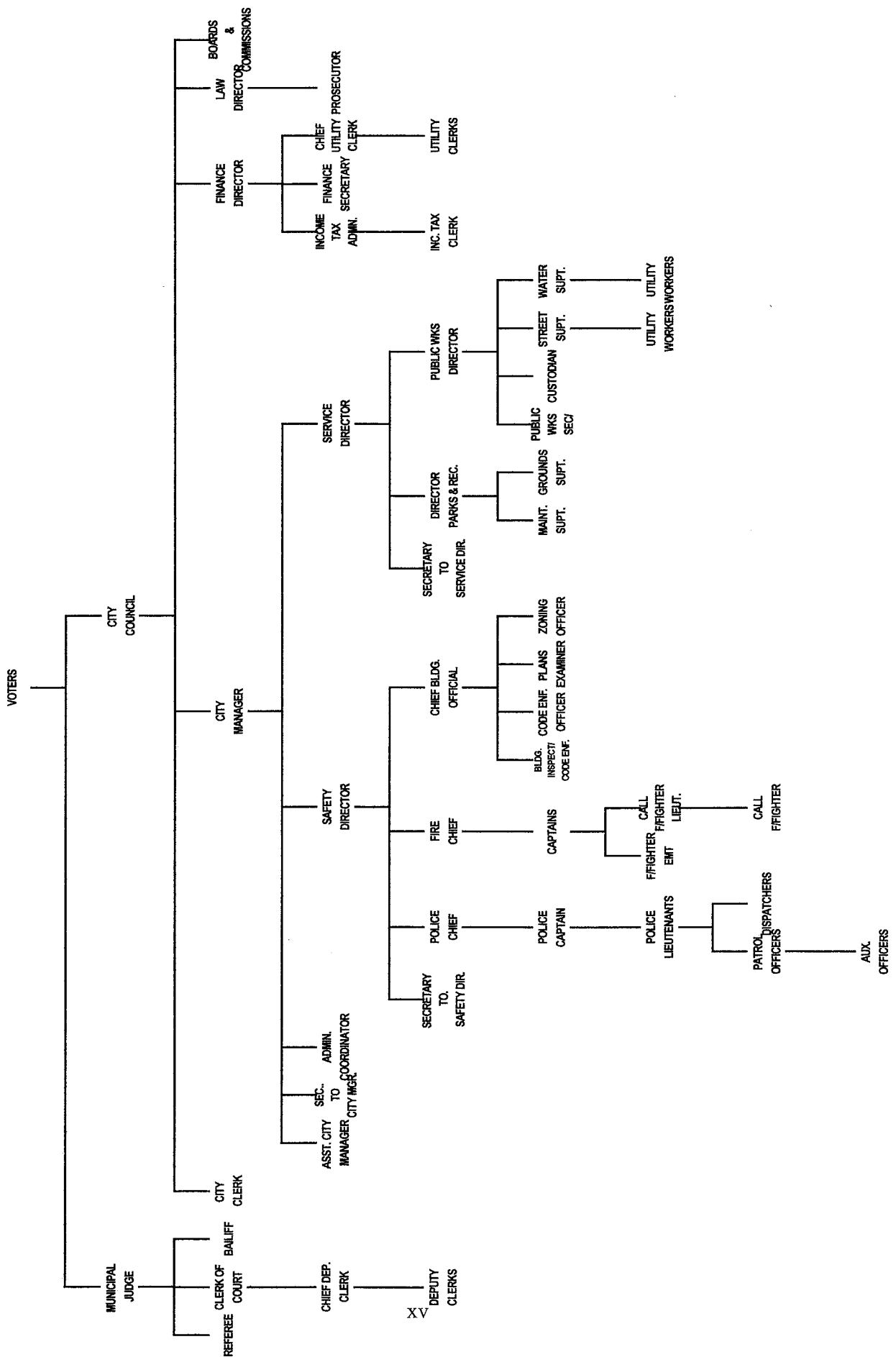
*List of Principal Officials*

*December 31, 2001*

<b><u>OFFICE HELD</u></b>	<b><u>NAME OF OFFICIAL</u></b>
Executive:	
City Manager	James Lucas
Assistant City Manager	Edward Schwaberow
Finance Director	Sandra L. Howell
Law Director	Steven Runge
Legislative:	
Mayor	Greg Sample
Vice Mayor	Wilburn DePew
Council-At-Large	Todd Hall
	Denny Centers
	Jim Mears
	Billy Estes
	Scott Lipps
Judicial:	
Municipal Court Judge	James Ruppert
Municipal Court Clerk	Sherry Mullins
Administrative:	
City Clerk	Jane McGee
Income Tax Administrator	Norma Kennard
Police Chief	Robert Rockwood
Fire Chief	Jonathan Westendorf
Public Works Director	Howard Lewis
Chief Building Official	Don Woods

# CITY of FRANKLIN

## 2001 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, 2000

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.



*Thomas A. Drew*  
President

*Jeffrey L. Esler*  
Executive Director

# *Financial Section*

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# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## Independent Auditor's Report

Mayor and Members of Council  
City of Franklin  
35 East Fourth Street  
Franklin, Ohio 45005

We have audited the accompanying general purpose financial statements of the City of Franklin, Warren County, (the "City"), as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

As disclosed in Note 21 to the general purpose financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Franklin, Warren County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund type 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 6, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Independent Auditor's Report  
City of Franklin

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.

*Trimble, Julian & Grube, Inc.*

Trimble, Julian & Grube, Inc.  
June 6, 2002

### ***GENERAL PURPOSE FINANCIAL STATEMENTS***

The following general purpose financial statements, along with the notes to the general purpose financial statements, present an overview of the City's financial position at December 31, 2001, and the results of operations and cash flows of its proprietary fund type for the year then ended.

**CITY OF FRANKLIN, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,298,758	\$1,243,527	\$16,479	\$913,532
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	13,790	0
Investments	98,109	0	0	0
Receivables:				
Taxes	1,553,400	160,679	0	0
Accounts	88,276	0	0	0
Interfund	51,236	1,550	49,572	0
Special Assessments	0	85,260	6,661,669	0
Accrued Interest	30,660	60	0	0
Due from Other Funds	41,953	0	0	0
Due from Other Governments	117,067	263,079	0	369,332
Materials and Supplies Inventory	23,991	105,010	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Trustee	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount Available in Debt Service Fund for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided for Retirement of Special Assessment Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$4,303,450</u>	<u>\$1,859,165</u>	<u>\$6,741,510</u>	<u>\$1,282,864</u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$1,241,668	\$5,300	\$0	\$0	\$5,719,264
0	106,216	0	0	106,216
0	0	0	0	13,790
0	0	0	0	98,109
0	0	0	0	1,714,079
892,707	0	0	0	980,983
1,308	0	0	0	103,666
0	0	0	0	6,746,929
0	0	0	0	30,720
0	0	0	0	41,953
3,339	0	0	0	752,817
20,337	0	0	0	149,338
799,389	0	0	0	799,389
371,537	0	0	0	371,537
8,351,533	0	7,379,569	0	15,731,102
0	0	0	62,531	62,531
0	0	0	4,480	4,480
0	0	0	4,454,520	4,454,520
0	0	0	2,795,753	2,795,753
<u>\$11,681,818</u>	<u>\$111,516</u>	<u>\$7,379,569</u>	<u>\$7,317,284</u>	<u>\$40,677,176</u>

(continued)

**CITY OF FRANKLIN, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2001**  
*(continued)*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$110,230	\$37,372	\$0	\$8,604
Contracts Payable	8,156	521	0	670,450
Interfund Payable	14,260	0	0	81,608
Retainage Payable	0	0	0	34,209
Accrued Wages and Benefits	172,946	13,822	0	0
Compensated Absences Payable	16,645	909	0	0
Due to Other Funds	0	0	0	0
Due to Other Governments	133,780	29,241	0	7,940
Deferred Revenue	1,161,894	470,033	6,661,669	248,210
Undistributed Monies	0	0	0	0
Deposits Held and Due to Others	0	0	0	0
Matured Bonds Payable	0	0	10,500	0
Matured Interest Payable	0	0	2,330	0
Accrued Interest Payable	8,106	0	0	37,645
Notes Payable	295,000	0	0	2,391,000
Payable from Restricted Assets:				
Mortgage Revenue Bonds Payable	0	0	0	0
Refundable Deposits	0	0	0	0
Accrued Interest Payable	0	0	0	0
Police and Fire Pension	0	0	0	0
Mortgage Revenue Bonds Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
OWDA Loans Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Special Assessment Bonds Payable with Governmental Commitment	0	0	0	0
<b>Total Liabilities</b>	<b>1,921,017</b>	<b>551,898</b>	<b>6,674,499</b>	<b>3,479,666</b>
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Reserved for Revenue Bond Replacement and Improvement	0	0	0	0
Reserved for Revenue Bond Future Debt Service	0	0	0	0
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	97,972	4,971	0	0
Reserved for Inventory	23,991	105,010	0	0
Unreserved: Undesignated (Deficit)	2,260,470	1,197,286	67,011	(2,196,802)
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>2,382,433</b>	<b>1,307,267</b>	<b>67,011</b>	<b>(2,196,802)</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$4,303,450</b>	<b>\$1,859,165</b>	<b>\$6,741,510</b>	<b>\$1,282,864</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$419,566	\$0	\$0	\$0	\$575,772
638,144	0	0	0	1,317,271
7,798	0	0	0	103,666
0	0	0	0	34,209
25,936	0	0	0	212,704
175,655	0	0	507,979	701,188
0	41,953	0	0	41,953
21,096	37,326	0	223,976	453,359
0	0	0	0	8,541,806
0	19,404	0	0	19,404
0	10,235	0	0	10,235
0	0	0	0	10,500
0	0	0	0	2,330
1,374	0	0	0	47,125
50,000	0	0	0	2,736,000
100,000	0	0	0	100,000
49,800	0	0	0	49,800
36,320	0	0	0	36,320
0	0	0	76,401	76,401
3,710,000	0	0	0	3,710,000
0	0	0	89,928	89,928
2,610,940	0	0	0	2,610,940
0	0	0	1,960,000	1,960,000
0	0	0	4,459,000	4,459,000
<u>7,846,629</u>	<u>108,918</u>	<u>0</u>	<u>7,317,284</u>	<u>27,899,911</u>
0	0	7,379,569	0	7,379,569
472,596	0	0	0	472,596
655,469	0	0	0	655,469
371,537	0	0	0	371,537
2,335,587	0	0	0	2,335,587
0	0	0	0	102,943
0	0	0	0	129,001
0	2,598	0	0	1,330,563
<u>3,835,189</u>	<u>2,598</u>	<u>7,379,569</u>	<u>0</u>	<u>12,777,265</u>
<u>\$11,681,818</u>	<u>\$111,516</u>	<u>\$7,379,569</u>	<u>\$7,317,284</u>	<u>\$40,677,176</u>

**CITY OF FRANKLIN, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expensible Trust
<b>Revenues:</b>						
Property and Other Local Taxes	\$402,175	\$151,137	\$0	\$0	\$0	\$553,312
Income Taxes	4,114,433	70,951	0	0	0	4,185,384
Charges for Services	49,587	73,665	0	0	0	123,252
Fines, Licenses and Permits	689,130	8,958	0	0	0	698,088
Intergovernmental	642,846	614,241	0	880,558	0	2,137,645
Special Assessments	0	84,010	407,283	0	0	491,293
Investment Income	256,582	7,990	0	0	0	264,572
Other	342,626	46,295	2,626	777	2,572	394,896
<b>Total Revenues</b>	<b>6,497,379</b>	<b>1,057,247</b>	<b>409,909</b>	<b>881,335</b>	<b>2,572</b>	<b>8,848,442</b>
<b>Expenditures:</b>						
<b>Current:</b>						
General Government	1,915,770	432	0	0	0	1,916,202
Security of Persons and Property	3,169,146	364,968	0	0	0	3,534,114
Public Health and Welfare	0	18,503	0	0	0	18,503
Transportation	0	618,165	0	0	0	618,165
Leisure Time Activities	25,000	199,545	0	7,940	0	232,485
Community Environment	0	141,755	0	0	0	141,755
Basic Utility Services	96,090	0	0	0	0	96,090
Capital Outlay	0	3,309	0	4,069,289	0	4,072,598
<b>Debt Service:</b>						
Principal Retirement	19,282	13,498	300,000	0	0	332,780
Interest and Fiscal Charges	15,255	3,567	311,398	91,922	0	422,142
<b>Total Expenditures</b>	<b>5,240,543</b>	<b>1,363,742</b>	<b>611,398</b>	<b>4,169,151</b>	<b>0</b>	<b>11,384,834</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,256,836</b>	<b>(306,495)</b>	<b>(201,489)</b>	<b>(3,287,816)</b>	<b>2,572</b>	<b>(2,536,392)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds of Bonds	0	0	0	1,410,000	0	1,410,000
Operating Transfers - In	2,118	719,641	201,235	436,735	0	1,359,729
Operating Transfers - Out	(1,250,742)	(93,990)	0	(12,879)	(2,118)	(1,359,729)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,248,624)</b>	<b>625,651</b>	<b>201,235</b>	<b>1,833,856</b>	<b>(2,118)</b>	<b>1,410,000</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>8,212</b>	<b>319,156</b>	<b>(254)</b>	<b>(1,453,960)</b>	<b>454</b>	<b>(1,126,392)</b>
<b>Fund Balances (Deficit) at Beginning of Year - Restated (Note 21)</b>	<b>2,372,196</b>	<b>940,022</b>	<b>67,265</b>	<b>(742,842)</b>	<b>2,144</b>	<b>2,638,785</b>
<b>Increase in Reserve for Inventory</b>	<b>2,025</b>	<b>48,089</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,114</b>
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$2,382,433</b>	<b>\$1,307,267</b>	<b>\$67,011</b>	<b>(\$2,196,802)</b>	<b>\$2,598</b>	<b>\$1,562,507</b>

See accompanying notes to the general purpose financial statements



**CITY OF FRANKLIN, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUNDS BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Property and Other Local Taxes	\$320,286	\$403,193	\$82,907
Income Taxes	3,642,814	3,982,025	339,211
Charges for Services	27,453	49,587	22,134
Fines, Licenses, and Permits	596,446	718,172	121,726
Intergovernmental	609,310	646,240	36,930
Special Assessments	0	0	0
Interest	249,502	183,237	(66,265)
Other	195,283	219,205	23,922
<b>Total Revenues</b>	<b>5,641,094</b>	<b>6,201,659</b>	<b>560,565</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General Government	2,115,881	1,902,702	213,179
Security of Persons and Property	3,641,369	3,262,495	378,874
Public Health and Welfare	0	0	0
Transportation	0	0	0
Leisure Time Activities	25,000	25,000	0
Community Environment	0	0	0
Basic Utility Services	119,174	93,349	25,825
Capital Outlay	0	0	0
<b>Debt Service:</b>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>5,901,424</b>	<b>5,283,546</b>	<b>617,878</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(260,330)</b>	<b>918,113</b>	<b>1,178,443</b>
<b>Other Financing Sources (Uses):</b>			
Proceeds of Bonds	0	0	0
Proceeds of Notes	0	0	0
Advances - In	0	0	0
Advances - Out	0	(50,000)	(50,000)
Income Tax Refunds	(5,000)	0	5,000
Operating Transfers - In	0	2,118	2,118
Operating Transfers - Out	(954,335)	(1,384,894)	(430,559)
<b>Total Other Financing Sources (Uses)</b>	<b>(959,335)</b>	<b>(1,432,776)</b>	<b>(473,441)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,219,665)</b>	<b>(514,663)</b>	<b>705,002</b>
<b>Fund Balances at Beginning of Year Restated (Note 21)</b>	<b>2,059,058</b>	<b>2,059,058</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>457,578</b>	<b>457,578</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$1,296,971</b>	<b>\$2,001,973</b>	<b>\$705,002</b>

(continued)

**CITY OF FRANKLIN, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUNDS BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
*(continued)*

	Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$134,295	\$151,137	\$16,842
Income Taxes	78,000	70,951	(7,049)
Charges for Services	71,100	73,665	2,565
Fines, Licenses, and Permits	11,000	8,958	(2,042)
Intergovernmental	691,005	674,949	(16,056)
Special Assessments	65,000	84,010	19,010
Interest	1,300	7,930	6,630
Other	20,616	54,496	33,880
Total Revenues	1,072,316	1,126,096	53,780
Expenditures:			
Current:			
General Government	5,000	1,638	3,362
Security of Persons and Property	351,614	363,805	(12,191)
Public Health and Welfare	140,000	16,783	123,217
Transportation	869,074	684,797	184,277
Leisure Time Activities	365,997	213,667	152,330
Community Environment	236,755	129,864	106,891
Basic Utility Services	0	0	0
Capital Outlay	50,000	3,309	46,691
Debt Service:			
Principal Retirement	13,498	13,498	0
Interest and Fiscal Charges	3,567	3,567	0
Total Expenditures	2,035,505	1,430,928	604,577
Excess of Revenues Over (Under) Expenditures	(963,189)	(304,832)	658,357
Other Financing Sources (Uses):			
Proceeds of Bonds	0	0	0
Proceeds of Notes	0	0	0
Advances - In	0	0	0
Advances - Out	0	0	0
Income Tax Refunds	0	0	0
Operating Transfers - In	672,900	719,641	46,741
Operating Transfers - Out	(94,000)	(93,990)	10
Total Other Financing Sources (Uses)	578,900	625,651	46,751
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(384,289)	320,819	705,108
Fund Balances at Beginning of Year Restated (Note 21)	822,990	822,990	0
Prior Year Encumbrances Appropriated	80,137	80,137	0
Fund Balances at End of Year	\$518,838	\$1,223,946	\$705,108

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,119,000	941,497	(177,503)	0	0	0
346,900	407,283	60,383	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	2,829	2,829	0	574	574	1,000	2,572	1,572
<u>346,900</u>	<u>410,112</u>	<u>63,212</u>	<u>1,119,000</u>	<u>942,071</u>	<u>(176,929)</u>	<u>1,000</u>	<u>2,572</u>	<u>1,572</u>
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	3,880,757	4,052,490	(171,733)	0	0	0
1,000,000	2,387,000	(1,387,000)	0	0	0	0	0	0
418,000	409,955	8,045	0	0	0	0	0	0
<u>1,418,000</u>	<u>2,796,955</u>	<u>(1,378,955)</u>	<u>3,880,757</u>	<u>4,052,490</u>	<u>(171,733)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(1,071,100)</u>	<u>(2,386,843)</u>	<u>(1,315,743)</u>	<u>(2,761,757)</u>	<u>(3,110,419)</u>	<u>(348,662)</u>	<u>1,000</u>	<u>2,572</u>	<u>1,572</u>
555,348	1,410,000	854,652	0	0	0	0	0	0
445,000	445,000	0	2,291,000	2,291,000	0	0	0	0
0	0	0	0	50,000	50,000	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
536,612	507,216	(29,396)	360,000	310,000	(50,000)	0	0	0
0	0	0	(33,483)	(33,483)	0	(2,200)	(2,118)	82
<u>1,536,960</u>	<u>2,362,216</u>	<u>825,256</u>	<u>2,617,517</u>	<u>2,617,517</u>	<u>0</u>	<u>(2,200)</u>	<u>(2,118)</u>	<u>82</u>
465,860	(24,627)	(490,487)	(144,240)	(492,902)	(348,662)	(1,200)	454	1,654
41,106	41,106	0	1,406,434	1,406,434	0	2,144	2,144	0
0	0	0	0	0	0	0	0	0
<u>\$506,966</u>	<u>\$16,479</u>	<u>(\$490,487)</u>	<u>\$1,262,194</u>	<u>\$913,532</u>	<u>(\$348,662)</u>	<u>\$944</u>	<u>\$2,598</u>	<u>\$1,654</u>

***CITY OF FRANKLIN, OHIO  
COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001***

	<u>Enterprise</u>
Operating Revenues:	
Charges for Services	\$4,407,553
Other Operating Revenues	<u>6,085</u>
Total Operating Revenues	<u>4,413,638</u>
Operating Expenses:	
Personal Services	808,123
Contractual Services	3,342,105
Materials and Supplies	118,073
Depreciation	<u>368,403</u>
Total Operating Expenses	<u>4,636,704</u>
Operating Loss	<u>(223,066)</u>
Non-Operating Revenues (Expenses):	
Loss on the Disposal of Fixed Assets	(406)
Interest and Fiscal Charges	(332,025)
Interest Revenue	<u>64,134</u>
Total Non-Operating Revenues (Expenses)	<u>(268,297)</u>
Net Loss	(491,363)
Retained Earnings at Beginning of Year - Restated (Note 21)	<u>3,853,956</u>
Retained Earnings at End of Year	<u><u>3,362,593</u></u>

See accompanying notes to the general purpose financial statements

**CITY OF FRANKLIN, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Enterprise		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$4,251,945	\$4,333,782	\$81,837
Deposits Received	24,000	33,480	9,480
Interest	59,000	0	(59,000)
Other	1,100	22,193	21,093
Total Revenues	<u>4,336,045</u>	<u>4,389,455</u>	<u>53,410</u>
Expenses:			
Personal Services	833,782	771,616	62,166
Contractual Services	3,493,814	3,168,871	324,943
Materials and Supplies	69,352	121,652	(52,300)
Deposit Refunds	26,000	22,189	3,811
Capital Outlay	700,000	173,316	526,684
Debt Service:			
Principal Retirement	122,971	122,971	0
Interest and Fiscal Charges	376,972	306,018	70,954
Total Expenses	<u>5,622,891</u>	<u>4,686,633</u>	<u>936,258</u>
Excess of Revenues Under Expenses	(1,286,846)	(297,178)	989,668
Operating Transfers - Out	<u>(79,490)</u>	<u>(54,490)</u>	<u>25,000</u>
Excess of Revenues Under Expenses and Transfers	(1,366,336)	(351,668)	1,014,668
Fund Equity at Beginning of year	2,184,139	2,184,139	0
Prior Year Encumbrances Appropriated	<u>125,217</u>	<u>125,217</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$943,020</u></u>	<u><u>\$1,957,688</u></u>	<u><u>\$1,014,668</u></u>

**CITY OF FRANKLIN, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Enterprise</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$4,333,782
Cash Paid for Employee Services and Benefits	(771,616)
Cash Paid to Suppliers for Goods and Services	(3,276,033)
Utility Deposits Received	33,480
Utility Deposits Returned	(22,189)
Other Operating Revenues	<u>22,193</u>
Net Cash Provided by Operating Activities	<u>319,617</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(154,889)
Interest Paid on General Obligation Notes	(4,490)
Principal Paid on General Obligation Notes	(100,000)
Interest Paid on OWDA Loans	(92,487)
Principal Paid on OWDA Loans	(32,971)
Interest Paid on Mortgage Revenue Bonds	(220,033)
Principal Paid on Mortgage Revenue Bonds	(90,000)
Proceeds on General Obligation Notes	<u>50,000</u>
Net Cash Used for Capital and Related Financing Activities	<u>(644,870)</u>
<u>Cash Flows from Investing Activities:</u>	
Interest and Dividends	<u>64,134</u>
Net Cash Provided by Investing Activities	<u>64,134</u>
Net Decrease in Cash and Cash Equivalents	(261,119)
Cash and Cash Equivalents at Beginning of Year	<u>2,673,713</u>
Cash and Cash Equivalents at End of Year	<u><u>\$2,412,594</u></u>
	(continued)

**CITY OF FRANKLIN, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
*(continued)*

	<u>Enterprise</u>
Reconciliation of Operating Loss to <u>Net Cash Provided by Operating Activities:</u>	
Operating Loss	<u>(\$223,066)</u>
<u>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:</u>	
Depreciation Expense	368,403
Change in Assets and Liabilities:	
Increase in Accounts Receivable	(154,735)
Decrease in Due from Other Governments	12,769
Increase in Materials and Supplies Inventory	(2,294)
Increase in Accounts Payable	201,462
Increase in Contracts Payable	66,122
Decrease in Accrued Wages and Benefits	(3,401)
Increase in Compensated Absences Payable	38,674
Increase in Due to Other Governments	4,392
Increase in Refundable Deposits	<u>11,291</u>
Total Adjustments	<u>542,683</u>
Net Cash Provided by Operating Activities	<u><u>\$319,617</u></u>

See accompanying notes to the general purpose financial statements

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**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. They provide various services including a police force, a fire fighting force, street maintenance and repair force, planning and zoning departments, a parks and recreation system, a water and sewer system, a contracting service for trash collection, a community development department, and a staff to provide essential support to these service providers. Council and the City Manager have direct responsibility for these activities.

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

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

The City is associated with two organizations which are defined as joint ventures and four organizations which are defined as jointly governed organizations. These organizations are presented in Note 19 of the General Purpose Financial Statements. These organizations are:

Joint Ventures:

Joint Recreation Facility  
Hazardous Materials Response Team

Jointly Governed Organizations:

Warren County General Health District  
Joint Emergency Medical Service  
Center for Local Governments  
Ohio - Kentucky - Indiana Regional Council of Governments

The Franklin Municipal Court has been included in the City's financial statements as an agency fund. The clerk of courts has a fiduciary responsibility for the collection and distribution of the court fees and fines.



**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)**

**BASIS OF PRESENTATION - FUND ACCOUNTING**

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and fiduciary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund - This fund is the operating fund of the City and is used to account 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.

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to the expendable trust or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**PROPRIETARY FUNDS**

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following is the City's proprietary fund type:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION (continued)**

**FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The City's fiduciary funds include an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

**ACCOUNT GROUPS**

To make a clear distinction between fixed assets related to specific funds and those of the general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City other than those accounted for in proprietary funds.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured general long-term indebtedness of the City that is not a specific liability of the proprietary funds, including special assessment debt for which the City is obligated in some manner.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Franklin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital (for amounts contributed prior to January 1, 2001) and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) 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, state-levied locally shared taxes, accounts, interest, and grants.

Deferred revenue arises 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, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

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

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The Street Improvement Capital Projects Fund is created for GAAP purposes for repayment of short-term debt issues and is not part of the City's appropriated budget. The City did not anticipate any activity in the River Corridor Capital Projects Fund, and none occurred. Therefore, no budgetary statement is presented for this fund. There is also unbudgeted trustee activity in the Water Enterprise Fund. Transfers in do not equal transfers out on the budgetary statement, due to an encumbrance for transfers out of \$30,000. The legal level of budgetary control is at the object level (personal services and other expenditures) within each department. Budgetary modifications may only be made by ordinance of the City Council.

Tax Budget

A tax budget of estimated revenues and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue to be collected is greater or less than the current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department and object level (personal services and other expenditures). The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of Council. During the year several supplemental appropriation measures were passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures and encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental and expendable trust funds and are reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

**CASH AND CASH EQUIVALENTS**

Cash balances of the City's funds, except cash held by a trustee or fiscal agent, are pooled and invested in short-term investments in order to provide improved cash management. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures which are presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts." The City utilizes financial institutions to service bonded debt as principal and interest payments come due and is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent." The City's deposits on hand for future principal and interest payments on mortgage revenue bonds are presented on the combined balance sheet as "Restricted Assets: Cash and Cash Equivalents with Trustee."

During fiscal year 2001, investments were limited to STAR Ohio, a Federal Home Loan Bank Bond, Federal National Mortgage Association Notes, a Federal National Mortgage Association Debenture, Anthem Blue Cross/Blue Shield stock, money market mutual funds and certificates of deposit. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. Non-participating investment contracts such as non-negotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2001.

Interest revenue credited to the general fund during fiscal year 2001 amounted to \$256,582, which includes \$159,119 assigned from other funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and funds within the cash management pool are considered to be cash and cash equivalents.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**INVENTORY OF SUPPLIES**

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 costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

**RESTRICTED ASSETS**

Restricted assets in the enterprise funds represent cash and cash equivalents held by trustee, which have been set aside to satisfy bond indenture requirements for future debt payments, and cash and cash equivalents set aside for replacement and improvement of fixed assets originally acquired with bond proceeds. In addition, water and sewer customer deposits are presented as restricted assets.

**INTERFUND ASSETS/LIABILITIES**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Short-term interfund loans are classified as "Interfund Receivables" or "Interfund Payables."

**FIXED ASSETS AND DEPRECIATION**

General fixed assets (assets used in the general operations of the City) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fund fixed assets are assets used in providing services accounted for in proprietary funds. They are accounted for within the proprietary funds.

All purchased fixed assets are valued at cost when historical records are available and estimated historical cost where no historical records exist. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized. An improvement to a fund fixed asset is depreciated over the remaining useful life of the related asset.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs, gutters, sidewalks, and drainage systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the general fixed assets account group are not depreciated. Depreciation of fund fixed assets is computed using the straight-line method over the following useful lives:

Buildings	40 years
Equipment	5-10 years
Sewer and Water Lines	40 years

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**COMPENSATED ABSENCES**

The City reports compensated absences in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences". Vacation benefits 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. 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 the City has identified as probable of receiving payment in the future. 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. This amount is recorded as a fund liability, while the balance of the liability is recorded in the general long-term obligations account group. In proprietary funds, the entire amount of unpaid compensated absences is reported as a fund liability.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than thirty-one days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and the police and fire pension liability are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds. Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Debt Service Fund
Special Assessment Bonds	Debt Service Fund
Police Pension Liability	Police Pension Special Revenue Fund
Fire Pension Liability	Fire Pension Special Revenue Fund
Compensated Absences and Pension Obligation	Will be paid by the fund from which the employee's salary is paid.
Capital Leases	General Fund (the fund which is utilizing the asset being acquired).
OWDA Loans	Water Fund (the fund which utilized the proceeds of loans).
Long-Term Notes	Street Special Revenue Fund (the fund which utilized the proceeds of the notes).
Mortgage Revenue Bonds	Water Fund (the fund which utilized the proceeds of the bonds).

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**CAPITALIZATION OF INTEREST**

The City's policy is 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.

**CONTRIBUTED CAPITAL**

Contributed capital represents resources from other funds, federal and state grants, other governments, and private sources provided to the City's proprietary funds which are not subject to repayment. There were no changes in contributed capital during the fiscal year.

Because the City had not prepared its financial statements in accordance with generally accepted accounting principles in years prior to 1988, the exact amount of contributed capital at December 31, 2001, cannot be determined. Only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. Beginning in 2001, *GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions,"* requires that these types of contributions be recognized as revenues.

**RESERVATIONS OF FUND EQUITY**

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances and inventory. Retained earnings are reserved for replacement and improvement and for future debt service for revenue bonds.

**ACCOUNTING 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.

**INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

The City's transfers during 2001 were in compliance with the Ohio Revised Code.



**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS**

Total columns on the General Purpose Financial Statements - Overview are captioned "Totals - Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

**NOTE 3 - BUDGET TO GAAP RECONCILIATION**

**BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type is 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The City does not budget for the activities of the trustee who collects and holds the restricted assets used for the retirement mortgage revenue bonds of the water enterprise fund. However, the activities of the trustee are included in their respective funds for GAAP reporting purposes.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 3 - BUDGET TO GAAP RECONCILIATION (continued)**

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Fund					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$8,212	\$319,156	(\$254)	(\$1,453,960)	\$454
Revenue Accruals	(295,720)	68,849	203	60,736	0
Expenditure Accruals	102,601	(47,605)	(98,557)	116,661	0
Encumbrances	(164,886)	(19,581)	0	0	0
Debt Principal Payments	19,282	0	(2,087,000)	0	0
Note Proceeds	0	0	445,000	2,291,000	0
Reallocation of Bond Proceeds	0	0	1,410,000	(1,410,000)	0
Advances	(50,000)	0	0	50,000	0
Transfers	(134,152)	0	305,981	(147,339)	0
Budget Basis	(\$514,663)	\$320,819	(\$24,627)	(\$492,902)	\$454

Net Loss/Excess of Revenues Under  
Expenses and Operating Transfers  
All Enterprise Funds

	Enterprise
GAAP Basis	(\$491,363)
Revenue Accruals	(121,797)
Deposits	11,291
Expense Accruals	(186,091)
Encumbrances	(32,916)
Operating Transfers	(54,490)
Capital Outlay	154,889
Loss on Disposal of Fixed Assets	406
Depreciation	368,403
Budget Basis	(\$351,668)

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY**

**COMPLIANCE**

The following appropriation accounts had an excess of expenditures over appropriations for the year ended December 31, 2001, in violation of Ohio Revised Code, section 5705.41(B):

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (continued)**

<u>Fund Type/Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
General Government			
Mayor's & Administrative Services			
Personal Services	263,439	265,124	(1,685)
Planning Commission			
Personal Services	0	850	(850)
Special Appropriations			
Personal Services	0	37	(37)
Other Financing Uses			
Operating Transfers Out	954,335	1,384,894	(430,559)
Special Revenue Funds			
Street Fund			
Transportation			
Street Cleaning			
Personal Services	0	2,292	(2,292)
Police Pension Fund			
Police Law Enforcement			
Other	157,804	205,985	(48,181)
Fire Pension Fund			
Security of Persons and Property			
Fire Department			
Other	70,148	73,986	(3,838)
Capital Projects Funds			
Bikeway Fund			
Capital Outlay			
Other	950,000	1,488,872	(538,872)
Debt Service Fund			
Debt Service			
Principal Retirement	1,000,000	2,387,000	(1,387,000)
Enterprise Funds			
Water Fund			
Materials and Supplies	30,563	82,863	(52,300)

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 4 - COMPLIANCE AND ACCOUNTABILITY (continued)**

The following fund had appropriations which exceeded estimated resources for the year ended December 31, 2001, in violation of Ohio Revised Code, section 5705.39:

	<u>Excess</u>
Capital Projects Funds:	
Municipal Buildings	\$92,240

**ACCOUNTABILITY**

At year end, the U.S. Filter special revenue fund has a fund deficit balance of \$7,497. The deficit in this fund is due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. In addition, the issue two, municipal buildings, shotwell drive and street improvement capital projects funds have deficit fund balances of \$304,176, \$2,094,753, \$28,169 and \$103,515 respectively. The deficits in all of the capital projects funds listed above, except the shotwell drive fund, result from the issuance of short-term bond anticipation notes which are used to finance projects until bonds are issued. These deficits will be eliminated when long-term bonds are issued. The deficit in the shotwell drive fund is due to adjustments for accrued liabilities which generate expenditures that are greater than those recognized on a cash basis. The general fund is liable for the deficit and provides operating transfers when cash is required, not when accruals occur.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

**POLICIES AND PROCEDURES**

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current two 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

The City may deposit or invest interim monies in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligations 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 the 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this section are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 5 - DEPOSITS AND INVESTMENTS (continued)**

**DEPOSITS**

At year end, the carrying amount of the City's deposits was \$1,064,391 and the bank balance was \$1,480,457. Of the bank balance, \$413,790 was covered by federal deposit insurance. The remainder of the deposits were not insured or collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**INVESTMENTS**

GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified in categories of risk. The City's investments are categorized as either (1) insured or registered or for which the securities are held by the City or its agent in the City's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Money market mutual funds and Star Ohio investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 3</u>	<u>Fair Value</u>
STAR Ohio	\$0	\$4,062,002
Federal Home Loan Bank Bond	253,828	253,828
Federal National Mortgage Association Notes	505,625	505,625
Federal National Mortgage Association Debenture	752,813	752,813
Common Stock	98,109	98,109
Money Market Mutual Funds	0	371,537
Total	<u>\$1,610,375</u>	<u>\$6,043,914</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	<u>Cash and Cash</u> <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$7,010,196	\$98,109
Investments:		
STAR Ohio	(\$4,062,002)	\$4,062,002
Federal Home Loan Bank Bond	(253,828)	253,828
Federal National Mortgage Association Notes	(505,625)	505,625
Federal National Mortgage Association Debenture	(752,813)	752,813
Money Market Mutual Funds	(371,537)	371,537
GASB Statement No. 3	<u>\$1,064,391</u>	<u>\$6,043,914</u>

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2001 for real and public utility property taxes represents collections of 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) is for 2001 taxes.

2001 real property taxes are levied after October 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

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. 2001 public utility property taxes became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2001 was \$2.83 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$149,263,540
Personal Property	56,525,550
Public Utility Personal Property	8,366,100
Totals	\$214,155,190

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Franklin. Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2001 operations. The receivable is therefore offset by a credit to deferred revenue.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 7 - 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 2001, the proceeds were allocated to the general fund and street special revenue fund. Income tax revenue for 2001 was \$4,185,384.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2001 consisted of taxes, interfund, intergovernmental receivables, including grants, entitlements and shared revenues, special assessments, interest on investments, and accounts (including utility). All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

	Amount
<u>General Fund</u>	
Local Government Assistance	\$74,326
Estate Tax	4,822
Ohio Public Works Commission Grants	18,454
Homestead, Rollback and Exemption	19,465
Total General Fund	117,067
<u>Special Revenue Funds</u>	
<u>Street Fund</u>	
Gas Tax	134,712
Motor Vehicle Tax	95,931
Permissive Motor Vehicle Tax	7,065
<u>State Highway Fund</u>	
Gas Tax	10,924
Motor Vehicle Tax	7,677
<u>U.S. Filter Fund</u>	
Homestead, Rollback and Exemption	1,206
<u>Police Pension Fund</u>	
Homestead, Rollback and Exemption	2,782
<u>Fire Pension Fund</u>	
Homestead, Rollback and Exemption	2,782
Total Special Revenue Funds	263,079
<u>Capital Projects Fund</u>	
Issue Two	369,332
<u>Proprietary Funds</u>	
<u>Water Fund</u>	
Miscellaneous	3,339
Total All Funds	\$752,817



**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 9 - FIXED ASSETS**

Changes in general fixed assets during the year ended December 31, 2001 were as follows:

Class	Balance December 31, 2000	Additions	Deletions	Balance December 31, 2001
Land	\$405,004	149,688	0	\$554,692
Buildings	726,422	2,060,703	0	2,787,125
Improvements other than Buildings	433,236	12,790	1,200	444,826
Vehicles, Furniture and Equipment	3,319,593	344,324	103,731	3,560,186
Construction in Progress	90,670	32,740	90,670	32,740
Totals	<u>\$4,974,925</u>	<u>\$2,600,245</u>	<u>\$195,601</u>	<u>\$7,379,569</u>

Fixed asset balances for enterprise funds as of December 31, 2001 were as follows:

Class	Water	Sewer	Total
Land	\$901,497	\$5,153	\$906,650
Buildings	713,149	74,584	787,733
Equipment	530,154	327,711	857,865
Sewer and Water Lines	7,876,528	3,086,854	10,963,382
Total	<u>10,021,328</u>	<u>3,494,302</u>	<u>13,515,630</u>
Less: Accumulated Depreciation	<u>(2,964,914)</u>	<u>(2,199,183)</u>	<u>(5,164,097)</u>
Net Fixed Assets	<u>\$7,056,414</u>	<u>\$1,295,119</u>	<u>\$8,351,533</u>

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

***Public Employees Retirement System***

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for state and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 \$182,598, \$115,496, and \$175,049, respectively. The full amount has been contributed for 2000 and 1999. 96.12 percent was contributed for 2001 with the remainder being reported as a fund liability and within the general long-term obligations account group.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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

***Ohio Police and Fire Pension Fund***

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12 percent for police and 16.5 percent for firefighters. For 2000, the City contributions were 12.25 percent for police and 16.75 percent for firefighters. The City's contributions to the Fund for the years ended December 31, 2001, 2000, and 1999 were \$172,236, \$176,652, and \$175,186, respectively, equal to the required contributions for each year. The full amount has been contributed for 2000 and 1999. 77.56 percent was contributed for 2001 with the remainder being reported within the general long-term obligations account group.

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 fire fighters in 1967. As of December 31, 2001, the unfunded liability of the City was \$76,401 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary. The liability is reported in the general long-term obligations account group.

**NOTE 11 - 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 the rate of 4.62 hours per eighty hours of service. Sick leave is cumulative without limit. In the case of death or retirement, every employee will be paid for a maximum of 150 days of sick leave hours. Those employees that leave City employment for reasons other than death or retirement will be paid 50 percent of accumulated sick leave up to a maximum of 150 days (600 hours).

The total obligation for compensated absences for the City as a whole as of December 31, 2001, was \$701,188.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 11 - 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.

**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 12 - POSTEMPLOYMENT BENEFITS**

***Public Employees Retirement System***

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$84,883. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)**

***Ohio Police and Fire Pension Fund***

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$68,497 for police and \$28,473 for fire. The OP&F's total health care expense for the year ended December 31, 2000, (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

**NOTE 13 - 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. During 2001, the City contracted with The Hartford Insurance Company for vehicle, property and general liability insurance. Hartford Steam Boiler Company covers boiler and machinery, while police and professional liability are protected by the City Insurance Company.

Boiler and machinery hold a \$1,000 deductible. Vehicle deductible levels vary with vehicles while property and general liability deductibles range from \$250-\$1,000. The City carries a \$1,000 deductible for both police and professional liability insurance. A local claims agent, Simpkins Insurance, is contracted by the City and reviews all claims.

Coverage provided by the insurance agency follows:

Public Official Liability	\$2,000,000
Police Professional Liability	2,000,000
EDP Equipment Policy	100,000
Boiler and Machinery	1,000,000
Public Employees Blanket Bond	50,000
Comprehensive General Liability	
Each Occurrence	2,000,000
General Aggregate	2,000,000
Excess Liability	5,000,000

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 13 - RISK MANAGEMENT (continued)**

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

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

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

In previous years, the City has entered into capital leases for vehicles and equipment. By the terms of each agreement, ownership of the equipment is transferred to the City by the end of the 3-5 year lease terms. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. The equipment, machinery and vehicles acquired by lease have been capitalized in the general fixed assets account group in the amount of \$251,927 which equals the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in 2001 totaled \$19,282.

The following is a schedule of the future long-term minimum lease payments required for capital leases reported in the General Long-Term Obligations Account Group and the present value of the minimum lease payments as of December 31, 2001.

Year Ending December 31,	General Long-Term Obligations
2002	\$25,503
2003	25,503
2004	25,503
2005	26,636
Subtotal	103,145
Less: Amount Representing Interest	(13,217)
Present Value of Minimum Lease Payments	\$89,928

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 15 - LONG-TERM OBLIGATIONS**

Long-term obligations at December 31, 2001 were as follows:

<u>Types/Issues</u>	<u>Balance January 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2001</u>
<b>Enterprise Fund Obligations</b>				
6.70% OWDA Loans	\$2,643,911	\$0	\$32,971	\$2,610,940
4.00% - 5.80% Mortgage Revenue Bonds	3,900,000	0	90,000	3,810,000
Compensated Absences	<u>105,361</u>	<u>70,294</u>	<u>0</u>	<u>175,655</u>
<b>TOTAL - All Enterprise Fund Obligations</b>	<b><u>6,649,272</u></b>	<b><u>70,294</u></b>	<b><u>122,971</u></b>	<b><u>6,596,595</u></b>
<b>General Long-Term Obligations</b>				
<b><u>Special Assessment Bonds</u></b>				
6.85% - 1991				
Franklin Commerce Improvement	985,000	0	60,000	925,000
8.78% - 1985				
Streetscape	30,000	0	5,000	25,000
7.125% - 1989				
Shady Glenn	90,000	0	9,000	81,000
6.00% - 1995				
Miller Stub Street	66,000	0	3,000	63,000
5.75% - 1995				
Shotwell Drive	193,000	0	8,000	185,000
5.80% - 1997				
Franklin Commerce Center	515,000	0	20,000	495,000
5.00% - 1998				
Scholl Road	470,000	0	15,000	455,000
5.00% - 1998				
Fourth Street Improvement	305,000	0	10,000	295,000
5.00% - 1998				
Schumaker-Franklin	1,235,000	0	40,000	1,195,000
5.00% - 1998				
Deardoff Phase II	145,000	0	5,000	140,000
5.70% - 1999				
Eastlawn Sewer Line Extension	115,000	0	5,000	110,000
5.125% - 2001				
Shotwell Drive Phase III	<u>0</u>	<u>490,000</u>	<u>0</u>	<u>490,000</u>
<b>TOTAL-Special Assessment Bonds</b>	<b><u>\$4,149,000</u></b>	<b><u>\$490,000</u></b>	<b><u>\$180,000</u></b>	<b><u>\$4,459,000</u></b>

(continued)

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 15 - LONG-TERM OBLIGATIONS (continued)**

Types/Issues	Balance January 1, 2001	Increase	Decrease	Balance December 31, 2001
<u>General Obligation Bonds</u>				
<u>(Unvoted)</u>				
4.25% - 6.10% 1994 Road Extension	\$1,160,000	\$0	\$120,000	\$1,040,000
4.625% - 5.125% 2001 Street Improvement	<u>0</u>	<u>920,000</u>	<u>0</u>	<u>920,000</u>
TOTAL-General Obligation Bonds	<u>1,160,000</u>	<u>920,000</u>	<u>120,000</u>	<u>1,960,000</u>
<u>Other Long-Term</u>				
<u>Obligations</u>				
4.70% - 1994 Street Sweeper Note	12,478	0	12,478	0
Compensated Absences	332,502	175,477	0	507,979
Police and Fire Pension	77,421	0	1,020	76,401
Pension Obligation	138,216	223,976	138,216	223,976
Capital Leases Payable	<u>109,210</u>	<u>0</u>	<u>19,282</u>	<u>89,928</u>
TOTAL-Other Long-Term Obligations	<u>669,827</u>	<u>399,453</u>	<u>170,996</u>	<u>898,284</u>
TOTAL- All General Long-Term Obligations	<u>5,978,827</u>	<u>1,809,453</u>	<u>470,996</u>	<u>7,317,284</u>
TOTAL - All Types	<u><u>\$12,628,099</u></u>	<u><u>\$1,879,747</u></u>	<u><u>\$593,967</u></u>	<u><u>\$13,913,879</u></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.

The unvoted general obligation bond issues for the Road Extension and Street Improvement will be paid from property taxes. The general obligation bonds in the enterprise funds will be repaid from operating revenues.

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

<u>Redemption Dates</u>	<u>Premium - % of Par Value</u>
September 1, 2004 through August 31, 2005	102%
September 1, 2005 through August 31, 2006	101%
September 1, 2006 and thereafter	100%

The Street Sweeper Note is a long-term loan because the loan is similar to a serial bond where annual payments are made each year and there is no rollover of principal from year to year. The Street Sweeper Note was retired from the street fund with no specifically identifiable revenue source.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 15 - LONG-TERM OBLIGATIONS (continued)**

On October 1, 2001, the City issued \$490,000 in Special Assessment Bonds for the purpose of retiring Bond Anticipation Notes that were issued for making improvements to Shotwell Drive. The bonds are being paid from special assessment revenues. The interest rate on the bonds is 5.125%, and final maturity is December 1, 2021.

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 Capital Improvement Fund (22%) and the Ohio Public Works Commission Fund (78%). The interest rate on the bonds ranges from 4.625% to 5.125%.

The Ohio Water Development Authority (OWDA) loans are for the construction of water mains. The loans will be paid from water fund operating revenues.

The Mortgage Revenue Bonds will be paid from water fund operating revenues. The bonds will mature in the year 2022.

The enterprise fund's related 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.

As of December 31, 2001, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$17,902,826 with an unvoted debt margin of \$7,195,066. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2001 are:

Year	Special Assessments Bonds	General Obligation Bonds	Police and Fire Pension	Mortgage Revenue Bonds	OWDA Loans	Total
2002	\$457,868	\$269,281	\$4,300	\$315,803	\$250,914	\$1,298,166
2003	456,664	253,288	4,300	311,003	250,914	1,276,169
2004	459,794	259,721	4,300	316,103	250,914	1,290,832
2005	466,976	260,214	4,300	315,603	250,914	1,298,007
2006	452,717	254,826	4,300	319,738	250,914	1,282,495
2007-11	2,305,291	732,678	21,500	1,587,413	1,254,570	5,901,452
2012-16	1,653,913	375,119	21,500	1,588,963	1,254,570	4,894,065
2017-35	458,038	393,994	68,800	1,909,950	1,003,656	3,834,438
Total	\$6,711,261	\$2,799,121	\$133,300	\$6,664,576	\$4,767,366	\$21,075,624

**REVENUE HOUSING BONDS**

The City served as the issuer of \$7,220,000 in revenue housing bonds in 1997. The proceeds used by Emerald Edge/Warren, Limited Partnership to finance the acquisition, construction and equipping of a multifamily residential rental housing facility. 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. As of December 31, 2001, the outstanding principal balance was \$6,955,000.



**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 16 - SHORT-TERM OBLIGATIONS**

A summary of the short-term note transactions for the year ended December 31, 2001 follows:

<u>Fund Type</u>	<u>Balance</u> <u>December 31, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>December 31, 2001</u>
General	\$382,000	\$295,000	\$382,000	\$295,000
Capital Projects	1,605,000	2,391,000	1,605,000	2,391,000
Enterprise	100,000	50,000	100,000	50,000
<b>Total</b>	<b>\$2,087,000</b>	<b>\$2,736,000</b>	<b>\$2,087,000</b>	<b>\$2,736,000</b>

Short-term notes outstanding at year end consisted of the following issues:

<u>Issue</u>	<u>Principal</u> <u>Outstanding</u>	<u>Annualized</u> <u>Rate</u>
Public Works Facility	\$2,000,000	3.30 %
Street Improvement	291,000	3.65
Street Improvement	100,000	3.65
Waterworks System Improvement	50,000	3.65
Fire Rescue Vehicle	35,000	3.65
Fire Equipment Acquisition	260,000	3.65
<b>Total</b>	<b>\$2,736,000</b>	

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

**NOTE 17 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund asset and liability balances at December 31, 2001 were as follows:

**DUE FROM/TO OTHER FUNDS**

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$41,953	\$0
Municipal Court Agency Fund	0	41,953
	<b>\$41,953</b>	<b>\$41,953</b>

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 17 - INTERFUND RECEIVABLES AND PAYABLES (continued)**

**INTERFUND RECEIVABLES/PAYABLES**

	<u>Receivable</u>	<u>Payable</u>
<u>General Fund</u>	<u>\$51,236</u>	<u>\$14,260</u>
<u>Special Revenue Fund</u>		
Street	1,550	0
<u>Debt Service Fund</u>	<u>49,572</u>	<u>0</u>
<u>Capital Projects Funds</u>		
Issue Two	0	23,680
Capital Improvement	0	6,263
Municipal Buildings	0	50,000
Shotwell Drive	0	898
Street Improvement	0	767
Total Capital Projects Funds	<u>0</u>	<u>81,608</u>
<u>Enterprise Funds</u>		
Water	1,308	4,784
Sewer	0	3,014
Total Enterprise Funds	<u>1,308</u>	<u>7,798</u>
Total All Funds	<u>\$103,666</u>	<u>\$103,666</u>

**NOTE 18 - SEGMENT INFORMATION**

The City's enterprise funds account for the provision of sewer, water and trash services. Key financial information as of and for the year ended December 31, 2001 for each enterprise fund is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
Operating Revenues	\$1,765,279	\$2,184,487	\$463,872	\$4,413,638
Depreciation Expense	266,769	101,634	0	368,403
Operating Income (Loss)	127,993	(396,007)	44,948	(223,066)
Net Income (Loss)	(167,607)	(368,704)	44,948	(491,363)
Fixed Asset Additions	147,975	6,914	0	154,889
Fixed Asset Deletions	14,739	12,314	0	27,053
Net Working Capital	364,792	390,397	155,947	911,136
Total Assets	8,738,816	2,782,715	160,287	11,681,818
Bonds and Other Long-Term				
Liabilities Payable from				
Revenues	6,347,286	64,426	574	6,412,286
Total Equity	1,964,605	1,715,211	155,373	3,835,189
Encumbrances at 12/31/01	21,792	11,124	0	32,916

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 19 - JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS**

The City participates in a joint venture with Franklin Township pertaining to a Joint Recreation Facility. The joint venture was formed for the purpose of constructing and operating a swimming pool for the citizens of the City and Township. The recreation facility is governed by a Board of Trustees consisting of ten members, five appointed by each entity. The funding for the operations of the pool is charges for services, with the remainder of the budget being financed equally by the City and Township. There is no explicit and measurable equity interest in the Joint Recreation Facility. The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's contribution, which totaled \$25,000 in 2001. 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 City also participated in a joint venture with the City of Lebanon, and Franklin and Clearcreek Townships pertaining to a Hazardous Materials Response Team (HAZMAT). The joint venture was formed for the purpose of providing protection and assistance for hazardous waste spills. In March 2000, the HAZMAT joint venture was disbanded and management of its operations was assumed by the Warren County Board of Commissioners. The balance of the Hazardous Materials fund was paid to the County during 2001.

The following is a summary of the financial information for both joint ventures for the year ended December 31, 2001 prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility	Hazardous Materials
Operating Revenues	\$94,191	\$0
Operating Expenditures	125,400	13
Excess of Operating Revenues		
Under Expenditures	(31,209)	(13)
Fund Balance Beginning of Year	33,792	13
Fund Balance at End of Year	\$2,583	\$0

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 \$1,169 during 2001 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. Financial information may be obtained from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 19 - JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS (continued)**

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 Center for Local Governments (the Center), a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of eight members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. Information can be obtained from the Center by writing the Center for Local Governments, 4144 Crossgate Drive, Cincinnati, Ohio 45236.

The City participates in the Ohio-Kentucky-Indiana Regional Council of Governments (OKI), a jointly governed organization. OKI members include Butler, Clermont and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky and Dearborn and Ohio Counties in Indiana. The purpose of OKI is to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the OKI Region. OKI also serves as an area wide review agency in conjunction with comprehensive planning within the OKI Region.

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each county and municipal corporation, one individual selected by each county planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member county. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI.

Payments to OKI are made from the general fund. To obtain financial information, write to the Ohio-Kentucky-Indiana Regional Council of Governments at 801-B W. Eighth St. - Suite 400, Cincinnati, Ohio, 45203.

**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.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

**NOTE 20 - CONTINGENT LIABILITIES (continued)**

**FEDERAL AND STATE GRANTS**

For the period January 1, 2001 to December 31, 2001 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 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/RETAINED EARNINGS**

For fiscal year 2001, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues," which changes how the City recognizes certain types of revenues. In addition, an error was found in the amount of capital leases payable accrued in fiscal year 2001 and compensated absences payable were overstated in 2001. The fund type classification of the bikeway fund was changed to capital projects from special revenue, due to a change in the nature of activity in the fund.

The implementation of the GASB pronouncements, along with the error cited above, caused the following changes to the prior year's ending Fund Balances, Retained Earnings, and Account Group balances.

	General Fund	Special Revenue	Capital Projects	Enterprise Funds	General Long- Term Obligations Account Group
Balance at					
December 31, 2000	\$2,409,535	\$942,346	(\$862,880)	\$3,864,673	\$5,980,552
Compensated Absences	0	0	0	(31,620)	0
Contracts Payable	0	0	224,788	0	0
Accrued Interest Payable	(15,000)	0	0	0	0
Capital Leases Payable	0	0	0	0	(1,725)
Refundable Deposits	0	0	0	20,903	0
GASB 33 Adjustments	(22,339)	0	(107,074)	0	0
Change in Fund Type	0	(2,324)	2,324	0	0
Restated Balance at					
December 31, 2000	<u>\$2,372,196</u>	<u>\$940,022</u>	<u>(\$742,842)</u>	<u>\$3,853,956</u>	<u>\$5,978,827</u>

**NOTE 22 - SUBSEQUENT EVENTS**

In June 2002, the City sold 1,982 shares of Anthem Blue Cross/Blue Shield common stock, which were valued at approximately \$120,000. The City received these shares as a result of the demutualization of Anthem Blue Cross/Blue Shield, which provides health insurance to City employees.

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FINANCIAL STATEMENTS AND SCHEDULES OF  
INDIVIDUAL FUNDS AND ACCOUNT GROUPS

***GENERAL FUND***

To account for governmental resources which are not accounted for in any other fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter and/or the general laws of Ohio.



**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, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$320,286	\$403,193	\$82,907
Income Taxes	3,642,814	3,982,025	339,211
Charges for Services	27,453	49,587	22,134
Fines, Licenses, and Permits	596,446	718,172	121,726
Intergovernmental	609,310	646,240	36,930
Interest	249,502	183,237	(66,265)
Other	195,283	219,205	23,922
Total Revenues	<u>5,641,094</u>	<u>6,201,659</u>	<u>560,565</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Clerk and Council			
Personal Services	67,066	66,818	248
Other	76,000	54,243	21,757
Total Clerk and Council	<u>143,066</u>	<u>121,061</u>	<u>22,005</u>
Municipal Court			
Personal Services	457,041	397,239	59,802
Other	198,600	191,218	7,382
Total Municipal Court	<u>655,641</u>	<u>588,457</u>	<u>67,184</u>
Mayor's and Administrative Office			
Personal Services	263,439	265,124	(1,685)
Other	15,350	13,642	1,708
Total Mayor's and Administrative Office	<u>278,789</u>	<u>278,766</u>	<u>23</u>
Clerk Treasurer			
Personal Services	128,336	126,356	1,980
Other	16,650	15,615	1,035
Total Clerk Treasurer	<u>144,986</u>	<u>141,971</u>	<u>3,015</u>
Income Tax Administration			
Personal Services	139,842	137,022	2,820
Other	154,435	149,752	4,683
Total Income Tax Administration	<u>\$294,277</u>	<u>\$286,774</u>	<u>\$7,503</u>

(continued)

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
*(continued)*

	Budget	Actual	Variance Favorable (Unfavorable)
Solicitor			
Personal Services	\$54,835	\$51,740	\$3,095
Other	<u>30,500</u>	<u>25,693</u>	<u>4,807</u>
Total Solicitor	<u>85,335</u>	<u>77,433</u>	<u>7,902</u>
Civil Service Commission			
Other	<u>10,000</u>	<u>9,742</u>	<u>258</u>
Total Civil Service Commission	<u>10,000</u>	<u>9,742</u>	<u>258</u>
Planning Commission			
Personal Services	0	850	(850)
Other	<u>58,300</u>	<u>31,427</u>	<u>26,873</u>
Total Planning Commission	<u>58,300</u>	<u>32,277</u>	<u>26,023</u>
Board of Zoning, Bldg and Housing			
Other	<u>500</u>	<u>0</u>	<u>500</u>
Total Board of Zoning, Bldg and Housing	<u>500</u>	<u>0</u>	<u>500</u>
Building and Grounds			
Personal Services	35,475	33,435	2,040
Other	<u>99,700</u>	<u>65,111</u>	<u>34,589</u>
Total Building and Grounds	<u>135,175</u>	<u>98,546</u>	<u>36,629</u>
Special Appropriations			
Personal Services	0	37	(37)
Other	<u>301,812</u>	<u>263,799</u>	<u>38,013</u>
Total Special Appropriations	<u>301,812</u>	<u>263,836</u>	<u>37,976</u>
Economic Development			
Other	<u>8,000</u>	<u>3,839</u>	<u>4,161</u>
Total Economic Development	<u>8,000</u>	<u>3,839</u>	<u>4,161</u>
Total General Government	<u>2,115,881</u>	<u>1,902,702</u>	<u>213,179</u>
Security of Persons and Property			
Police Law Enforcement			
Personal Services	1,794,900	1,709,620	85,280
Other	<u>527,640</u>	<u>431,501</u>	<u>96,139</u>
Total Police Law Enforcement	<u>2,322,540</u>	<u>2,141,121</u>	<u>181,419</u>
Fire Department			
Personal Services	735,795	627,083	108,712
Other	<u>276,697</u>	<u>239,375</u>	<u>37,322</u>
Total Fire Department	<u>\$1,012,492</u>	<u>\$866,458</u>	<u>\$146,034</u>

(continued)

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
*(continued)*

	Budget	Actual	Variance Favorable (Unfavorable)
Building Inspection			
Personal Services	\$243,737	\$222,030	\$21,707
Other	62,600	32,886	29,714
Total Building Inspection	306,337	254,916	51,421
Total Security of Persons and Property	3,641,369	3,262,495	378,874
Leisure Time Activities			
Other	25,000	25,000	0
Total Leisure Time Activities	25,000	25,000	0
Basic Utility Services			
Waste Disposal			
Other	10,000	3,357	6,643
Total Waste Disposal	10,000	3,357	6,643
Engineering			
Other	109,000	89,992	19,008
Total Engineering	109,000	89,992	19,008
Storm Drains			
Other	174	0	174
Total Storm Drains	174	0	174
Total Basic Utility Services	119,174	93,349	25,825
Total Expenditures	5,901,424	5,283,546	617,878
Excess of Revenues Over (Under) Expenditures	(260,330)	918,113	1,178,443
Other Financing Sources (Uses):			
Advances - Out	0	(50,000)	(50,000)
Income Tax Refunds	(5,000)	0	5,000
Operating Transfers - In	0	2,118	2,118
Operating Transfers - Out	(954,335)	(1,384,894)	(430,559)
Total Other Financing Sources (Uses)	(959,335)	(1,432,776)	(473,441)
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(1,219,665)	(514,663)	705,002
Fund Balance at Beginning of Year	2,059,058	2,059,058	0
Prior Year Encumbrances Appropriated	457,578	457,578	0
Fund Balance at Beginning of Year	<u>\$1,296,971</u>	<u>\$2,001,973</u>	<u>\$705,002</u>

## ***SPECIAL REVENUE FUNDS***

To account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditure for specified purposes.

### **Street**

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of streets within the City.

### **State Highway**

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

### **Community Development**

To account for loans to small businesses obtained through Community Development Block Grant programs.

### **Recreation**

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

### **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 Pension**

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

### **Fire Pension**

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

### **All Other**

#### **Computer Research**

To account for monies received from fines for the payment of a computer used for court purposes and to maintain and update the computer as necessary.

#### **Court Improvement**

To account for monies received from additional fines to be used for any court activity such as training, equipment, or improvements to the building related to the court.

#### **County Vehicle Tax**

To account for additional motor vehicle license taxes levied for routine street maintenance and repairs.

#### **Drug Law Enforcement**

To account for monies received from fines and costs collected from felonious drug trafficking convictions used to pay for the security of persons and property.

***SPECIAL REVENUE FUNDS***

(continued)

***All Other (continued)***

***Law Enforcement***

To account for monies received from the sale of forfeited goods and property that is spent on law enforcement.

***Indigent Drivers' Education Fund***

To account for a portion of fines collected in DUI cases used to pay for the treatment of indigent persons convicted of DUI offenses.

***Enforcement and Education***

To account for a portion of fines collected in DUI cases used to enforce DUI laws and teach the public about the dangers of driving under the influence.

***In-House Monitoring***

To account for monies received from persons participating in the in-house incarceration program.

***Downtown Improvement***

To account for monies received transferred in from the general fund that are paid out to businesses for use in improving their store fronts.

***Firemen's Indemnity***

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

**CITY OF FRANKLIN, OHIO**  
**COMBINING BALANCE SHEET**  
**ALL SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2001**

	<u>STREET</u>	<u>STATE HIGHWAY</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>RECREATION</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$273,930	\$59,453	\$102,518	\$256,609
Receivables:				
Taxes	0	0	0	0
Interfund	1,550	0	0	0
Special Assessments	0	0	0	0
Accrued Interest	60	0	0	0
Due from Other Governments	237,708	18,601	0	0
Materials and Supplies Inventory	104,569	0	0	441
Total Assets	<u>\$617,817</u>	<u>\$78,054</u>	<u>\$102,518</u>	<u>\$257,050</u>
<u>Liabilities</u>				
Accounts Payable	19,202	0	0	3,755
Contracts Payable	96	0	425	0
Accrued Wages and Benefits	10,802	0	0	3,020
Compensated Absences Payable	350	0	0	559
Due to Other Governments	11,754	0	0	3,802
Deferred Revenue	201,117	16,207	0	0
Total Liabilities	<u>243,321</u>	<u>16,207</u>	<u>425</u>	<u>11,136</u>
<u>Fund Equity</u>				
Fund Balance:				
Reserved for Encumbrances	3,232	0	0	1,692
Reserved for Inventory	104,569	0	0	441
Unreserved:				
Undesignated (Deficit)	266,695	61,847	102,093	243,781
Total Fund Equity (Deficit)	<u>374,496</u>	<u>61,847</u>	<u>102,093</u>	<u>245,914</u>
Total Liabilities and Fund Equity	<u>\$617,817</u>	<u>\$78,054</u>	<u>\$102,518</u>	<u>\$257,050</u>

<u>STREET LIGHTING</u>	<u>U.S. FILTER</u>	<u>POLICE PENSION</u>	<u>FIRE PENSION</u>	<u>ALL OTHER</u>	<u>TOTALS</u>
\$84,823	\$6,188	\$0	\$568	\$459,438	\$1,243,527
0	28,615	66,032	66,032	0	160,679
0	0	0	0	0	1,550
85,260	0	0	0	0	85,260
0	0	0	0	0	60
0	1,206	2,782	2,782	0	263,079
0	0	0	0	0	105,010
<u>\$170,083</u>	<u>\$36,009</u>	<u>\$68,814</u>	<u>\$69,382</u>	<u>\$459,438</u>	<u>\$1,859,165</u>
8,067	0	0	0	6,348	37,372
0	0	0	0	0	521
0	0	0	0	0	13,822
0	0	0	0	0	909
0	13,685	0	0	0	29,241
85,260	29,821	68,814	68,814	0	470,033
<u>93,327</u>	<u>43,506</u>	<u>68,814</u>	<u>68,814</u>	<u>6,348</u>	<u>551,898</u>
0	0	0	0	47	4,971
0	0	0	0	0	105,010
<u>76,756</u>	<u>(7,497)</u>	<u>0</u>	<u>568</u>	<u>453,043</u>	<u>1,197,286</u>
<u>76,756</u>	<u>(7,497)</u>	<u>0</u>	<u>568</u>	<u>453,090</u>	<u>1,307,267</u>
<u>\$170,083</u>	<u>\$36,009</u>	<u>\$68,814</u>	<u>\$69,382</u>	<u>\$459,438</u>	<u>\$1,859,165</u>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>STREET</u>	<u>STATE HIGHWAY</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>RECREATION</u>
Revenues:				
Property and Other Local Taxes	\$0	\$0	\$0	\$0
Income Taxes	70,951	0	0	0
Charges for Services	1,825	0	0	0
Fines, Licenses and Permits	0	0	0	0
Intergovernmental	453,788	33,563	60,400	0
Special Assessments	0	0	0	0
Interest	455	0	7,535	0
Other	23,674	0	0	1,102
<b>Total Revenues</b>	<u>550,693</u>	<u>33,563</u>	<u>67,935</u>	<u>1,102</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Transportation	560,975	0	0	0
Leisure Time Activities	0	0	0	199,545
Community Environment	0	0	78,400	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	12,478	0	0	0
Interest and Fiscal Charges	288	0	0	0
<b>Total Expenditures</b>	<u>573,741</u>	<u>0</u>	<u>78,400</u>	<u>199,545</u>
Excess of Revenues Over (Under) Expenditures	<u>(23,048)</u>	<u>33,563</u>	<u>(10,465)</u>	<u>(198,443)</u>
Other Financing Sources (Uses):				
Operating Transfers - In	162,700	0	0	350,000
Operating Transfers - Out	<u>(93,990)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<u>68,710</u>	<u>0</u>	<u>0</u>	<u>350,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	45,662	33,563	(10,465)	151,557
Fund Balances at Beginning of Year	281,186	28,284	112,558	93,916
Increase in Reserve for Inventory	<u>47,648</u>	<u>0</u>	<u>0</u>	<u>441</u>
<b>Fund Balances (Deficit) at End of Year</b>	<u><u>\$374,496</u></u>	<u><u>\$61,847</u></u>	<u><u>\$102,093</u></u>	<u><u>\$245,914</u></u>



<u>STREET LIGHTING</u>	<u>U.S. FILTER</u>	<u>POLICE PENSION</u>	<u>FIRE PENSION</u>	<u>ALL OTHER</u>	<u>TOTALS</u>
\$0	\$24,891	\$63,123	\$63,123	\$0	\$151,137
0	0	0	0	0	70,951
0	0	0	0	71,840	73,665
0	0	0	0	8,958	8,958
0	2,462	0	0	64,028	614,241
84,010	0	0	0	0	84,010
0	0	0	0	0	7,990
0	0	0	0	21,519	46,295
<u>84,010</u>	<u>27,353</u>	<u>63,123</u>	<u>63,123</u>	<u>166,345</u>	<u>1,057,247</u>
0	0	0	0	432	432
80,471	0	203,074	72,598	8,825	364,968
0	0	0	0	18,503	18,503
0	0	0	0	57,190	618,165
0	0	0	0	0	199,545
0	40,035	0	0	23,320	141,755
0	0	0	0	3,309	3,309
0	0	691	329	0	13,498
0	0	2,220	1,059	0	3,567
<u>80,471</u>	<u>40,035</u>	<u>205,985</u>	<u>73,986</u>	<u>111,579</u>	<u>1,363,742</u>
<u>3,539</u>	<u>(12,682)</u>	<u>(142,862)</u>	<u>(10,863)</u>	<u>54,766</u>	<u>(306,495)</u>
0	5,000	142,434	9,507	50,000	719,641
0	0	0	0	0	(93,990)
<u>0</u>	<u>5,000</u>	<u>142,434</u>	<u>9,507</u>	<u>50,000</u>	<u>625,651</u>
3,539	(7,682)	(428)	(1,356)	104,766	319,156
73,217	185	428	1,924	348,324	940,022
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>48,089</u>
<u>\$76,756</u>	<u>(\$7,497)</u>	<u>\$0</u>	<u>\$568</u>	<u>\$453,090</u>	<u>\$1,307,267</u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**STREET FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Income Taxes	\$78,000	\$70,951	(\$7,049)
Charges for Services	1,100	1,825	725
Intergovernmental	474,900	454,444	(20,456)
Interest	300	395	95
Other	700	23,674	22,974
Total Revenues	<u>555,000</u>	<u>551,289</u>	<u>(3,711)</u>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	305,239	258,459	46,780
Other	290,914	240,572	50,342
Snow and Ice Removal			
Personal Services	25,600	6,960	18,640
Other	71,065	46,566	24,499
Street Cleaning			
Personal Services	0	2,292	(2,292)
Other	21,282	12,145	9,137
Traffic Controls and Marking			
Other	64,974	41,613	23,361
Total Transportation	<u>779,074</u>	<u>608,607</u>	<u>170,467</u>
Debt Service:			
Principal Retirement	12,478	12,478	0
Interest and Fiscal Charges	288	288	0
Total Expenditures	<u>791,840</u>	<u>621,373</u>	<u>170,467</u>
Excess of Revenues Under Expenditures	<u>(236,840)</u>	<u>(70,084)</u>	<u>166,756</u>
Other Financing Sources (Uses):			
Operating Transfers - In	150,000	162,700	12,700
Operating Transfers - Out	(94,000)	(93,990)	10
Total Other Financing Sources (Uses)	<u>56,000</u>	<u>68,710</u>	<u>12,710</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	<u>(180,840)</u>	<u>(1,374)</u>	<u>179,466</u>
Fund Balance at Beginning of Year	208,246	208,246	0
Prior Year Encumbrances Appropriated	<u>53,849</u>	<u>53,849</u>	<u>0</u>
Fund Balance at End of Year	<u>\$81,255</u>	<u>\$260,721</u>	<u>\$179,466</u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**STATE HIGHWAY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	<u>\$33,500</u>	<u>\$33,615</u>	<u>\$115</u>
Total Revenues	<u>33,500</u>	<u>33,615</u>	<u>115</u>
Expenditures:			
Current:			
Transportation			
State Highway Maintenance			
Other	<u>30,000</u>	<u>19,000</u>	<u>11,000</u>
Total Expenditures	<u>30,000</u>	<u>19,000</u>	<u>11,000</u>
Excess of Revenues Over (Under) Expenditures	3,500	14,615	11,115
Fund Balance at Beginning of Year	<u>44,838</u>	<u>44,838</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$48,338</u></u>	<u><u>\$59,453</u></u>	<u><u>\$11,115</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**COMMUNITY DEVELOPMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$60,400	\$60,400	\$0
Interest	1,000	7,535	6,535
Total Revenues	<u>61,400</u>	<u>67,935</u>	<u>6,535</u>
Expenditures:			
Current:			
Community Environment			
Public Housing Projects			
Other	160,400	80,194	80,206
Total Expenditures	<u>160,400</u>	<u>80,194</u>	<u>80,206</u>
Excess of Revenues Under Expenditures	(99,000)	(12,259)	86,741
Fund Balance at Beginning of Year	<u>114,777</u>	<u>114,777</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$15,777</u></u>	<u><u>\$102,518</u></u>	<u><u>\$86,741</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**RECREATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Other	<u>\$0</u>	<u>\$1,102</u>	<u>\$1,102</u>
Total Revenues	<u>0</u>	<u>1,102</u>	<u>1,102</u>
Expenditures:			
Current:			
Leisure Time Activities			
Provide and Maintain Parks			
Personal Services	126,531	113,931	12,600
Other	<u>239,466</u>	<u>99,736</u>	<u>139,730</u>
Total Expenditures	<u>365,997</u>	<u>213,667</u>	<u>152,330</u>
Excess of Revenues Under Expenditures	(365,997)	(212,565)	153,432
Other Financing Sources:			
Operating Transfers - In	<u>350,000</u>	<u>350,000</u>	<u>0</u>
Total Other Financing Sources	<u>350,000</u>	<u>350,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(15,997)	137,435	153,432
Fund Balance at Beginning of Year	91,142	91,142	0
Prior Year Encumbrances Appropriated	<u>26,288</u>	<u>26,288</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$101,433</u></u>	<u><u>\$254,865</u></u>	<u><u>\$153,432</u></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, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Special Assessments	<u>\$65,000</u>	<u>\$84,010</u>	<u>\$19,010</u>
Total Revenues	<u>65,000</u>	<u>84,010</u>	<u>19,010</u>
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	<u>85,000</u>	<u>79,308</u>	<u>5,692</u>
Total Expenditures	<u>85,000</u>	<u>79,308</u>	<u>5,692</u>
Excess of Revenues Over (Under) Expenditures	(20,000)	4,702	24,702
Fund Balance at Beginning of Year	<u>80,119</u>	<u>80,119</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$60,119</u></u>	<u><u>\$84,821</u></u>	<u><u>\$24,702</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**U.S. FILTER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$22,295	\$24,891	\$2,596
Intergovernmental	2,205	2,462	257
	<u>24,500</u>	<u>27,353</u>	<u>2,853</u>
Total Revenues			
Expenditures:			
Current:			
Other Community Environment			
Other	26,355	26,350	5
	<u>26,355</u>	<u>26,350</u>	<u>5</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>(1,855)</u>	<u>1,003</u>	<u>2,858</u>
Other Financing Sources:			
Operating Transfers - In	6,500	5,000	(1,500)
	<u>6,500</u>	<u>5,000</u>	<u>(1,500)</u>
Total Other Financing Sources			
Excess of Revenues and Other Financing Sources Over Expenditures	4,645	6,003	1,358
Fund Balance at Beginning of Year	<u>185</u>	<u>185</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$4,830</u></u>	<u><u>\$6,188</u></u>	<u><u>\$1,358</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**POLICE PENSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$56,000	\$63,123	\$7,123
Total Revenues	56,000	63,123	7,123
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	154,893	203,074	(48,181)
Debt Service:			
Principal Retirement	691	691	0
Interest and Fiscal Charges	2,220	2,220	0
Total Debt Service	2,911	2,911	0
Total Expenditures	157,804	205,985	(48,181)
Excess of Revenues Over (Under) Expenditures	(101,804)	(142,862)	(41,058)
Other Financing Sources:			
Operating Transfers - In	101,400	142,434	41,034
Total Other Financing Sources	101,400	142,434	41,034
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(404)	(428)	(24)
Fund Balance at Beginning of Year	428	428	0
Fund Balance at End of Year	\$24	\$0	(\$24)



**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FIRE PENSION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$56,000	\$63,123	\$7,123
Total Revenues	56,000	63,123	7,123
Expenditures:			
Current:			
Security of Persons and Property			
Fire Department			
Other	68,760	72,598	(3,838)
Debt Service:			
Principal Retirement	329	329	0
Interest and Fiscal Charges	1,059	1,059	0
Total Expenditures	70,148	73,986	(3,838)
Excess of Revenues Over (Under) Expenditures	(14,148)	(10,863)	3,285
Other Financing Sources:			
Operating Transfers - In	15,000	9,507	(5,493)
Total Other Financing Sources	15,000	9,507	(5,493)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	852	(1,356)	(2,208)
Fund Balance at Beginning of Year	1,924	1,924	0
Fund Balance at End of Year	\$2,776	\$568	(\$2,208)

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**COMPUTER RESEARCH FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	<u>\$20,000</u>	<u>\$22,430</u>	<u>\$2,430</u>
Total Revenues	<u>20,000</u>	<u>22,430</u>	<u>2,430</u>
Expenditures:			
Current:			
Public Health and Welfare			
Other	<u>70,000</u>	<u>16,783</u>	<u>53,217</u>
Total Expenditures	<u>70,000</u>	<u>16,783</u>	<u>53,217</u>
Excess of Revenues Over (Under) Expenditures	(50,000)	5,647	55,647
Fund Balance at Beginning of Year	<u>72,751</u>	<u>72,751</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$22,751</u></u>	<u><u>\$78,398</u></u>	<u><u>\$55,647</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**COURT IMPROVEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	<u>\$50,000</u>	<u>\$49,410</u>	<u>(\$590)</u>
Total Revenues	<u>50,000</u>	<u>49,410</u>	<u>(590)</u>
Expenditures:			
Current:			
Capital Outlay			
Other	<u>50,000</u>	<u>3,309</u>	<u>46,691</u>
Total Expenditures	<u>50,000</u>	<u>3,309</u>	<u>46,691</u>
Excess of Revenues Over (Under) Expenditures	0	46,101	46,101
Fund Balance at Beginning of Year	<u>166,815</u>	<u>166,815</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$166,815</u></u>	<u><u>\$212,916</u></u>	<u><u>\$46,101</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**COUNTY VEHICLE TAX FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$120,000	\$117,190	(\$2,810)
Total Revenues	120,000	117,190	(2,810)
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Other	60,000	57,190	2,810
Total Expenditures	60,000	57,190	2,810
Excess of Revenues Over (Under) Expenditures	60,000	60,000	0
Fund Balance (Deficit) at Beginning of Year	(60,000)	(60,000)	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)**  
**DRUG LAW ENFORCEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Total Expenditures	<u>8,000</u>	<u>0</u>	<u>8,000</u>
Excess of Revenues Over (Under) Expenditures	(8,000)	0	8,000
Fund Balance at Beginning of Year	<u>8,586</u>	<u>8,586</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$586</u></u>	<u><u>\$8,586</u></u>	<u><u>\$8,000</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**LAW ENFORCEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Other	<u>\$19,916</u>	<u>\$29,720</u>	<u>\$9,804</u>
Total Revenues	<u>19,916</u>	<u>29,720</u>	<u>9,804</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	<u>20,000</u>	<u>8,825</u>	<u>11,175</u>
Total Expenditures	<u>20,000</u>	<u>8,825</u>	<u>11,175</u>
Excess of Revenues Over (Under) Expenditures	(84)	20,895	20,979
Fund Balance at Beginning of Year	<u>291</u>	<u>291</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$207</u></u>	<u><u>\$21,186</u></u>	<u><u>\$20,979</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**INDIGENT DRIVERS' EDUCATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses, and Permits	\$8,000	\$4,718	(\$3,282)
Intergovernmental	0	6,838	6,838
Total Revenues	8,000	11,556	3,556
Expenditures:			
Current:			
Public Health and Welfare			
Other	50,000	0	50,000
Total Expenditures	50,000	0	50,000
Excess of Revenues Over (Under) Expenditures	(42,000)	11,556	53,556
Fund Balance at Beginning of Year	50,584	50,584	0
Fund Balance at End of Year	\$8,584	\$62,140	\$53,556

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ENFORCEMENT AND EDUCATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses, and Permits	<u>\$1,500</u>	<u>\$1,930</u>	<u>\$430</u>
Total Revenues	<u>1,500</u>	<u>1,930</u>	<u>430</u>
Expenditures:			
Current:			
Public Health and Welfare			
Other	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total Expenditures	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(18,500)</u>	<u>1,930</u>	<u>20,430</u>
Fund Balance at Beginning of Year	<u>20,992</u>	<u>20,992</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,492</u></u>	<u><u>\$22,922</u></u>	<u><u>\$20,430</u></u>



**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**IN-HOUSE MONITORING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Fines, Licenses, and Permits	<u>\$1,500</u>	<u>\$2,310</u>	<u>\$810</u>
Total Revenues	<u>1,500</u>	<u>2,310</u>	<u>810</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Other	<u>5,000</u>	<u>1,638</u>	<u>3,362</u>
Total Expenditures	<u>5,000</u>	<u>1,638</u>	<u>3,362</u>
Excess of Revenues Over (Under) Expenditures	(3,500)	672	4,172
Fund Balance at Beginning of Year	<u>6,351</u>	<u>6,351</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,851</u></u>	<u><u>\$7,023</u></u>	<u><u>\$4,172</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**DOWNTOWN IMPROVEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$0	\$0	\$0
Expenditures:			
Current:			
Other Community Environment			
Other	50,000	23,320	26,680
Total Expenditures	50,000	23,320	26,680
Excess of Revenues Under Expenditures	(50,000)	(23,320)	26,680
Other Financing Sources:			
Operating Transfers - In	50,000	50,000	0
Total Other Financing Sources	50,000	50,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	26,680	26,680
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$26,680	\$26,680

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FIREMEN'S INDEMNITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Current:			
Security of Persons and Property			
Firemen's Indemnity			
Other	<u>14,961</u>	<u>0</u>	<u>14,961</u>
Total Expenditures	<u>14,961</u>	<u>0</u>	<u>14,961</u>
Excess of Revenues Over (Under) Expenditures	(14,961)	0	14,961
Fund Balance at Beginning of Year	<u>14,961</u>	<u>14,961</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$14,961</u></u>	<u><u>\$14,961</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Local Taxes	\$134,295	\$151,137	\$16,842
Income Taxes	78,000	70,951	(7,049)
Charges for Services	71,100	73,665	2,565
Fines, Licenses, and Permits	11,000	8,958	(2,042)
Intergovernmental	691,005	674,949	(16,056)
Special Assessments	65,000	84,010	19,010
Interest	1,300	7,930	6,630
Other	20,616	54,496	33,880
<b>Total Revenues</b>	<b>1,072,316</b>	<b>1,126,096</b>	<b>53,780</b>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Other	5,000	1,638	3,362
<b>Total General Government</b>	<b>5,000</b>	<b>1,638</b>	<b>3,362</b>
Security of Persons and Property			
Police Law Enforcement			
Other	182,893	211,899	(29,006)
Fire Department			
Other	68,760	72,598	(3,838)
Street Lighting			
Other	85,000	79,308	5,692
Firemen's Indemnity			
Other	14,961	0	14,961
<b>Total Security of Persons and Property</b>	<b>351,614</b>	<b>363,805</b>	<b>(12,191)</b>
Public Health and Welfare			
Other	140,000	16,783	123,217
<b>Total Public Health and Welfare</b>	<b>140,000</b>	<b>16,783</b>	<b>123,217</b>
Transportation			
Street Maintenance and Repair			
Personal Services	305,239	258,459	46,780
Other	350,914	297,762	53,152
Snow and Ice Removal			
Personal Services	25,600	6,960	18,640
Other	71,065	46,566	24,499

(continued)

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
*(continued)*

	Budget	Actual	Variance Favorable (Unfavorable)
Street Cleaning			
Personal Services	0	2,292	(2,292)
Other	21,282	12,145	9,137
Traffic Controls and Marking			
Other	64,974	41,613	23,361
State Highway Maintenance			
Other	30,000	19,000	11,000
Total Transportation	<u>869,074</u>	<u>684,797</u>	<u>184,277</u>
Leisure Time Activities			
Provide and Maintain Parks			
Personal Services	126,531	113,931	12,600
Other	239,466	99,736	139,730
Total Leisure Time Activities	<u>365,997</u>	<u>213,667</u>	<u>152,330</u>
Community Environment			
Public Housing Projects			
Other	160,400	80,194	80,206
Other Community Environment			
Other	76,355	49,670	26,685
Total Community Environment	<u>236,755</u>	<u>129,864</u>	<u>106,891</u>
Capital Outlay			
Other	50,000	3,309	46,691
Debt Service:			
Principal Retirement	13,498	13,498	0
Interest and Fiscal Charges	3,567	3,567	0
Total Expenditures	<u>2,035,505</u>	<u>1,430,928</u>	<u>604,577</u>
Excess of Revenues Under Expenditures	<u>(963,189)</u>	<u>(304,832)</u>	<u>658,357</u>
Other Financing Sources (Uses):			
Operating Transfers - In	672,900	719,641	46,741
Operating Transfers - Out	(94,000)	(93,990)	10
Total Other Financing Sources (Uses)	<u>578,900</u>	<u>625,651</u>	<u>46,751</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(384,289)	320,819	705,108
Fund Balance at Beginning of Year	822,990	822,990	0
Prior Year Encumbrances Appropriated	80,137	80,137	0
Fund Balance at End of Year	<u>\$518,838</u>	<u>\$1,223,946</u>	<u>\$705,108</u>

## ***DEBT SERVICE FUND***

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Since there is only one debt service fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

## ***CAPITAL PROJECTS FUNDS***

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

### **Issue Two**

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

### **Capital Improvement**

To account for monies received primarily from transfers from the General Fund. Expenditures relate to the retirement of note debt issued for Municipal Building improvements and Riley Boulevard improvements.

### **Municipal Buildings**

To account for monies received from the issuance of debt to pay for improvements to municipal buildings.

### **Shotwell Drive**

To account for monies received primarily from the issuance of debt to pay for improvements to the Shotwell Drive area.

### **Bikeway**

To account for monies designated for engineering fees and construction costs of the City Bikeway.

### **Street Improvement**

To account for monies received from the issuance of debt to pay for engineering costs and improvements to streets within the City limits. This fund is created for GAAP purposes for repayment of short-term debt issues and is not part of the City's appropriated budget. Therefore, no budgetary statement is presented.

### **River Corridor**

To account for grant monies received from the State and expenditures relating to improvements being made to the river corridor. The City did not anticipate any activity in this fund, and none occurred. Therefore, no budgetary statement is presented.

**CITY OF FRANKLIN, OHIO  
 COMBINING BALANCE SHEET  
 ALL CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2001**

	<u>ISSUE TWO</u>	<u>CAPITAL IMPROVEMENT</u>	<u>MUNICIPAL BUILDINGS</u>
<u>Assets</u>			
Receivables:			
Equity in Pooled Cash and Cash Equivalents	\$541,519	\$33,063	\$848
Due from Other Governments	<u>369,332</u>	<u>0</u>	<u>0</u>
Total Assets	<u><u>\$910,851</u></u>	<u><u>\$33,063</u></u>	<u><u>\$848</u></u>
<u>Liabilities</u>			
Accounts Payable	\$2,734	\$0	\$0
Contracts Payable	613,297	0	12,601
Interfund Payable	23,680	6,263	50,000
Retainage Payable	34,209	0	0
Due to Other Governments	0	0	0
Deferred Revenue	248,210	0	0
Accrued Interest Payable	1,897	0	33,000
Notes Payable	<u>291,000</u>	<u>0</u>	<u>2,000,000</u>
Total Liabilities	<u>1,215,027</u>	<u>6,263</u>	<u>2,095,601</u>
<u>Fund Equity</u>			
Fund Balances:			
Unreserved:			
Undesignated (Deficit)	<u>(304,176)</u>	<u>26,800</u>	<u>(2,094,753)</u>
Total Fund Equity (Deficit)	<u>(304,176)</u>	<u>26,800</u>	<u>(2,094,753)</u>
Total Liabilities and Fund Equity	<u><u>\$910,851</u></u>	<u><u>\$33,063</u></u>	<u><u>\$848</u></u>



<u>SHOTWELL DRIVE</u>	<u>BIKEWAY</u>	<u>STREET IMPROVEMENT</u>	<u>RIVER CORRIDOR</u>	<u>TOTALS</u>
\$23,151	\$312,324	\$0	\$2,627	\$913,532
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>369,332</u>
<u>\$23,151</u>	<u>\$312,324</u>	<u>\$0</u>	<u>\$2,627</u>	<u>\$1,282,864</u>
\$5,870	\$0	\$0	\$0	\$8,604
44,552	0	0	0	670,450
898	0	767	0	81,608
0	0	0	0	34,209
0	7,940	0	0	7,940
0	0	0	0	248,210
0	0	2,748	0	37,645
<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>2,391,000</u>
<u>51,320</u>	<u>7,940</u>	<u>103,515</u>	<u>0</u>	<u>3,479,666</u>
<u>(28,169)</u>	<u>304,384</u>	<u>(103,515)</u>	<u>2,627</u>	<u>(2,196,802)</u>
<u>(28,169)</u>	<u>304,384</u>	<u>(103,515)</u>	<u>2,627</u>	<u>(2,196,802)</u>
<u>\$23,151</u>	<u>\$312,324</u>	<u>\$0</u>	<u>\$2,627</u>	<u>\$1,282,864</u>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**ALL CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>ISSUE TWO</u>	<u>CAPITAL IMPROVEMENT</u>	<u>MUNICIPAL BUILDINGS</u>
Revenues:			
Intergovernmental	\$880,558	\$0	\$0
Other	<u>0</u>	<u>0</u>	<u>574</u>
Total Revenues	<u>880,558</u>	<u>0</u>	<u>574</u>
Expenditures:			
Current:			
Leisure Time Activities	0	0	0
Capital Outlay	1,706,173	93,311	2,062,327
Debt Service:			
Interest and Fiscal Charges	<u>28,344</u>	<u>7,305</u>	<u>33,000</u>
Total Expenditures	<u>1,734,517</u>	<u>100,616</u>	<u>2,095,327</u>
Excess of Revenues Under Expenditures	<u>(853,959)</u>	<u>(100,616)</u>	<u>(2,094,753)</u>
Other Financing Sources (Uses):			
Proceeds of Bonds	715,555	204,445	0
Operating Transfers - In	0	0	0
Operating Transfers - Out	<u>0</u>	<u>(12,879)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>715,555</u>	<u>191,566</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(138,404)	90,950	(2,094,753)
Fund Balances (Deficit) at Beginning of Year	<u>(165,772)</u>	<u>(64,150)</u>	<u>0</u>
Fund Balances (Deficit) at End of Year	<u><u>(\$304,176)</u></u>	<u><u>\$26,800</u></u>	<u><u>(\$2,094,753)</u></u>

<u>SHOTWELL DRIVE</u>	<u>BIKEWAY</u>	<u>STREET IMPROVEMENT</u>	<u>RIVER CORRIDOR</u>	<u>TOTALS</u>
\$0	\$0	\$0	\$0	\$880,558
203	0	0	0	777
<u>203</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>881,335</u>
0	7,940	0	0	7,940
207,478	0	0	0	4,069,289
<u>20,216</u>	<u>0</u>	<u>3,057</u>	<u>0</u>	<u>91,922</u>
<u>227,694</u>	<u>7,940</u>	<u>3,057</u>	<u>0</u>	<u>4,169,151</u>
<u>(227,491)</u>	<u>(7,940)</u>	<u>(3,057)</u>	<u>0</u>	<u>(3,287,816)</u>
490,000	0	0	0	1,410,000
70,000	310,000	56,735	0	436,735
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,879)</u>
<u>560,000</u>	<u>310,000</u>	<u>56,735</u>	<u>0</u>	<u>1,833,856</u>
332,509	302,060	53,678	0	(1,453,960)
<u>(360,678)</u>	<u>2,324</u>	<u>(157,193)</u>	<u>2,627</u>	<u>(742,842)</u>
<u>(\$28,169)</u>	<u>\$304,384</u>	<u>(\$103,515)</u>	<u>\$2,627</u>	<u>(\$2,196,802)</u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ISSUE TWO**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	<u>\$1,119,000</u>	<u>\$941,497</u>	<u>(\$177,503)</u>
Total Revenues	<u>1,119,000</u>	<u>941,497</u>	<u>(177,503)</u>
Expenditures:			
Capital Outlay			
Other	<u>950,000</u>	<u>1,488,872</u>	<u>(538,872)</u>
Total Expenditures	<u>950,000</u>	<u>1,488,872</u>	<u>(538,872)</u>
Excess of Revenues Over (Under) Expenditures	<u>169,000</u>	<u>(547,375)</u>	<u>(716,375)</u>
Other Financing Sources:			
Proceeds of Notes	<u>291,000</u>	<u>291,000</u>	<u>0</u>
Total Other Financing Sources	<u>291,000</u>	<u>291,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	460,000	(256,375)	(716,375)
Fund Balance at Beginning of Year	<u>797,895</u>	<u>797,895</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,257,895</u></u>	<u><u>\$541,520</u></u>	<u><u>(\$716,375)</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**CAPITAL IMPROVEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	107,121	107,121	0
Total Capital Outlay	107,121	107,121	0
Debt Service:			
Principal Retirement	0	0	0
Total Expenditures	107,121	107,121	0
Excess of Revenues Under Expenditures	(107,121)	(107,121)	0
Other Financing Sources (Uses):			
Operating Transfers - In	50,000	0	(50,000)
Operating Transfers - Out	(12,879)	(12,879)	0
Total Other Financing Sources (Uses)	37,121	(12,879)	(50,000)
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(70,000)	(120,000)	(50,000)
Fund Balance at Beginning of Year	153,063	153,063	0
Fund Balance at End of Year	<u>\$83,063</u>	<u>\$33,063</u>	<u>(\$50,000)</u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**MUNICIPAL BUILDINGS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Other	\$0	\$574	\$574
Total Revenues	0	574	574
Expenditures:			
Capital Outlay			
Other	2,092,240	2,049,726	42,514
Total Expenditures	2,092,240	2,049,726	42,514
Excess of Revenues Under Expenditures	(2,092,240)	(2,049,152)	43,088
Other Financing Sources:			
Proceeds of Notes	2,000,000	2,000,000	0
Advances - In	0	50,000	50,000
Total Other Financing Sources	2,000,000	2,050,000	50,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(92,240)	848	93,088
Fund Balance at Beginning of Year	0	0	0
Fund Balance (Deficit) at End of Year	(\$92,240)	\$848	\$93,088

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**SHOTWELL DRIVE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	\$429,396	\$406,771	\$22,625
Total Expenditures	429,396	406,771	22,625
Excess of Revenues Under Expenditures	(429,396)	(406,771)	22,625
Other Financing Uses:			
Operating Transfers - Out	(20,604)	(20,604)	0
Total Other Financing Uses	(20,604)	(20,604)	0
Excess of Revenues Under Expenditures and Other Financing Uses	(450,000)	(427,375)	22,625
Fund Balance at Beginning of Year	450,526	450,526	0
Fund Balance at End of Year	\$526	\$23,151	\$22,625

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**BIKEWAY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:			
Capital Outlay			
Other	<u>302,000</u>	<u>0</u>	<u>302,000</u>
Total Expenditures	<u>302,000</u>	<u>0</u>	<u>302,000</u>
Excess of Revenues Over (Under) Expenditures	<u>(302,000)</u>	<u>0</u>	<u>302,000</u>
Other Financing Sources:			
Operating Transfers - In	<u>310,000</u>	<u>310,000</u>	<u>0</u>
Total Other Financing Sources	<u>310,000</u>	<u>310,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	8,000	310,000	302,000
Fund Balance at Beginning of Year	<u>2,324</u>	<u>2,324</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$10,324</u></u>	<u><u>\$312,324</u></u>	<u><u>\$302,000</u></u>



**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$1,119,000	\$941,497	(\$177,503)
Other	0	574	574
Total Revenues	<u>1,119,000</u>	<u>942,071</u>	<u>(176,929)</u>
Expenditures:			
Capital Outlay			
Other	3,880,757	4,052,490	(171,733)
Debt Service:			
Principal Retirement	0	0	0
Total Expenditures	<u>3,880,757</u>	<u>4,052,490</u>	<u>(171,733)</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,761,757)</u>	<u>(3,110,419)</u>	<u>(348,662)</u>
Other Financing Sources (Uses):			
Proceeds of Notes	2,291,000	2,291,000	0
Advances - In	0	50,000	50,000
Operating Transfers - In	360,000	310,000	(50,000)
Operating Transfers - Out	(33,483)	(33,483)	0
Total Other Financing Sources (Uses)	<u>2,617,517</u>	<u>2,617,517</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(144,240)	(492,902)	(348,662)
Fund Balance at Beginning of Year	<u>1,406,434</u>	<u>1,406,434</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,262,194</u></u>	<u><u>\$913,532</u></u>	<u><u>(\$348,662)</u></u>

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## ***ENTERPRISE FUNDS***

To account for operations that are financed and operated in a manner similar to private business enterprises (a) where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

### ***Water***

To account for the provision of water treatment and distribution to residential and commercial users in the City.

### ***Sewer***

To account for the provision of sanitary sewer service to the residents and commercial users in the City.

### ***Trash***

To account for the provision of trash collection services to the residents and commercial users in the City.

**CITY OF FRANKLIN**  
**COMBINING BALANCE SHEET**  
**ALL ENTERPRISE FUNDS**  
**DECEMBER 31, 2001**

	<u>WATER</u>	<u>SEWER</u>	<u>TRASH</u>	<u>TOTALS</u>
<u>Assets</u>				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$396,946	\$753,299	\$91,423	\$1,241,668
Receivables:				
Accounts	208,567	615,276	68,864	892,707
Interfund	1,308	0	0	1,308
Due from Other Governments	3,339	0	0	3,339
Materials and Supplies Inventory	<u>20,337</u>	<u>0</u>	<u>0</u>	<u>20,337</u>
Total Current Assets	<u>630,497</u>	<u>1,368,575</u>	<u>160,287</u>	<u>2,159,359</u>
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	680,368	119,021	0	799,389
Cash and Cash Equivalents with Trustee	<u>371,537</u>	<u>0</u>	<u>0</u>	<u>371,537</u>
Total Restricted Assets	<u>1,051,905</u>	<u>119,021</u>	<u>0</u>	<u>1,170,926</u>
Fixed Assets (Net of Accumulated Depreciation)				
	<u>7,056,414</u>	<u>1,295,119</u>	<u>0</u>	<u>8,351,533</u>
Total Assets	<u><u>\$8,738,816</u></u>	<u><u>\$2,782,715</u></u>	<u><u>\$160,287</u></u>	<u><u>\$11,681,818</u></u>

(continued)

**CITY OF FRANKLIN**  
**COMBINING BALANCE SHEET**  
**ALL ENTERPRISE FUNDS**  
**DECEMBER 31, 2001**  
**(continued)**

	<u>WATER</u>	<u>SEWER</u>	<u>TRASH</u>	<u>TOTALS</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts Payable	\$105,995	\$310,175	\$3,396	\$419,566
Contracts Payable	4,374	633,770	0	638,144
Interfund Payable	4,784	3,014	0	7,798
Accrued Wages and Benefits	9,872	15,633	431	25,936
Compensated Absences Payable	9,869	4,194	0	14,063
Due to Other Governments	9,191	11,392	513	21,096
Accrued Interest Payable	1,374	0	0	1,374
Notes Payable	50,000	0	0	50,000
Current Portion of OWDA Loans Payable	70,246	0	0	70,246
Total Current Liabilities	<u>265,705</u>	<u>978,178</u>	<u>4,340</u>	<u>1,248,223</u>
Payable from Restricted Assets:				
Mortgage Revenue Bonds Payable (Current Portion)	100,000	0	0	100,000
Refundable Deposits	24,900	24,900	0	49,800
Accrued Interest Payable	36,320	0	0	36,320
Total Payable from Restricted Assets	<u>161,220</u>	<u>24,900</u>	<u>0</u>	<u>186,120</u>
Long-Term Liabilities:				
Compensated Absences Payable	96,592	64,426	574	161,592
Mortgage Revenue Bonds Payable (Net of Current Portion)	3,710,000	0	0	3,710,000
OWDA Loans Payable (Net of Current Portion)	2,540,694	0	0	2,540,694
Total Long-Term Liabilities	<u>6,347,286</u>	<u>64,426</u>	<u>574</u>	<u>6,412,286</u>
Total Liabilities	<u>6,774,211</u>	<u>1,067,504</u>	<u>4,914</u>	<u>7,846,629</u>
<u>Fund Equity</u>				
Contributed Capital	242,342	230,254	0	472,596
Retained Earnings:				
Reserved for Revenue Bond Replacement and Improvement	655,469	0	0	655,469
Reserved for Revenue Bond Future Debt Service	371,537	0	0	371,537
Unreserved	695,257	1,484,957	155,373	2,335,587
Total Fund Equity	<u>1,964,605</u>	<u>1,715,211</u>	<u>155,373</u>	<u>3,835,189</u>
Total Liabilities and Fund Equity	<u>\$8,738,816</u>	<u>\$2,782,715</u>	<u>\$160,287</u>	<u>\$11,681,818</u>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**ALL ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>WATER</u>	<u>SEWER</u>	<u>TRASH</u>	<u>TOTALS</u>
Operating Revenues:				
Charges for Services	\$1,764,614	\$2,184,487	\$458,452	\$4,407,553
Other Operating Revenues	665	0	5,420	6,085
Total Operating Revenues	<u>1,765,279</u>	<u>2,184,487</u>	<u>463,872</u>	<u>4,413,638</u>
Operating Expenses:				
Personal Services	411,400	381,953	14,770	808,123
Contractual Services	886,320	2,064,322	391,463	3,342,105
Materials and Supplies	72,797	32,585	12,691	118,073
Depreciation	266,769	101,634	0	368,403
Total Operating Expenses	<u>1,637,286</u>	<u>2,580,494</u>	<u>418,924</u>	<u>4,636,704</u>
Operating Income (Loss)	<u>127,993</u>	<u>(396,007)</u>	<u>44,948</u>	<u>(223,066)</u>
Non-Operating Revenues (Expenses):				
Loss on the Disposal of Fixed Assets	(185)	(221)	0	(406)
Interest and Fiscal Charges	(332,025)	0	0	(332,025)
Interest Revenue	36,610	27,524	0	64,134
Total Non-Operating Revenues (Expenses)	<u>(295,600)</u>	<u>27,303</u>	<u>0</u>	<u>(268,297)</u>
Net Income (Loss)	(167,607)	(368,704)	44,948	(491,363)
Retained Earnings at Beginning of Year	<u>1,889,870</u>	<u>1,853,661</u>	<u>110,425</u>	<u>3,853,956</u>
Retained Earnings at End of Year	<u><u>1,722,263</u></u>	<u><u>1,484,957</u></u>	<u><u>155,373</u></u>	<u><u>3,362,593</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)**  
**WATER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$1,773,541	\$1,805,787	\$32,246
Deposits Received	12,000	17,190	5,190
Interest	34,000	0	(34,000)
Other	1,000	8,719	7,719
Total Revenues	<u>1,820,541</u>	<u>1,831,696</u>	<u>11,155</u>
Expenses:			
Personal Services	425,785	415,122	10,663
Contractual Services	1,012,648	994,528	18,120
Materials and Supplies	30,563	82,863	(52,300)
Deposit Refunds	19,000	18,918	82
Capital Outlay	600,000	156,402	443,598
Debt Service:			
Principal Retirement	122,971	122,971	0
Interest and Fiscal Charges	376,972	306,018	70,954
Total Expenses	<u>2,587,939</u>	<u>2,096,822</u>	<u>491,117</u>
Excess of Revenues Under Expenses	(767,398)	(265,126)	502,272
Operating Transfers - Out	<u>(72,490)</u>	<u>(54,490)</u>	<u>18,000</u>
Excess of Revenues Under Expenses and Transfers	(839,888)	(319,616)	520,272
Fund Equity at Beginning of Year	1,230,907	1,230,907	0
Prior Year Encumbrances Appropriated	<u>121,301</u>	<u>121,301</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$512,320</u></u>	<u><u>\$1,032,592</u></u>	<u><u>\$520,272</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, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$2,062,404	\$2,076,669	\$14,265
Deposits Received	12,000	16,290	4,290
Interest	25,000	0	(25,000)
Other	100	8,054	7,954
Total Revenues	<u>2,099,504</u>	<u>2,101,013</u>	<u>1,509</u>
Expenses:			
Personal Services	392,497	342,407	50,090
Contractual Services	2,070,461	1,782,979	287,482
Materials and Supplies	29,494	29,494	0
Deposit Refunds	7,000	3,271	3,729
Capital Outlay	100,000	16,914	83,086
Total Expenses	<u>2,599,452</u>	<u>2,175,065</u>	<u>424,387</u>
Excess of Revenues Under Expenses	(499,948)	(74,052)	425,896
Operating Transfers - Out	<u>(7,000)</u>	<u>0</u>	<u>7,000</u>
Excess of Revenues Under Expenses and Transfers	(506,948)	(74,052)	432,896
Fund Equity at Beginning of Year	903,809	903,809	0
Prior Year Encumbrances Appropriated	<u>3,916</u>	<u>3,916</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$400,777</u></u>	<u><u>\$833,673</u></u>	<u><u>\$432,896</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, 2001**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$416,000	\$451,326	\$35,326
Other	0	5,420	5,420
Total Revenues	<u>416,000</u>	<u>456,746</u>	<u>40,746</u>
Expenses:			
Personal Services	15,500	14,087	1,413
Contractual Services	410,705	391,364	19,341
Materials and Supplies	9,295	9,295	0
Total Expenses	<u>435,500</u>	<u>414,746</u>	<u>20,754</u>
Excess of Revenues Over (Under) Expenses	(19,500)	42,000	61,500
Fund Equity at Beginning of Year	<u>49,423</u>	<u>49,423</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$29,923</u></u>	<u><u>\$91,423</u></u>	<u><u>\$61,500</u></u>

**CITY OF FRANKLIN, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ALL ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Enterprise		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$4,251,945	\$4,333,782	\$81,837
Deposits Received	24,000	33,480	9,480
Interest	59,000	0	(59,000)
Other	1,100	22,193	21,093
Total Revenues	<u>4,336,045</u>	<u>4,389,455</u>	<u>53,410</u>
Expenses:			
Personal Services	833,782	771,616	62,166
Contractual Services	3,493,814	3,168,871	324,943
Materials and Supplies	69,352	121,652	(52,300)
Deposit Refunds	26,000	22,189	3,811
Capital Outlay	700,000	173,316	526,684
Debt Service:			
Principal Retirement	122,971	122,971	0
Interest and Fiscal Charges	376,972	306,018	70,954
Total Expenses	<u>5,622,891</u>	<u>4,686,633</u>	<u>936,258</u>
Excess of Revenues Under Expenses	(1,286,846)	(297,178)	989,668
Operating Transfers - Out	<u>(79,490)</u>	<u>(54,490)</u>	<u>25,000</u>
Excess of Revenues Under Expenses and Transfers	(1,366,336)	(351,668)	1,014,668
Fund Equity at Beginning of year	2,184,139	2,184,139	0
Prior Year Encumbrances Appropriated	<u>125,217</u>	<u>125,217</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$943,020</u></u>	<u><u>\$1,957,688</u></u>	<u><u>\$1,014,668</u></u>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ALL ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	WATER	SEWER	TRASH	TOTALS
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$1,805,787	\$2,076,669	\$451,326	\$4,333,782
Cash Paid for Employee Services and Benefits	(415,122)	(342,407)	(14,087)	(771,616)
Cash Paid to Suppliers for Goods and Services	(1,064,025)	(1,811,349)	(400,659)	(3,276,033)
Utility Deposits Received	17,190	16,290	0	33,480
Utility Deposits Returned	(18,918)	(3,271)	0	(22,189)
Other Operating Revenues	8,719	8,054	5,420	22,193
Net Cash Provided by (Used for) Operating Activities	<u>333,631</u>	<u>(56,014)</u>	<u>42,000</u>	<u>319,617</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition of Capital Assets	(147,975)	(6,914)	0	(154,889)
Interest Paid on General Obligation Notes	(4,490)	0	0	(4,490)
Principal Paid on General Obligation Notes	(100,000)	0	0	(100,000)
Interest Paid on OWDA Loans	(92,487)	0	0	(92,487)
Principal Paid on OWDA Loans	(32,971)	0	0	(32,971)
Interest Paid on Mortgage Revenue Bonds	(220,033)	0	0	(220,033)
Principal Paid on Mortgage Revenue Bonds	(90,000)	0	0	(90,000)
Proceeds of General Obligation Notes	50,000	0	0	50,000
Net Cash Used for Capital and Related Financing Activities	<u>(637,956)</u>	<u>(6,914)</u>	<u>0</u>	<u>(644,870)</u>
<u>Cash Flows from Investing Activities:</u>				
Interest and Dividends	36,610	27,524	0	64,134
Net Cash Provided By Investing Activities	<u>36,610</u>	<u>27,524</u>	<u>0</u>	<u>64,134</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(267,715)	(35,404)	42,000	(261,119)
Cash and Cash Equivalents at Beginning of Year	<u>1,716,566</u>	<u>907,724</u>	<u>49,423</u>	<u>2,673,713</u>
Cash and Cash Equivalents at End of Year	<u>\$1,448,851</u>	<u>\$872,320</u>	<u>\$91,423</u>	<u>\$2,412,594</u>
<u>Reconciliation of Operating Income (Loss) to</u>				
<u>Net Cash Provided by (Used for) Operating Activities:</u>				
Operating Income (Loss)	<u>\$127,993</u>	<u>(\$396,007)</u>	<u>\$44,948</u>	<u>(\$223,066)</u>
<u>Adjustments to Reconcile Operating Income (Loss)</u>				
<u>to Net Cash Provided by (Used for) Operating Activities:</u>				
Depreciation Expense	266,769	101,634	0	368,403
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	41,173	(188,782)	(7,126)	(154,735)
Decrease in Due From Other Governments	4,715	8,054	0	12,769
(Increase) in Materials and Supplies Inventories	(2,294)	0	0	(2,294)
Increase (Decrease) in Accounts Payable	(106,526)	304,592	3,396	201,462
Increase in Contracts Payable	4,192	61,930	0	66,122
Increase (Decrease) in Accrued Wages and Benefits	(10,451)	7,005	45	(3,401)
Increase in Compensated Absences Payable	11,257	26,843	574	38,674
Increase (Decrease) in Due to Other Governments	(1,469)	5,698	163	4,392
Increase (Decrease) in Refundable Deposits	(1,728)	13,019	0	11,291
Total Adjustments	<u>205,638</u>	<u>339,993</u>	<u>(2,948)</u>	<u>542,683</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$333,631</u>	<u>(\$56,014)</u>	<u>\$42,000</u>	<u>\$319,617</u>

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## ***FIDUCIARY FUNDS***

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

### ***EXPENDABLE TRUST FUND***

#### ***Unclaimed Monies***

To account for monies which have yet to be claimed by their rightful owners.

Since there is only one expendable trust fund and the level of budgetary control is not greater than that presented in the combined financial statements, no additional financial statements are presented here.

### ***AGENCY FUNDS***

#### ***Municipal Court***

To account for the collection and distribution of court fines and forfeitures.

#### ***Joint Emergency Medical Services (JEMS)***

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

#### ***Joint Recreation***

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

#### ***Hazardous Materials***

To account for the financial activities of the joint venture.

#### ***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 BALANCE SHEET  
 ALL FIDUCIARY FUNDS  
 DECEMBER 31, 2001**

	EXPENDABLE TRUST		AGENCY
	UNCLAIMED MONIES	MUNICIPAL COURT	JOINT EMERGENCY MEDICAL SERVICES (JEMS)
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$2,598	\$0	\$119
Cash and Cash Equivalents in Segregated Accounts	<u>0</u>	<u>106,216</u>	<u>0</u>
Total Assets	<u><u>\$2,598</u></u>	<u><u>\$106,216</u></u>	<u><u>\$119</u></u>
<u>Liabilities:</u>			
Due to Other Funds	\$0	\$41,953	\$0
Due to Other Governments	0	37,207	119
Undistributed Monies	0	16,821	0
Deposits Held and Due to Others	<u>0</u>	<u>10,235</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>106,216</u>	<u>119</u>
<u>Fund Equity</u>			
Fund Balance:			
Unreserved:			
Undesignated	<u>2,598</u>	<u>0</u>	<u>0</u>
Total Fund Equity	<u>2,598</u>	<u>0</u>	<u>0</u>
Total Liabilities and Fund Equity	<u><u>\$2,598</u></u>	<u><u>\$106,216</u></u>	<u><u>\$119</u></u>

<u>JOINT RECREATION</u>	<u>TOTALS</u>
\$2,583	\$5,300
<u>0</u>	<u>106,216</u>
<u>\$2,583</u>	<u>\$111,516</u>

\$0	\$41,953
0	37,326
2,583	19,404
<u>0</u>	<u>10,235</u>
<u>2,583</u>	<u>108,918</u>

<u>0</u>	<u>2,598</u>
<u>0</u>	<u>2,598</u>
<u>\$2,583</u>	<u>\$111,516</u>

**CITY OF FRANKLIN, OHIO  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
ALL AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	BALANCE 1/1/01	ADDITIONS	REDUCTIONS	BALANCE 12/1/01
<b>MUNICIPAL COURT</b>				
<u>Assets:</u>				
Cash and Cash Equivalents in Segregated Accounts	\$162,502	\$106,216	\$162,502	\$106,216
Total Assets	<u>\$162,502</u>	<u>\$106,216</u>	<u>\$162,502</u>	<u>\$106,216</u>
<u>Liabilities:</u>				
Due to Other Funds	\$70,995	\$41,953	\$70,995	\$41,953
Due to Other Governments	76,608	37,207	76,608	37,207
Undistributed Monies	8,750	16,821	8,750	16,821
Deposits Held and Due to Others	6,149	10,235	6,149	10,235
Total Liabilities	<u>\$162,502</u>	<u>\$106,216</u>	<u>\$162,502</u>	<u>\$106,216</u>
<b>JOINT EMERGENCY MEDICAL SERVICES (JEMS)</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$99,315	\$40,618	\$139,814	\$119
Total Assets	<u>\$99,315</u>	<u>\$40,618</u>	<u>\$139,814</u>	<u>\$119</u>
<u>Liabilities:</u>				
Due to Other Governments	99,315	40,618	139,814	119
Total Liabilities	<u>\$99,315</u>	<u>\$40,618</u>	<u>\$139,814</u>	<u>119</u>
<b>JOINT RECREATION</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$33,792	\$94,191	\$125,400	\$2,583
Total Assets	<u>\$33,792</u>	<u>\$94,191</u>	<u>\$125,400</u>	<u>\$2,583</u>
<u>Liabilities:</u>				
Undistributed Monies	\$33,792	\$94,191	\$125,400	\$2,583
Total Liabilities	<u>\$33,792</u>	<u>\$94,191</u>	<u>\$125,400</u>	<u>\$2,583</u>

(continued)



**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF CHANGES**  
**IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**  
**(continued)**

	BALANCE 1/1/01	ADDITIONS	REDUCTIONS	BALANCE 12/1/01
<b>HAZARDOUS MATERIALS</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$13	\$0	\$13	\$0
Total Assets	<u>\$13</u>	<u>\$0</u>	<u>\$13</u>	<u>\$0</u>
<u>Liabilities:</u>				
Due to Other Governments	\$13	\$0	\$13	\$0
Total Liabilities	<u>\$13</u>	<u>\$0</u>	<u>\$13</u>	<u>\$0</u>
<b>BUILDING STANDARDS FEE</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$52	\$2,315	\$2,367	\$0
Total Assets	<u>\$52</u>	<u>\$2,315</u>	<u>\$2,367</u>	<u>\$0</u>
<u>Liabilities:</u>				
Due to Other Governments	\$52	\$2,315	\$2,367	\$0
Total Liabilities	<u>\$52</u>	<u>\$2,315</u>	<u>\$2,367</u>	<u>\$0</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$133,172	\$137,124	\$267,594	\$2,702
Cash and Cash Equivalents in Segregated Accounts	<u>162,502</u>	<u>106,216</u>	<u>162,502</u>	<u>106,216</u>
Total Assets	<u>\$295,674</u>	<u>\$243,340</u>	<u>\$430,096</u>	<u>\$108,918</u>
<u>Liabilities:</u>				
Due to Other Funds	\$70,995	\$41,953	\$70,995	\$41,953
Due to Other Governments	175,988	80,140	218,802	37,326
Undistributed Monies	42,542	111,012	134,150	19,404
Deposits Held and Due to Others	<u>6,149</u>	<u>10,235</u>	<u>6,149</u>	<u>10,235</u>
Total Liabilities	<u>\$295,674</u>	<u>\$243,340</u>	<u>\$430,096</u>	<u>\$108,918</u>

***GENERAL FIXED ASSETS ACCOUNT GROUP***

To account for fixed assets other than those accounted for in the proprietary funds.

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY SOURCES**  
**DECEMBER 31, 2001**

General Fixed Assets:

Land	\$554,692
Buildings	2,787,125
Improvements Other Than Buildings	444,826
Vehicles, Furniture and Equipment	3,560,186
Construction in Progress	<u>32,740</u>

Total \$7,379,569

Investment in General Fixed Assets  
from:

General Fund Revenues	\$6,295,636
Special Revenue Fund Revenues	1,008,580
Donations	<u>75,353</u>

Total General Fixed Assets \$7,379,569

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2001**

FUNCTION AND ACTIVITY	LAND	BUILDINGS	IMPROVEMENTS OTHER THAN BUILDINGS
<b>GENERAL GOVERNMENT:</b>			
Administration	\$167,277	\$2,061,871	\$48,309
City Hall	56,544	274,136	0
Municipal Court	0	0	17,247
Finance	0	5,364	0
Tax	0	794	0
Total General Government	<u>223,821</u>	<u>2,342,165</u>	<u>65,556</u>
<b>SECURITY OF PERSONS AND PROPERTY:</b>			
Police Protection	1,500	137,881	187,257
Fire Department	1,500	40,725	2,550
Total Security of Persons and Property	<u>3,000</u>	<u>178,606</u>	<u>189,807</u>
<b>TRANSPORTATION:</b>			
Street Department	<u>28,078</u>	<u>229,765</u>	<u>94,776</u>
<b>LEISURE TIME ACTIVITIES:</b>			
Recreation Department	<u>299,793</u>	<u>36,589</u>	<u>94,687</u>
<b>TOTAL GENERAL FIXED ASSETS</b>	<b><u><u>\$554,692</u></u></b>	<b><u><u>\$2,787,125</u></u></b>	<b><u><u>\$444,826</u></u></b>

VEHICLES, FURNITURE AND EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTALS
\$229,181	\$32,740	\$2,539,378
24,744	0	355,424
125,588	0	142,835
11,594	0	16,958
11,297	0	12,091
<u>402,404</u>	<u>32,740</u>	<u>3,066,686</u>
625,940	0	952,578
<u>1,756,253</u>	<u>0</u>	<u>1,801,028</u>
<u>2,382,193</u>	<u>0</u>	<u>2,753,606</u>
<u>507,533</u>	<u>0</u>	<u>860,152</u>
<u>268,056</u>	<u>0</u>	<u>699,125</u>
<u><u>\$3,560,186</u></u>	<u><u>\$32,740</u></u>	<u><u>\$7,379,569</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

<u>FUNCTION AND ACTIVITY</u>	<u>GENERAL FIXED ASSETS 12/31/00</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>GENERAL FIXED ASSETS 12/31/01</u>
<b>GENERAL GOVERNMENT:</b>				
Administration	\$338,044	\$2,274,870	\$73,536	\$2,539,378
City Hall	339,667	15,757	0	355,424
Municipal Court	130,818	12,017	0	142,835
Finance	16,958	0	0	16,958
Tax	12,091	0	0	12,091
Total General Government	<u>837,578</u>	<u>2,302,644</u>	<u>73,536</u>	<u>3,066,686</u>
<b>SECURITY OF PERSONS AND PROPERTY:</b>				
Police Protection	903,776	100,694	51,892	952,578
Fire Department	1,768,981	56,964	24,917	1,801,028
Total Security of Persons and Property	<u>2,672,757</u>	<u>157,658</u>	<u>76,809</u>	<u>2,753,606</u>
<b>TRANSPORTATION:</b>				
Street Department	816,997	70,572	27,417	860,152
<b>LEISURE TIME ACTIVITIES:</b>				
Recreation Department	647,593	69,371	17,839	699,125
<b>TOTAL GENERAL FIXED ASSETS</b>	<u><u>\$4,974,925</u></u>	<u><u>\$2,600,245</u></u>	<u><u>\$195,601</u></u>	<u><u>\$7,379,569</u></u>

# *Statistical Section*

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TABLE 1

CITY OF FRANKLIN, OHIO  
 GENERAL FUND EXPENDITURES BY FUNCTION  
 LAST TEN YEARS

YEAR	GENERAL GOVERNMENT	SECURITY OF PERSONS AND PROPERTY	PUBLIC HEALTH AND WELFARE	LEISURE TIME ACTIVITIES	BASIC UTILITY SERVICES	COMMUNITY ENVIRONMENT	CAPITAL OUTLAY	DEBT SERVICE	TOTAL
1992	\$763,648	\$1,522,294	\$7,789	\$33,431	\$30,050	\$168	\$0	\$17,424	\$2,374,804
1993	822,214	1,553,287	0	33,590	19,746	0	0	18,273	2,447,110
1994	953,503	1,723,022	0	26,000	9,696	0	0	18,374	2,730,595
1995	995,591	2,104,794	0	26,000	50,158	0	0	27,389	3,203,932
1996	1,226,860	2,043,215	0	25,000	56,344	0	0	50,523	3,401,942
1997	1,318,215	2,117,637	0	0	111,789	0	0	49,168	3,596,809
1998	1,567,870	2,989,234	0	25,000	75,019	0	110,000	70,049	4,837,172
1999	1,460,278	2,549,468	0	25,000	57,968	0	11,814	42,488	4,147,016
2000	1,843,079	2,824,697	0	25,000	86,758	0	0	37,982	4,817,516
2001	1,915,770	3,169,146	0	25,000	96,090	0	0	34,537	5,240,543

SOURCE: City of Franklin's Finance Office



TABLE 2

CITY OF FRANKLIN, OHIO  
 GENERAL FUND REVENUES BY SOURCE  
 LAST TEN YEARS

YEAR	TAXES	CHARGES FOR SERVICES	FINES, LICENSES AND PERMITS	INTER-GOVERNMENTAL	INTEREST	OTHER	TOTAL
1992	\$2,043,980	\$17,920	\$392,559	\$317,266	\$43,378	\$5,881	\$2,820,984
1993	2,313,917	87,715	378,244	400,923	36,909	9,679	3,227,387
1994	2,487,022	69,344	384,343	377,374	74,670	9,056	3,401,809
1995	2,942,031	72,111	431,736	401,891	153,476	72,926	4,074,171
1996	3,238,048	62,134	477,703	463,303	179,312	81,583	4,502,083
1997	3,507,176	37,681	484,631	476,988	355,783	101,348	4,963,607
1998	4,052,846	46,688	544,348	727,918	312,860	403,705	6,088,365
1999	3,890,894	32,985	642,185	786,421	334,225	95,998	5,782,708
2000	4,199,400	69,203	680,768	646,101	362,600	82,323	6,040,395
2001	4,516,608	49,587	689,130	642,846	256,582	342,626	6,497,379

SOURCE: City of Franklin's Finance Office

**CITY OF FRANKLIN, OHIO  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN YEARS**

**TABLE 3**

COLLECTION YEAR	TOTAL TAX LEVY	CURRENT TAX COLLECTIONS	DELINQUENT TAX COLLECTIONS	TOTAL TAX COLLECTIONS	PERCENTAGE OF TOTAL TAX COLLECTIONS TO TAX LEVY	ACCUMULATED OUTSTANDING DELINQUENT TAXES	PERCENTAGE OF ACCUMULATED DELINQUENT TAXES TO TOTAL TAX LEVY
1992	\$303,619	\$276,812	\$735	\$277,547	91.40%	\$17,478	5.8%
1993	320,905	290,793	11,521	302,314	94.20	14,577	4.5
1994	341,412	310,684	9,447	320,131	93.80	14,671	4.3
1995	363,943	341,431	11,186	352,617	96.90	12,588	3.5
1996	372,510	360,292	9,048	369,340	99.10	8,049	2.2
1997	383,488	378,567	10,717	389,284	101.50	9,989	2.6
1998	423,981	414,523	10,186	424,709	100.20	11,497	2.7
1999	466,406	451,368	9,817	461,185	98.88	16,474	3.6
2000	534,141	506,035	18,871	524,906	98.27	32,799	6.1
2001	611,494	577,043	18,651	595,694	97.42	36,632	6.0

SOURCE: Warren County Auditor's Office

**CITY OF FRANKLIN, OHIO  
 ASSESSED VALUATION AND ESTIMATED  
 ACTUAL VALUES OF TAXABLE PROPERTY  
 LAST TEN YEARS**

**TABLE 4**

YEAR	REAL PROPERTY		PERSONAL PROPERTY		PUBLIC UTILITY PERSONAL		TOTAL		PERCENTAGE OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	
1992	\$71,962,680	\$205,607,658	\$19,903,415	\$76,551,596	\$10,888,480	\$12,373,273	\$102,754,575	\$294,532,527	34.89%
1993	74,228,870	212,082,486	22,326,012	89,304,048	11,379,650	12,931,420	107,934,532	314,317,954	34.34
1994	84,947,240	242,706,400	25,087,683	100,350,732	11,255,270	12,790,080	121,290,193	355,847,212	34.08
1995	86,800,030	248,000,086	27,499,334	109,997,336	10,905,560	12,392,682	125,204,924	370,390,104	33.80
1996	93,650,870	267,573,914	31,703,229	126,812,916	10,814,790	12,289,534	136,168,889	406,676,364	33.48
1997	106,287,760	303,679,314	33,579,779	134,319,116	10,563,810	12,004,330	150,431,349	450,002,760	33.43
1998	114,152,770	326,150,771	36,161,985	144,647,940	11,022,020	12,525,023	161,336,775	483,323,734	33.38
1999	120,126,750	343,219,286	39,952,347	159,809,388	10,772,760	12,241,773	170,851,857	515,270,447	33.16
2000	144,059,380	413,883,943	58,622,764	234,491,056	10,401,300	11,819,659	213,083,444	660,194,658	32.28
2001	149,263,540	426,467,257	56,525,550	226,102,200	8,366,100	9,506,932	214,155,190	662,076,389	32.35

SOURCE: Warren County Auditor's Office

TABLE 5

CITY OF FRANKLIN, OHIO  
 PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS  
 PER \$1,000 OF ASSESSED VALUATION  
 LAST TEN YEARS

YEAR	CITY OF FRANKLIN		WARREN COUNTY (1)		FRANKLIN CITY SCHOOL DISTRICT			OTHER (2)	
	OPERATING		OPERATING		OPERATING	DEBT SERVICE	TOTAL	OPERATING	TOTAL
1992	\$2.85		\$8.10		\$42.65	\$1.90	\$44.55	\$7.00	\$62.50
1993	2.85		8.10		42.65	1.90	44.55	7.00	62.50
1994	2.82		8.07		42.68	1.60	44.28	7.00	62.17
1995	2.82		6.57		48.58	1.50	50.08	8.50	67.97
1996	2.82		5.00		48.58	1.50	50.08	8.50	66.40
1997	2.82		5.00		48.58	1.25	49.83	8.50	66.15
1998	2.81		4.75		47.50	1.25	48.75	8.50	64.81
1999	2.83		4.00		48.58	1.25	49.83	8.50	65.16
2000	2.83		4.00		48.58	1.67	50.25	8.50	65.58
2001	2.83		4.00		48.41	1.67	50.08	8.50	65.41

SOURCE: City of Franklin's Operating Budget

SOURCE: Warren County Auditor's Office

(1) Includes Warren County Health Care District

(2) Other includes Franklin Township, Warren County Joint Vocational School and Joint Emergency Medical Service

**CITY OF FRANKLIN, OHIO  
 PRINCIPAL TAXPAYERS  
 DECEMBER 31, 2001**

**TABLE 6**

TAXPAYER	2001 REAL PROPERTY ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION REAL PROPERTY
1. Dayton Newspapers	\$11,719,810	7.85%
2. Pharmacia Hepar Incorporated	6,844,990	4.59
3. Cincinnati Gas & Electric	5,512,470	3.69
4. Newark Group Industries Incorporated	3,749,800	2.51
5. Wheelabrator EOS of Ohio	3,307,500	2.22
6. Burrows Paper Corporation	3,255,820	2.18
7. Faurecia Exhaust Systems	2,788,540	1.87
8. Meridian Roofing Corporation	2,133,520	1.43
9. IKO Production Inc.	2,067,260	1.38
10. Emerald Edge/Warren LP	1,970,860	1.32
Total Principal Taxpayers	<u>\$43,350,570</u>	29.04%
Total City	<u>\$149,263,540</u>	

SOURCE: Warren County Auditor's Office

**CITY OF FRANKLIN, OHIO**  
**SPECIAL ASSESSMENT COLLECTIONS**  
**LAST TEN YEARS**

**TABLE 7**

<u>COLLECTION YEAR</u>	<u>BILLED</u>	<u>AMOUNT COLLECTED</u>	<u>PERCENT COLLECTED</u>
1992	\$281,588	\$220,946	78.46 %
1993	274,591	306,715	111.70
1994	294,032	313,036	106.46
1995	291,435	312,684	107.29
1996	320,039	371,344	116.03
1997	309,343	153,642	49.67
1998	490,824	482,390	98.28
1999	510,877	434,661	85.08
2000	530,639	476,745	89.84
2001	513,154	491,293	95.74

SOURCE: Billed column was obtained from the Warren County Auditor's Office.

**CITY OF FRANKLIN, OHIO**  
**COMPUTATION OF OVERALL LEGAL DEBT MARGIN**  
**DECEMBER 31, 2001**

**TABLE 8**

ASSESSED VALUE		<u><u>\$214,155,190</u></u>
TOTAL DEBT LIMIT-10 1/2% OF ASSESSED VALUATION		\$22,486,295
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2001	15,575,940	
LESS: EXEMPT DEBT GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(4,459,000)	
OWDA LOANS TO BE PAID BY ENTERPRISE FUND REVENUE	(2,610,940)	
MORTGAGE REVENUE BONDS TO BE PAID BY ENTERPRISE FUND REVENUE	(3,810,000)	
GENERAL OBLIGATION NOTES TO BE PAID BY ENTERPRISE FUND REVENUES	<u>(50,000)</u>	
TOTAL	4,646,000	
(1) LESS: BOND RETIREMENT FUND BALANCE	<u>(62,531)</u>	
NET SUBJECT TO 10 1/2% LIMITATION		<u><u>4,583,469</u></u>
LEGAL DEBT MARGIN WITHIN 10 1/2% LIMITATION		<u><u>\$17,902,826</u></u>

(1) BOND RETIREMENT FUND BALANCE DOES NOT INCLUDE AMOUNT AVAILABLE FOR SPECIAL ASSESSMENTS

**CITY OF FRANKLIN, OHIO**  
**COMPUTATION OF UNVOTED LEGAL DEBT MARGIN**  
**DECEMBER 31, 2001**

**TABLE 8a**

ASSESSED VALUE		<u><u>\$214,155,190</u></u>
TOTAL DEBT LIMIT- 5 1/2% OF ASSESSED VALUATION		\$11,778,535
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2001	15,575,940	
LESS: EXEMPT DEBT		
GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(4,459,000)	
OWDA LOANS TO BE PAID BY ENTERPRISE FUND REVENUE	(2,610,940)	
MORTGAGE REVENUE BONDS TO BE PAID BY ENTERPRISE FUND REVENUE	(3,810,000)	
GENERAL OBLIGATION NOTES TO BE PAID ENTERPRISE FUND REVENUES	<u>(50,000)</u>	
TOTAL	<u>4,646,000</u>	
(1) LESS: BOND RETIREMENT FUND BALANCE	<u>(62,531)</u>	
NET SUBJECT TO 5 1/2% LIMITATION		<u>4,583,469</u>
LEGAL DEBT MARGIN WITHIN 5 1/2% LIMITATION		<u><u>\$7,195,066</u></u>

(1) BOND RETIREMENT FUND BALANCE DOES NOT INCLUDE AMOUNT AVAILABLE FOR SPECIAL ASSESSMENTS



TABLE 9

**CITY OF FRANKLIN, OHIO**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA**  
**LAST TEN YEARS**

YEAR	POPULATION	ASSESSED VALUE	GROSS BONDED DEBT	DEBT SERVICE BALANCE	NET BONDED DEBT (1)	RATIO OF NET BONDED DEBT TO ASSESSED VALUATION	NET BONDED DEBT PER CAPITA
1992	11,034	\$102,754,575	\$1,680,664	\$0	\$1,680,664	1.64	\$152.32
1993	11,034	107,934,532	1,643,998	11,634	1,632,364	1.51	147.94
1994	11,034	121,290,193	1,767,332	46,609	1,720,723	1.42	155.95
1995	11,034	125,204,924	1,695,665	19,229	1,676,436	1.34	151.93
1996	11,034	136,168,889	1,603,998	0	1,603,998	1.18	145.37
1997	11,034	150,431,349	1,505,998	37,138	1,468,860	0.97	133.12
1998	11,034	161,336,775	1,392,998	38,123	1,354,875	0.84	122.79
1999	11,034	170,851,857	1,395,000	0	1,395,000	0.82	126.43
2000	11,334	213,083,444	1,160,000	51,150	1,108,850	0.52	97.83
2001	11,396	214,155,190	1,960,000	62,531	1,897,469	0.89	166.50

SOURCE: Population figures are taken from the 1990 Census.

(1) Includes only General Obligation Bonds payable from Property Taxes

**RATIO OF ANNUAL DEBT PRINCIPAL AND INTEREST EXPENDITURES  
FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURE,  
LAST TEN YEARS**

<u>YEAR</u>	<u>DEBT PRINCIPAL (1)</u>	<u>DEBT INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>GENERAL FUND EXPENDITURES</u>	<u>RATIO OF DEBT PRINCIPAL AND INTEREST TO GENERAL FUND EXPENDITURES</u>
1992	\$35,334	\$63,554	\$98,888	\$2,374,804	4.2%
1993	36,666	62,167	98,833	2,447,110	4.0
1994	41,666	61,072	102,738	2,730,595	3.8
1995	71,667	81,955	153,622	3,203,932	4.8
1996	91,667	102,945	194,612	3,401,942	5.7
1997	98,000	90,713	188,713	3,596,809	5.2
1998	113,000	85,988	198,988	4,837,172	4.1
1999	118,000	79,965	197,965	4,147,016	4.8
2000	115,000	74,190	189,190	4,817,516	3.9
2001	120,000	67,980	187,980	5,240,543	3.6

SOURCE: City of Franklin's Finance Office

(1) Includes only general obligation bonded debt payable from property taxes.

**CITY OF FRANKLIN, OHIO**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**DECEMBER 31, 2001**

**TABLE 11**

JURISDICTION	NET DEBT OUTSTANDING (1)	PERCENTAGE APPLICABLE TO CITY OF FRANKLIN	AMOUNT APPLICABLE TO CITY OF FRANKLIN
CITY OF FRANKLIN	\$1,897,469	100.00%	\$1,897,469
WARREN COUNTY	13,377,628	5.53	<u>739,783</u>
TOTAL			<u><u>\$2,637,252</u></u>

The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

(1) Includes only general obligation bonded debt payable from property taxes less Debt Service balance.

SOURCE: Warren County Auditor's Office

**CITY OF FRANKLIN, OHIO  
REVENUE BOND COVERAGE  
WATER FUND  
LAST TEN YEARS (1)**

**TABLE 12**

YEAR	OPERATING REVENUES	OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1992	\$874,143	\$508,587	\$365,556	\$20,000	\$4,550	\$24,550	14.89
1993	664,380	540,207	124,173	25,000	3,250	28,250	4.40
1994	0	0	0	0	0	0	0.00
1995	0	0	0	0	0	0	0.00
1996	0	0	0	0	0	0	0.00
1997	1,443,971	797,484	646,487	45,000	200,370	245,370	2.63
1998	2,473,634	1,496,659	976,975	85,000	219,267	304,267	3.21
1999	2,129,119	1,374,631	754,488	90,000	209,795	299,795	2.52
2000	1,932,016	1,546,655	385,361	95,000	224,404	319,404	1.21
2001	1,765,279	1,370,517	394,762	90,000	220,033	310,033	1.27

SOURCE: City of Franklin's Finance Office

- (1) Water Revenue Debt was retired in 1993 and no Water Revenue Debt was issued until 1996. 1996 information is not shown, even though there were operating revenues and expenses, because there were no payments made.
- (2) Operating Expenses less Depreciation Expense

**CITY OF FRANKLIN, OHIO  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

**TABLE 13**

<u>YEAR</u>	<u>POPULATION (1)</u>	<u>SCHOOL ENROLLMENT (2)</u>	<u>UNEMPLOYMENT RATE WARREN COUNTY (3)</u>
1992	11,034	3,185	6.0%
1993	11,034	3,120	5.7
1994	11,034	3,300	3.6
1995	11,034	3,089	3.9
1996	11,034	3,067	3.8
1997	11,034	3,129	3.2
1998	11,034	3,129	3.3
1999	11,034	3,106	3.3
2000	11,334	3,129	3.0
2001	11,396	3,125	3.3

(1) SOURCE: U.S. Census, Census of population - 1990 Federal Census

(2) SOURCE: Franklin Board of Education

(3) SOURCE: Ohio Bureau Employment Services - research and statistics

**CITY OF FRANKLIN, OHIO  
CONSTRUCTION, BANK DEPOSITS AND PROPERTY VALUE  
LAST TEN YEARS**

**TABLE 14**

YEAR	RESIDENTIAL CONSTRUCTION (1)		COMMERCIAL CONSTRUCTION (1)		COUNTY BANK DEPOSITS (2)	REAL PROPERTY VALUE		
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE		RESIDENTIAL/ AGRICULTURAL	INDUSTRIAL/ COMMERCIAL	EXEMPT
1992	45	\$1,272,798	48	\$11,659,540	\$367,097	\$47,182,660	\$24,780,020	\$10,555,120
1993	69	1,697,536	37	967,294	411,164	47,632,080	26,596,790	12,032,000
1994	71	932,580	64	13,041,131	422,581	57,900,280	27,046,960	13,821,600
1995	110	2,066,176	49	13,937,554	460,950	59,180,290	27,619,740	14,356,760
1996	107	3,191,104	139	8,887,058	465,584	59,994,860	33,656,010	10,814,790
1997	270	17,810,740	52	13,870,554	523,595	70,149,920	36,137,840	10,563,810
1998	245	9,160,298	91	20,227,681	521,795	75,340,826	38,811,944	11,022,020
1999	306	9,907,829	81	9,587,352	533,873	79,283,653	40,843,097	10,772,760
2000	135	9,740,536	28	9,876,112	569,566	97,605,930	47,253,450	13,337,240
2001	84	10,198,970	23	10,459,930	618,781	100,702,300	48,561,240	13,408,080

(1) SOURCE: City of Franklin Building Department

(2) SOURCE: Federal Reserve Bank of Cleveland (note: dollar amounts are in thousands)

**CITY OF FRANKLIN, OHIO  
MISCELLANEOUS STATISTICS  
DECEMBER 31, 2001**

**TABLE 15**

DATE OF INCORPORATION	1814
CITY STATUS	1951
	CHARTER - COUNCIL/MANAGER
AREA	8.4 Miles
MILES OF STREETS	72.7
NUMBER OF STREET LIGHTS	867
POLICE PROTECTION	
NUMBER OF STATIONS	1
NUMBER OF POLICEMEN AND OFFICERS	29
EDUCATION (K-12) (PUBLIC ONLY)	8
ADMINISTRATION BUILDINGS	1
BUS GARAGE	1
ATTENDANCE CENTERS	8
NUMBER OF CLASSROOMS	201
NUMBER OF TEACHERS	203
NUMBER OF STUDENTS	3,059
MUNICIPAL WATER DEPARTMENT	
MILES OF WATER MAINS	64 Miles
SEWERS	
MILES OF SANITARY SEWERS	55 Miles
BUILDING PERMITS ISSUED IN 2001	385
RECREATION AND CULTURE	
NUMBER OF PARKS	6
NUMBER OF LIBRARIES	1
EMPLOYEES	
FULL-TIME	77
PART-TIME	
YEAR ROUND	6
SEASONAL	2

SOURCE: Various departments within the City of Franklin







STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**CITY OF FRANKLIN**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 6, 2002**