

CITY OF FRANKLIN

SUPPLEMENTAL REPORTS

DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Franklin, Warren County, prepared by Julian & Grube, Inc., for the audit period January 1, 2004 through December 31, 2004. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

October 26, 2005

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CITY OF FRANKLIN

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
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Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Ohio, which collectively comprise the City of Franklin, Ohio’s basic financial statements as of and for the year ended December 31, 2004, and have issued our report thereon dated August 30, 2005. As disclosed in Note 3 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2 “Recognition of Pension and Other Post-employment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers” for the year ended December 31, 2004. Also, as disclosed in Note 3 to the financial statements, the City phased in the total values of bridges and traffic structures, such as traffic signals. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our inions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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 other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated August 30, 2005.

Mayor and Members of Council
City of Franklin

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Franklin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-COF-001, 2004-COF-002, and 2004-COF-003. 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 August 30, 2005.

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.

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

Julian & Grube, Inc.
August 30, 2005

**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2004-COF-001

It was noted during the audit that the following fund appropriation accounts had an excess of expenditures over appropriations in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
General Government			
Municipal Court			
Other	\$ 207,326	\$ 221,262	\$ (13,936)
Solicitor			
Other	101,500	120,249	(18,749)
Planning Commission			
Personal Services	-	1,075	(1,075)
Leisure Time Activities			
Other	25,000	53,000	(28,000)
Special Revenue Funds			
Fire Levy Fund			
Security of Persons and Property			
Personal Services	887,507	996,944	(109,437)
Transportation Fund			
Street Maintenance and Repair			
Personal Services	471,557	521,057	(49,500)
Snow and Ice Removal			
Other	25,500	28,793	(3,293)
Capital Projects Fund			
Issue II Fund			
Transfers Out	205,800	286,888	(81,088)
Debt Service Fund			
Debt Service			
Principal Retirement	1,375,000	1,625,900	(250,900)
Enterprise Funds			
Water Fund			
Contractual Services	1,015,065	1,059,931	(44,866)
Materials and Supplies	76,430	82,694	(6,264)
Deposit Refunds	21,300	38,545	(17,245)
Principal Retirement	175,369	190,578	(15,209)
Interest and Fiscal Charges	386,547	415,548	(29,001)
Trash Fund			
Contractual Services	477,800	527,981	(50,181)
Materials and Supplies	8,109	8,218	(109)

**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2004-COF-001 (Continued)

With expenditures exceeding appropriations, the City is spending monies that have not been appropriated by City Council. This may result in unnecessary spending.

We recommend the City monitor its budget on a more regular basis. If additional expenditures/expenses are necessary, the City should follow its policies and procedures and have council amend its appropriations as necessary.

Client Response: The Finance Director is attempting to modify its appropriations through City Council more frequently.

Finding Number	2004-COF-002
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Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that for the year ended December 31, 2004, of the 86% of expenditures tested, the invoice was dated prior to the purchase order by the Finance Director, thus causing those expenditures not to be certified in a timely manner.

Without timely certification, the City increases the risk that purchases may be made for an improper public purpose, expend more funds than are appropriated, or that are available in the treasury or in the process of collection. Thus a negative fund balance may result. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The City should consider using "Then" and "Now" certificates where applicable.

Client response: The Finance Director is attempting to create and utilize the purchase order system.

**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2004-COF-003

Ohio Revised Code Section 5705.39 requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources for the year ended December 31, 2004 in the following funds:

	Excess
<u>Major Fund:</u>	
Storm Water Utility	\$ 100,000
 <u>NonMajor Funds:</u>	
Recreation	13,830
Municipal Building	59,190

With appropriations exceeding estimated resources, the City is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the City comply with the Ohio Revised Code by filing a certificate of available sources at year end and amended certificates throughout the year, if applicable. We further recommend that the City Council do not approve appropriations in excess of these structured revenues.

Client response: The Finance Director will file a certificate of available services at year end and monitor receipts throughout the year to determine if amended certificates need to be filed.

**CITY OF FRANKLIN
WARREN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-COF-001	It was noted during the audit that the following fund appropriation accounts had an excess of expenditures over appropriations in noncompliance with Ohio Revised Code Section 5705.41(B):	No	Finding Repeated as 2004-COF-001

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

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

Introductory Section

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City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004

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CITY OF FRANKLIN

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

August 30, 2005

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 year ended December 31, 2004. 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 Independent Auditor's Report, Management's Discussion and Analysis, the basic financial statements and notes to the financial statements which provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds, and other schedules that provide additional information relative to the basic 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 that 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 was determined to be a joint venture. The Public Entities Pool of Ohio is a shared risk pool in which the City participates. The Warren County General Health District, the Joint Emergency Medical Service and the 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 that flows into the Ohio River.

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

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

ECONOMIC CONDITION AND MAJOR INITIATIVES

Economic Development is a community priority because the creation/retention of jobs is essential for the City's revenue base. City officials understand its importance and have a reputation for creativity, accessibility, and responsiveness when dealing with businesses. Franklin's officials work hand-in-hand with the School Board and local/state officials to ensure that business owners find Franklin an attractive place to locate or expand their operations.

The biggest recent economic development success involved the Burrows Paper Corporation. Other communities, (both within Ohio and out-of-state) were attempting to convince the company, one of Franklin's largest earnings tax providers, to leave Franklin and expand their operations elsewhere. By working closely with Local and State governmental authorities and the development firms of Henkle-Schuler and Bunnell Hill Construction, the City was able to structure an economic development program that met the company's needs. The Dayton-Montgomery County Port Authority also played a key role in

this effort. Realizing the importance of a regional approach to economic development, the Port Authority crossed traditional boundaries and assisted the City in retaining Burrows. A celebratory groundbreaking program including Ohio Governor Bob Taft, State Representative Tom Raga, State Senator Robert Schuler, and Warren County officials occurred in recognition of the extreme cooperation and hard work that led to this important accomplishment. The Company subsequently built a 275,000 square foot facility in the Heritage Industrial Park and hired an additional 55 employees while retaining 215 key jobs within our community.

Although the Burrows Paper Corporation chose to build their new facility in the Heritage Industrial Park, the City also has 3 other industrial/office parks: the Jaygee Industrial Park, the Franklin Business Park and the Schumacher-Franklin Interstate Park. The extension of Industrial Drive in the latter half of 2004 will pave the way for a fourth industrial park of 120 acres to be named Bunnell Hill Industrial Park. All of these sites are located off of Interstate exchanges and tax abatements (real and personal property) are available.

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

A further initiative to create downtown development and rejuvenation is the City's mural program. Local citizen and nationally renowned artist Eric Henn has completed several murals to date. Additional murals are planned in the downtown area. Contributions from local owners, the Middletown Community Foundation and the City have contributed to this tourism initiative.

The final phase of the City of Franklin's facility improvements project was completed during 2003. This consisted of the remodeling and additions to the Municipal Offices and the Municipal Court. New landscaping, an expanded parking lot and a new entranceway via the reconstructed alley, now called Benjamin Franklin Way, completed the transformation of the 1970's era building at Fourth Street and Riley Boulevard.

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 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 and fiduciary 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 Basic 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. The legal level of budgetary control has been established by Council at the object level (personal services and other expenditures) within each department. Budgetary modifications at this level may only be made by ordinance of the City Council.

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.

Financial Statement Presentation

The City has prepared financial statements following Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City finances for 2004.

OTHER INFORMATION

Independent Audit

This report includes an unqualified audit report regarding the City's basic financial statements. This year's audit was conducted by the accounting firm of Julian & Grube, Inc. The Independent Auditor's Report on the basic 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 that 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 2003 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 that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

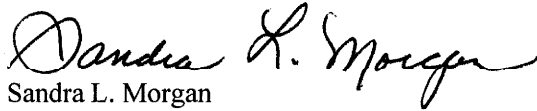
The Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment is a significant accomplishment by a governmental unit.

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 2004.

Acknowledgments

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

Respectfully submitted,



Sandra L. Morgan
Finance Director



James Lukas
City Manager

City of Franklin, Ohio

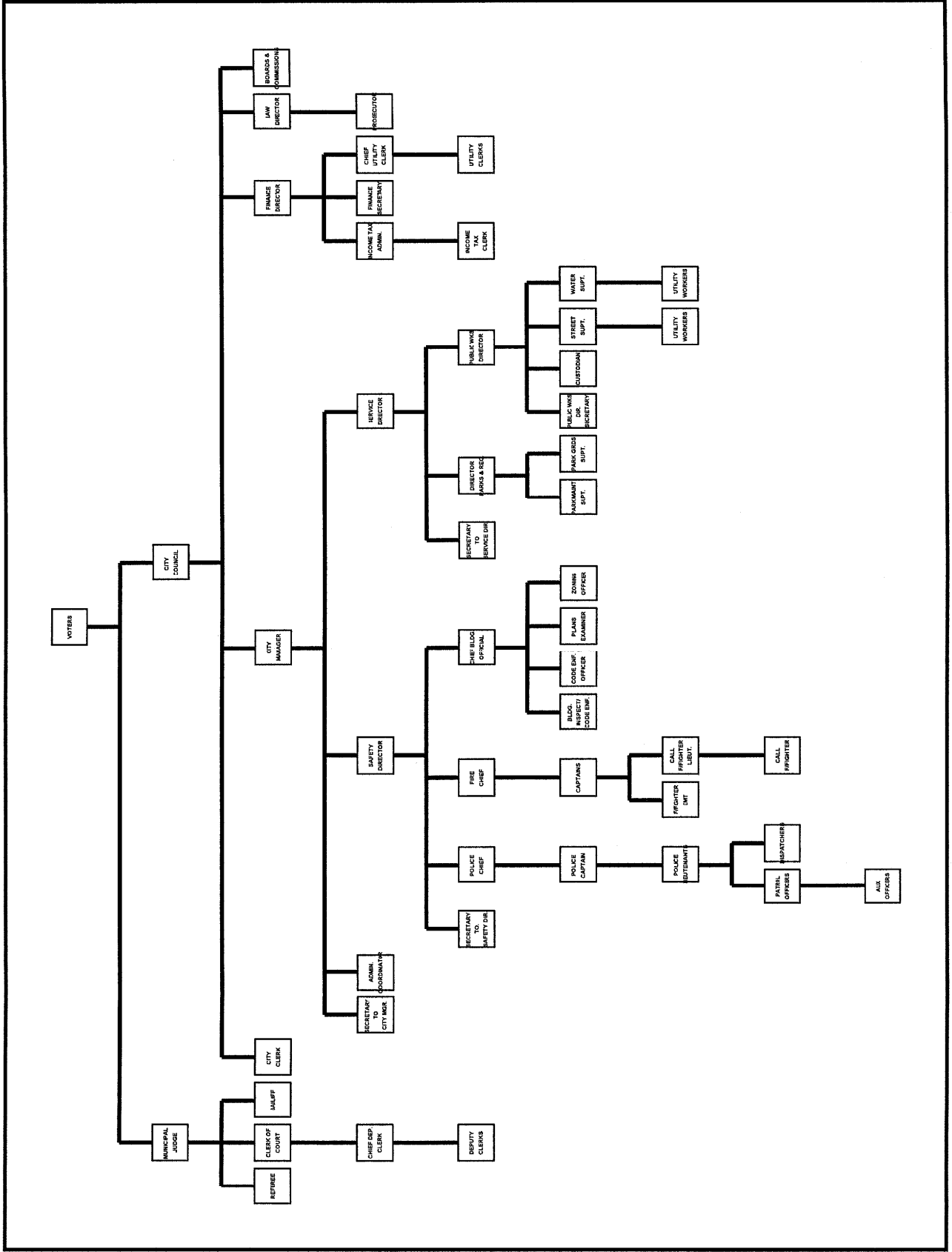
List of Principal Officials

December 31, 2004

<u>OFFICE HELD</u>	<u>NAME OF OFFICIAL</u>
Executive:	
City Manager	James Lucas
Assistant City Manager	Edward Schwaberow
Finance Director	Sandra L. Morgan
Law Director	Steven Runge
Legislative:	
Mayor	Greg Sample
Vice Mayor	Denny Centers
Council-At-Large	Todd Hall
	Robert Knipper
	Jason Faulkner
	Carl Bray
	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

2004 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, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Emmer

Executive Director

Financial Section

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio, (the “City”), as of and for the year ended December 31, 2004, which collectively comprise the City’s basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As disclosed in Note 3 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2004-2 “Recognition of Pension and Other Post-employment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers” for the year ended December 31, 2004. Also, as disclosed in Note 3 to the financial statements, the City phased in the total values of bridges and traffic structures, such as traffic signals.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and for the respective budgetary comparison for the general fund and fire levy fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report
City of Franklin

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



Julian & Grube, Inc.
August 30, 2005

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2004
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) of the City of Franklin's financial performance provides an overview of the City's financial activities for the year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the transmittal letter, and the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased \$2,013,446. Expenses of governmental activities exceeded revenues by \$1,786,278. This included a transfer of \$11,965,020 of capital assets from the governmental activities to the business-type activities. Net assets of business-type activities increased by \$11,641,733, including the transfer of capital assets.
- General revenues of governmental activities accounted for \$6,916,961 or 76 percent of all governmental revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$2,237,698 or 24 percent of total governmental revenues of \$9,154,659.
- The City had \$10,940,937 in expenses related to governmental activities; only \$2,237,698 of these expenses were offset by program specific charges for services and sales, and grants and contributions.
- Enterprise funds reflected a total operating income of \$149,222. The Water and Sewer funds reflected an operating income of \$240,554 and \$111,826, respectively, while the Trash and Stormwater Utility funds reflected an operating loss of \$15,781 and \$187,377, respectively.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2004 compared to 2003.

Table 1
Net Assets

	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and Other Assets	\$11,097,831	\$12,480,385	\$2,880,989	\$2,627,163	\$13,978,820	\$15,107,548
Nondepreciable Capital Assets	24,479,471	2,859,373	3,327,570	982,864	27,807,041	3,842,237
Depreciable Capital Assets, Net	32,476,831	66,442,565	18,410,242	9,445,933	50,887,073	75,888,498
Total Assets	68,054,133	81,782,323	24,618,801	13,055,960	92,672,934	94,838,283
Liabilities:						
Current and Other Liabilities	2,688,725	2,920,557	858,388	743,647	3,547,113	3,664,204
Long-Term Liabilities:						
Due Within One Year	1,786,095	1,548,414	240,020	217,670	2,026,115	1,766,084
Due in More Than One Year	11,866,580	12,398,900	5,798,541	6,014,521	17,665,121	18,413,421
Total Liabilities	16,341,400	16,867,871	6,896,949	6,975,838	23,238,349	23,843,709
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	43,922,469	56,532,075	15,853,556	4,353,963	59,776,025	60,886,038
Restricted	4,714,146	4,792,358	560,051	479,015	5,274,197	5,271,373
Unrestricted	3,076,118	4,043,479	1,308,245	1,247,141	4,384,363	5,290,620
Total Net Assets	\$51,712,733	\$65,367,912	\$17,721,852	\$6,080,119	\$69,434,585	\$71,448,031

Total net assets decreased \$2,013,446. Net assets of the City's governmental activities decreased by \$13,655,179, including a transfer of \$11,965,020 in infrastructure assets to business-type activities. The recognition of depreciation expense on capital assets, decreased net assets invested in capital assets, net of related debt by \$1,994,044. Unrestricted net assets decreased \$946,129, due mainly to a decrease of \$634,072 in income taxes, offset by general increases in expenses, and slight increases in property taxes.

The net assets of the City's business-type activities increased by \$11,641,733. This increase included a transfer of infrastructure assets related to the City's stormwater utilities from the governmental activities. This transfer accounted for \$11,965,020 of the increase in net assets, and it was offset by a decrease net assets of \$227,168. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services and sales and to closely monitor the trends of our growing community in order to adjust for budgetary issues and changes in city policy where necessary.

Table 2 shows the changes in net assets for the year ended December 31, 2004.

Table 2
Changes in Net Assets

	<i>Governmental</i>		<i>Business Type</i>		<i>Total</i>	
	<i>Activities</i>		<i>Activities</i>			
	2004	2003 Restated	2004	2003	2004	2003 Restated
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$1,013,943	\$1,021,594	\$5,169,405	\$4,671,216	\$6,183,348	\$5,692,810
Operating Grants and Contributions	818,623	775,004	0	0	818,623	775,004
Capital Grants and Contributions	405,132	911,937	0	0	405,132	911,937
Total Program Revenues	2,237,698	2,708,535	5,169,405	4,671,216	7,407,103	7,379,751
General Revenues:						
Property and Other Local Taxes	1,465,355	1,408,292	0	0	1,465,355	1,408,292
Income Taxes	4,450,348	5,084,420	0	0	4,450,348	5,084,420
Grants and Entitlements	617,246	586,202	0	0	617,246	586,202
Unrestricted Investment Earnings	209,863	239,132	1,099	0	210,962	239,132
Miscellaneous	174,149	115,073	120,869	9,479	295,018	124,552
Total General Revenues	6,916,961	7,433,119	121,968	9,479	7,038,929	7,442,598
Total Revenues	9,154,659	10,141,654	5,291,373	4,680,695	14,446,032	14,822,349
Program Expenses:						
General Government	2,412,056	2,211,334	0	0	2,412,056	2,211,334
Security of Persons and Property:						
Police	2,940,770	2,459,999	0	0	2,940,770	2,459,999
Fire	1,536,095	1,354,505	0	0	1,536,095	1,354,505
Other	364,508	326,934	0	0	364,508	326,934
Public Health and Welfare	41,799	56,199	0	0	41,799	56,199
Leisure Time Activities	351,631	325,441	0	0	351,631	325,441
Economic Development	59,266	72,448	0	0	59,266	72,448
Basic Utilities	85,097	240,755	0	0	85,097	240,755
Transportation	966,961	774,499	0	0	966,961	774,499
Interest and Fiscal Charges	673,890	551,880	0	0	673,890	551,880
Depreciation on Infrastructure	1,508,864	1,477,591	0	0	1,508,864	1,477,591
Water	0	0	2,159,557	1,932,440	2,159,557	1,932,440
Sewer	0	0	2,472,482	2,259,319	2,472,482	2,259,319
Trash	0	0	521,098	528,627	521,098	528,627
Stormwater Utility	0	0	365,404	0	365,404	0
Total Expenses	10,940,937	9,851,585	5,518,541	4,720,386	16,459,478	14,571,971
Increase (Decrease) in Net Assets Before Transfers	(1,786,278)	290,069	(227,168)	(39,691)	(2,013,446)	250,378
Transfers	(11,868,901)	23,150	11,868,901	(23,150)	0	0
Increase (Decrease) in Net Assets	(13,655,179)	313,219	11,641,733	(62,841)	(2,013,446)	250,378
Beginning Net Assets	65,367,912	65,054,693	6,080,119	6,142,960	71,448,031	71,197,653
Ending Net Assets	\$51,712,733	\$65,367,912	\$17,721,852	\$6,080,119	\$69,434,585	\$71,448,031

Governmental Activities

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

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

In 2003, a significant portion of income taxes received was attributed to business income taxes paid by two profitable corporations within the City. In 2004, revenues reported by corporations within the City decreased, causing a significant decrease in income taxes from 2003 to 2004.

Governmental program expenses for 2004 were as follows:

Table 3
Governmental Activities

	Total Cost Of Services 2004	Net Cost of Services 2004	Total Cost Of Services 2003	Net Cost of Services 2003
General Government	\$2,412,056	(\$1,593,372)	\$2,211,334	(\$1,409,727)
Security of Persons and Property:				
Police	2,940,770	(2,895,629)	2,459,999	(2,412,593)
Fire	1,536,095	(1,378,366)	1,354,505	(1,059,018)
Other	364,508	(278,268)	326,934	(241,024)
Public Health and Welfare	41,799	(10,488)	56,199	(15,443)
Leisure Time Activities	351,631	(335,228)	325,441	(303,435)
Economic Development	59,266	(49,266)	72,448	(72,448)
Basic Utility Services	85,097	(85,097)	240,755	(240,755)
Transportation	966,961	105,229	774,499	640,864
Interest and Fiscal Charges	673,890	(673,890)	551,880	(551,880)
Depreciation on Infrastructure	1,508,864	(1,508,864)	1,477,591	(1,477,591)
Total Expenses	<u>\$10,940,937</u>	<u>(\$8,703,239)</u>	<u>\$9,851,585</u>	<u>(\$7,143,050)</u>

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 11% of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants comprise another 13%. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

Business-Type Activities

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

The Water Fund collects the fees charged for the sale of water. Those fees are then used to maintain lines for delivery, to treat water for further consumption, to maintain its treatment facility and storage towers and for the payment of debt incurred for improvements.

The Sewer Fund conducts the operations of the City's wastewater collection and treatment system. Money that is collected from the fees which are billed based on the number of gallons of water used is placed in this fund for use in the maintenance of the collections system and improvements to the treatment plant.

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

The Stormwater Utility Fund was established to provide a funding mechanism to support OPEA mandates associated with stormwater management. Each residence is billed a flat fee each month. For all other nonresidential properties, the fee is computed based on total impervious surfaces of the property divided by the average impervious area of an equivalent residential unit.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$9,597,658 and expenditures of \$11,487,925. The General Fund's balance decreased by \$576,759 primarily due to decreases in income taxes and interest received on investments, combined with increases in general government expenditures and transfers out to other funds.

The Fire Levy Fund's balance increased by \$383,233 due primarily to the receipt of proceeds of notes issued for the purpose of purchasing fire equipment.

General Fund Budgeting Highlights

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

Original General Fund budgeted revenues were \$5,730,623. The final budgeted amount was \$5,842,348. This represented a small increase of 2%. The City's final actual revenues were \$6,740,557 at year-end, which represented 15% increase over final budgeted revenues. This was primarily due to increases in actual income taxes received over final estimates. While income tax receipts decreased overall from the prior year, the City underestimated the amount that would actually be received. This can be attributed, in part, to the fluctuations in revenues from business income taxes, as it is often difficult to determine which companies will realize gains or losses each year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4
Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2003		2003		2003	
	2004	Restated	2004	2003	2004	Restated
Land	\$18,961,254	\$18,885,329	\$982,864	\$982,864	\$19,944,118	\$19,868,193
Construction in Progress	16,698	16,698	0	0	16,698	16,698
Land Improvements	522,177	581,286	11,629	12,275	533,806	593,561
Buildings	5,951,327	6,088,710	63,534	64,988	6,014,861	6,153,698
Equipment	519,206	593,258	56,018	60,732	575,224	653,990
Vehicles	880,829	582,164	31,551	42,986	912,380	625,150
Infrastructure	30,104,811	43,007,953	20,592,216	9,264,952	50,697,027	52,272,905
Totals	<u>\$56,956,302</u>	<u>\$69,755,398</u>	<u>\$21,737,812</u>	<u>\$10,428,797</u>	<u>\$78,694,114</u>	<u>\$80,184,195</u>

Capital assets decreased by \$1,490,081, which was due to additions to depreciation, offset by the purchase of new vehicles, including a Pierce pumper fire truck and the improvement of roads within the City.

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

Debt

At December 31, 2004, the City of Franklin had \$19,259,132 in debt outstanding.

Table 5
Outstanding Debt at Year-End

	Governmental Activities		Business Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Special Assessment Bonds	\$3,810,000	\$4,042,000	\$0	\$0	\$3,810,000	\$4,042,000
General Obligation Bonds	8,112,976	8,407,080	0	0	8,112,976	8,407,080
Bond Anticipation Notes	1,093,000	865,000	0	0	1,093,000	865,000
Short Term Notes	358,900	233,900	0	0	358,900	233,900
OWDA Loan	0	0	2,384,256	2,464,834	2,384,256	2,464,834
Mortgage Revenue Bonds	0	0	3,500,000	3,610,000	3,500,000	3,610,000
	<u>\$13,374,876</u>	<u>\$13,547,980</u>	<u>\$5,884,256</u>	<u>\$6,074,834</u>	<u>\$19,259,132</u>	<u>\$19,622,814</u>

Special assessment bonds will be paid with special assessment revenue. All general obligation bond issues will be paid through the Debt Service Fund with property tax revenues. The bond anticipation notes will be paid from the General Fund with no specifically identifiable revenue source. The OWDA loans and mortgage revenue bonds will be paid through the Water Fund with operating revenues.

The City's overall 10.5 percent legal debt margin was \$17,083,273 as of December 31, 2004. The more restrictive unvoted legal debt margin was \$4,385,572 as of the same date. See Note 16 of the notes to the basic financial statements for more detailed information.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

Basic Financial Statements

CITY OF FRANKLIN, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Equity in Pooled Cash and			
Cash Equivalents	\$4,083,476	\$1,518,615	\$5,602,091
Accrued Interest Receivable	31,643	0	31,643
Accounts Receivable	121,269	1,182,277	1,303,546
Intergovernmental Receivable	743,079	0	743,079
Materials and Supplies Inventory	125,266	15,862	141,128
Income Taxes Receivable	1,308,294	0	1,308,294
Property and Other Local Taxes Receivable	1,424,044	0	1,424,044
Internal Balances	180,089	(180,089)	0
Special Assessments Receivable	3,040,369	0	3,040,369
Cash and Cash Equivalents with			
Fiscal Agents	13,987	0	13,987
Cash and Cash Equivalents with Trustee	0	344,324	344,324
Deferred Charges	26,315	0	26,315
Nondepreciable Capital Assets	18,977,952	982,864	19,960,816
Depreciable Capital Assets, Net	37,978,350	20,754,948	58,733,298
Total Assets	<u>68,054,133</u>	<u>24,618,801</u>	<u>92,672,934</u>
LIABILITIES			
Accounts Payable	184,717	209,320	394,037
Accrued Wages and Benefits	137,585	23,828	161,413
Intergovernmental Payable	476,175	50,400	526,575
Contracts Payable	87,167	396,699	483,866
Accrued Interest Payable	75,010	99,101	174,111
Deferred Revenue	1,356,341	0	1,356,341
Notes Payable	358,900	0	358,900
Matured Bonds Payable	10,500	0	10,500
Matured Interest Payable	2,330	0	2,330
Refundable Deposits	0	79,040	79,040
Long-Term Liabilities:			
Due Within One Year	1,786,095	240,020	2,026,115
Due in More Than One Year	11,866,580	5,798,541	17,665,121
Total Liabilities	<u>16,341,400</u>	<u>6,896,949</u>	<u>23,238,349</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	43,922,469	15,853,556	59,776,025
Restricted for:			
Debt Service	2,682,897	268,031	2,950,928
Capital Outlay	500,657	0	500,657
Other Purposes	1,530,592	0	1,530,592
Revenue Bonds Replacement and Improvement	0	292,020	292,020
Unrestricted	3,076,118	1,308,245	4,384,363
Total Net Assets	<u>\$51,712,733</u>	<u>\$17,721,852</u>	<u>\$69,434,585</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$2,412,056	\$764,504	\$54,180	\$0
Security of Persons and Property:				
Police	2,940,770	12,700	32,441	0
Fire	1,536,095	123,408	34,321	0
Other	364,508	86,240	0	0
Public Health and Welfare	41,799	27,091	4,220	0
Leisure Time Activities	351,631	0	16,403	0
Economic Development	59,266	0	10,000	0
Basic Utility Services	85,097	0	0	0
Transportation	966,961	0	667,058	405,132
Interest and Fiscal Charges	673,890	0	0	0
Depreciation on Infrastructure	1,508,864	0	0	0
Total Governmental Activities	<u>10,940,937</u>	<u>1,013,943</u>	<u>818,623</u>	<u>405,132</u>
Business-Type Activities				
Water	2,159,557	1,981,390	0	0
Sewer	2,472,482	2,504,671	0	0
Trash	521,098	505,317	0	0
Stormwater Utility	365,404	178,027	0	0
Total Business-Type Activities	<u>5,518,541</u>	<u>5,169,405</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$16,459,478</u>	<u>\$6,183,348</u>	<u>\$818,623</u>	<u>\$405,132</u>

General Revenues:

Taxes

Property and Other Local Taxes Levied For:

 General Purposes

 Fire

 Other Purposes

Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

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

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense)Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$1,593,372)	\$0	(\$1,593,372)
(2,895,629)	0	(2,895,629)
(1,378,366)	0	(1,378,366)
(278,268)	0	(278,268)
(10,488)	0	(10,488)
(335,228)	0	(335,228)
(49,266)	0	(49,266)
(85,097)	0	(85,097)
105,229	0	105,229
(673,890)	0	(673,890)
(1,508,864)	0	(1,508,864)
<u>(8,703,239)</u>	<u>0</u>	<u>(8,703,239)</u>
0	(178,167)	(178,167)
0	32,189	32,189
0	(15,781)	(15,781)
<u>0</u>	<u>(187,377)</u>	<u>(187,377)</u>
<u>0</u>	<u>(349,136)</u>	<u>(349,136)</u>
<u>(8,703,239)</u>	<u>(349,136)</u>	<u>(9,052,375)</u>
619,574	0	619,574
620,817	0	620,817
224,964	0	224,964
4,450,348	0	4,450,348
617,246	0	617,246
209,863	1,099	210,962
174,149	120,869	295,018
<u>(11,868,901)</u>	<u>11,868,901</u>	<u>0</u>
<u>(4,951,940)</u>	<u>11,990,869</u>	<u>7,038,929</u>
(13,655,179)	11,641,733	(2,013,446)
<u>65,367,912</u>	<u>6,080,119</u>	<u>71,448,031</u>
<u>\$51,712,733</u>	<u>\$17,721,852</u>	<u>\$69,434,585</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	<u>GENERAL</u>	<u>FIRE LEVY</u>	<u>DEBT SERVICE</u>
ASSETS			
Equity in Pooled Cash and			
Cash Equivalents	\$1,862,320	\$882,290	\$0
Cash and Cash Equivalents with Fiscal Agent	0	0	13,790
Materials and Supplies Inventory	14,029	2,857	0
Intergovernmental Receivable	361,107	30,067	0
Income Taxes Receivable	1,308,294	0	0
Property and Other Local Taxes Receivable	561,017	681,399	0
Accounts Receivable	121,269	0	0
Interfund Receivable	247,962	0	4,787
Special Assessments Receivable	0	0	2,955,636
Accrued Interest Receivable	31,643	0	0
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$4,507,641</u>	<u>\$1,596,613</u>	<u>\$2,974,213</u>
LIABILITIES			
Accounts Payable	\$93,178	\$13,010	\$350
Accrued Wages and Benefits	53,726	69,365	0
Contracts Payable	3,185	0	0
Intergovernmental Payable	191,576	55,347	0
Matured Bonds Payable	0	0	10,500
Matured Interest Payable	0	0	2,330
Accrued Interest Payable	0	0	0
Interfund Payable	5,718	0	113,339
Deferred Revenue	1,539,340	709,727	2,955,636
Notes Payable	0	0	0
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,886,723</u>	<u>847,449</u>	<u>3,082,155</u>
FUND BALANCES			
Reserved:			
Reserved for Encumbrances	141,171	0	0
Reserved for Unclaimed Monies	2,598	0	0
Unreserved, Undesignated, Reported in:			
General Fund	2,477,149	0	0
Special Revenue Funds	0	749,164	0
Debt Service Funds (Deficit)	0	0	(107,942)
Capital Projects Funds	0	0	0
	<hr/>	<hr/>	<hr/>
Total Fund Balances (Deficit)	<u>2,620,918</u>	<u>749,164</u>	<u>(107,942)</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$4,507,641</u>	<u>\$1,596,613</u>	<u>\$2,974,213</u>

See accompanying notes to the basic financial statements

ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$1,338,866	\$4,083,476
197	13,987
108,380	125,266
351,905	743,079
0	1,308,294
181,628	1,424,044
0	121,269
46,397	299,146
84,733	3,040,369
0	31,643
<u>\$2,112,106</u>	<u>\$11,190,573</u>
\$78,179	\$184,717
14,494	137,585
83,982	87,167
229,252	476,175
0	10,500
0	2,330
1,772	1,772
0	119,057
539,800	5,744,503
358,900	358,900
<u>1,306,379</u>	<u>7,122,706</u>
28,494	169,665
0	2,598
0	2,477,149
621,477	1,370,641
0	(107,942)
155,756	155,756
<u>805,727</u>	<u>4,067,867</u>
<u>\$2,112,106</u>	<u>\$11,190,573</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2004

Total Governmental Fund Balances \$4,067,867

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

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

Land	18,961,254	
Construction in progress	16,698	
Infrastructure	56,221,505	
Other capital assets	11,481,885	
Accumulated depreciation	(29,725,040)	
Total capital assets		56,956,302

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

Property Taxes and Other Local Taxes	63,510	
Special Assessments	3,040,369	
Interest	29,140	
Due From Other Governments		
Estate Taxes	21,920	
Charges for Services	128,062	
Shared Taxes and Local Government Revenue Assistance	532,612	
Income Taxes	572,549	
		4,388,162

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis 26,315

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

Accrued interest on bonds	(73,238)	
Discount on bonds	17,024	
Capital leases	(25,272)	
Notes	(1,093,000)	
Bonds	(11,940,000)	
Police Pension	(73,448)	
Compensated absences	(537,979)	
Total liabilities		(13,725,913)

Net Assets of Governmental Activities \$51,712,733

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>GENERAL</u>	<u>FIRE LEVY</u>	<u>DEBT SERVICE</u>
REVENUES:			
Property and Other Local Taxes	\$615,449	\$624,271	\$0
Income Taxes	4,589,690	0	0
Special Assessments	0	0	419,967
Charges for Services	147,926	0	0
Licenses and Permits	598,956	0	0
Intergovernmental	662,453	33,352	0
Interest	166,150	0	26,331
Other	190,121	38,182	15,161
	<u>6,970,745</u>	<u>695,805</u>	<u>461,459</u>
Total Revenues			
EXPENDITURES:			
Current:			
General Government	2,348,603	0	0
Security of Persons and Property:			
Police	2,543,414	0	0
Fire	0	1,313,181	0
Other	248,978	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	53,000	0	0
Economic Development	0	0	0
Basic Utility Services	27,742	0	0
Transportation	0	0	0
Capital Outlay	0	388,029	0
Debt Service:			
Principal Retirement	0	22,771	1,392,000
Interest and Fiscal Charges	0	2,732	655,558
	<u>5,221,737</u>	<u>1,726,713</u>	<u>2,047,558</u>
Total Expenditures			
Excess of Revenues Over (Under)			
Expenditures	<u>1,749,008</u>	<u>(1,030,908)</u>	<u>(1,586,099)</u>
OTHER FINANCING SOURCES (USES):			
Transfers In	0	981,141	947,168
Notes Issued	0	433,000	660,000
Transfers Out	<u>(2,325,767)</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(2,325,767)</u>	<u>1,414,141</u>	<u>1,607,168</u>
Net Change in Fund Balance	(576,759)	383,233	21,069
Fund Balance (Deficit) at Beginning of Year - Restated (See Note 3)	<u>3,197,677</u>	<u>365,931</u>	<u>(129,011)</u>
Fund Balance (Deficit) at End of Year	<u>\$2,620,918</u>	<u>\$749,164</u>	<u>(\$107,942)</u>

See accompanying notes to the basic financial statements

ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$225,693	\$1,465,413
0	4,589,690
86,767	506,734
85,212	233,138
14,996	613,952
1,023,578	1,719,383
59	192,540
33,344	276,808
<hr/> 1,469,649	<hr/> 9,597,658
34,949	2,383,552
280,497	2,823,911
77,615	1,390,796
84,951	333,929
41,799	41,799
222,678	275,678
59,266	59,266
0	27,742
887,728	887,728
793,147	1,181,176
1,158	1,415,929
8,129	666,419
<hr/> 2,491,917	<hr/> 11,487,925
<hr/> (1,022,268)	<hr/> (1,890,267)
927,130	2,855,439
0	1,093,000
(433,553)	(2,759,320)
<hr/> 493,577	<hr/> 1,189,119
(528,691)	(701,148)
<hr/> 1,334,418	<hr/> 4,769,015
<hr/> \$805,727	<hr/> \$4,067,867

CITY OF FRANKLIN, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Net Change in Fund Balances - Total Governmental Funds (\$701,148)

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

Capital outlays are reported as expenditures in governmental funds.

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

Capital Asset Additions	1,181,176	
Current Year Depreciation	<u>(1,994,044)</u>	(812,868)

Assets transferred from governmental activities during the year to enterprise funds		
Capital Assets		(11,965,020)

When capital assets are disposed of, the cost of the capital assets is removed from the capital asset account in the statement of net assets resulting in a loss on sale of Capital assets in the statement of activities.

Loss on Disposal of Capital Assets		(21,208)
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Because some revenues will not be collected for several months after the City's year end, they are not considered "available" revenues and are deferred in the governmental funds.

Property and Other Local Taxes	(58)	
Special Assessments	(420,494)	
Charges for Services	58,537	
Shared Taxes and Local Government Revenue Assistance	41,035	
Income Taxes	(139,342)	
Interest	<u>17,323</u>	(442,999)

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

Bond principal retirement	295,000	
Special assessment principal retirement	232,000	
Note principal retirement	865,000	
Police pension principal retirement	1,158	
Capital lease payments	<u>22,771</u>	
Total long-term debt repayment		1,415,929

Governmental funds report premiums, discounts and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities

Current Year Bond Discounts That Were Deferred	(896)	
Current Year Bond Issuance Costs That Were Deferred	<u>(1,385)</u>	(2,281)

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

(1,093,000)

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

Increase in Compensated Absences	(27,394)	
Increase in Accrued Interest	<u>(5,190)</u>	
Total additional expenditures		<u>(32,584)</u>

Change in Net Assets of Governmental Activities		<u><u>(\$13,655,179)</u></u>
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See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUNDS BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property and Other Local Taxes	\$643,455	\$656,000	\$613,485	(\$42,515)
Income Taxes	3,724,444	3,797,056	4,387,434	590,378
Charges for Services	102,839	104,844	146,720	41,876
Fines, Licenses, and Permits	420,790	428,994	597,420	168,426
Intergovernmental	481,606	490,995	604,210	113,215
Interest	259,326	264,382	201,167	(63,215)
Other	98,163	100,077	190,121	90,044
Total Revenues	<u>5,730,623</u>	<u>5,842,348</u>	<u>6,740,557</u>	<u>898,209</u>
Expenditures:				
Current:				
General Government	2,296,601	2,682,679	2,458,572	224,107
Security of Persons and Property:				
Police Law Enforcement	2,856,295	2,971,311	2,692,204	279,107
Building Inspection	269,842	269,932	251,426	18,506
Leisure Time Activities	0	25,000	53,000	(28,000)
Basic Utility Services	0	60,000	49,278	10,722
Total Expenditures	<u>5,422,738</u>	<u>6,008,922</u>	<u>5,504,480</u>	<u>504,442</u>
Excess of Revenues Over (Under) Expenditures	<u>307,885</u>	<u>(166,574)</u>	<u>1,236,077</u>	<u>1,402,651</u>
Other Financing Sources (Uses):				
Advances In	0	0	333,653	333,653
Transfers In	0	136,938	0	(136,938)
Transfers Out	<u>(1,929,371)</u>	<u>(2,328,385)</u>	<u>(2,277,720)</u>	<u>50,665</u>
Total Other Financing Sources (Uses)	<u>(1,929,371)</u>	<u>(2,191,447)</u>	<u>(1,944,067)</u>	<u>247,380</u>
Net Change in Fund Balance	(1,621,486)	(2,358,021)	(707,990)	1,650,031
Fund Balance at Beginning of Year	2,331,531	2,331,531	2,331,531	0
Prior Year Encumbrances Appropriated	<u>120,184</u>	<u>120,184</u>	<u>120,184</u>	<u>0</u>
Fund Balance at End of Year	<u>\$830,229</u>	<u>\$93,694</u>	<u>\$1,743,725</u>	<u>\$1,650,031</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property and Other Local Taxes	\$574,024	\$574,024	\$624,271	\$50,247
Intergovernmental	30,867	30,867	33,569	2,702
Other	35,109	35,109	38,182	3,073
Total Revenues	<u>640,000</u>	<u>640,000</u>	<u>696,022</u>	<u>56,022</u>
Expenditures:				
Current:				
Security of Persons and Property				
Fire	1,168,638	1,365,203	1,349,304	15,899
Capital Outlay	0	388,029	388,029	0
Total Expenditures	<u>1,168,638</u>	<u>1,753,232</u>	<u>1,737,333</u>	<u>15,899</u>
Excess of Revenues Under Expenditures	<u>(528,638)</u>	<u>(1,113,232)</u>	<u>(1,041,311)</u>	<u>40,123</u>
Other Financing Sources:				
Notes Issued	433,000	433,000	433,000	0
Transfers In	552,000	552,000	981,141	429,141
Total Other Financing Sources	<u>985,000</u>	<u>985,000</u>	<u>1,414,141</u>	<u>429,141</u>
Net Change in Fund Balance	456,362	(128,232)	372,830	501,062
Fund Balance at Beginning of Year	497,018	497,018	497,018	0
Prior Year Encumbrances Appropriated	411	411	411	0
Fund Balance at End of Year	<u>\$953,791</u>	<u>\$369,197</u>	<u>\$870,259</u>	<u>\$501,062</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2004

	WATER	SEWER	TRASH	STORMWATER UTILITY	TOTAL
ASSETS:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$90,075	\$792,119	\$110,160	\$155,201	\$1,147,555
Cash and Cash Equivalents with Trustee	59,576	0	0	0	59,576
Materials and Supplies Inventory	15,862	0	0	0	15,862
Accounts Receivable	235,621	889,924	33,906	22,826	1,182,277
Restricted Assets:					
Cash and Cash Equivalents with Trustee	284,748	0	0	0	284,748
Total Current Assets	685,882	1,682,043	144,066	178,027	2,690,018
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	331,540	39,520	0	0	371,060
Nondepreciable Capital Assets	982,864	0	0	0	982,864
Depreciable Capital Assets, Net	4,488,946	4,666,386	0	11,599,616	20,754,948
Total Noncurrent Assets	5,803,350	4,705,906	0	11,599,616	22,108,872
Total Assets	6,489,232	6,387,949	144,066	11,777,643	24,798,890
LIABILITIES:					
Current Liabilities:					
Accounts Payable	199,247	5,593	4,480	0	209,320
Accrued Wages and Benefits	11,008	12,539	281	0	23,828
Contracts Payable	0	396,279	420	0	396,699
Intergovernmental Payable	24,596	24,436	1,368	0	50,400
Accrued Interest Payable	82,384	0	0	0	82,384
Interfund Payable	178,581	1,508	0	0	180,089
OWDA Loans Payable	86,146	0	0	0	86,146
Compensated Absences Payable	22,939	15,935	0	0	38,874
Total Current Liabilities	604,901	456,290	6,549	0	1,067,740
Current Liabilities Payable from Restricted Assets:					
Revenue Bonds Payable	115,000	0	0	0	115,000
Accrued Interest Payable	16,717	0	0	0	16,717
Total Current Liabilities Payable from Restricted Assets	131,717	0	0	0	131,717
Long Term Liabilities:					
Compensated Absences Payable	58,143	57,288	0	0	115,431
Revenue Bonds Payable	3,385,000	0	0	0	3,385,000
OWDA Loans Payable	2,298,110	0	0	0	2,298,110
Long Term Liabilities Payable from Restricted Assets:					
Refundable Deposits	39,520	39,520	0	0	79,040
Total Long Term Liabilities	5,780,773	96,808	0	0	5,877,581
Total Liabilities	6,517,391	553,098	6,549	0	7,077,038
NET ASSETS:					
Invested in Capital Assets, Net of Related Debt (Deficit)	(412,446)	4,666,386	0	11,599,616	15,853,556
Restricted for:					
Debt Service	268,031	0	0	0	268,031
Revenue Bonds					
Replacement and Improvement	292,020	0	0	0	292,020
Unrestricted	(175,764)	1,168,465	137,517	178,027	1,308,245
Total Net Assets (Deficit)	(\$28,159)	\$5,834,851	\$137,517	\$11,777,643	\$17,721,852

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Water	Sewer	Trash	Stormwater Utility	Total
OPERATING REVENUES:					
Charges for Services	\$1,981,390	\$2,504,671	\$505,317	\$178,027	\$5,169,405
Other	0	79,637	0	0	79,637
Total Operating Revenues	1,981,390	2,584,308	505,317	178,027	5,249,042
OPERATING EXPENSES:					
Personal Services	330,090	463,805	37,383	0	831,278
Contractual Services	1,158,033	1,786,295	475,275	0	3,419,603
Supplies and Materials	106,425	71,669	8,440	0	186,534
Depreciation	146,288	150,713	0	365,404	662,405
Total Operating Expenses	1,740,836	2,472,482	521,098	365,404	5,099,820
Operating Income (Loss)	240,554	111,826	(15,781)	(187,377)	149,222
NON-OPERATING REVENUES/(EXPENSES):					
Interest	1,099	0	0	0	1,099
Other Non-Operating Revenues	41,232	0	0	0	41,232
Interest and Fiscal Charges	(418,721)	0	0	0	(418,721)
Total Non-Operating Expenses	(376,390)	0	0	0	(376,390)
Income (Loss) Before Contributions and Transfers	(135,836)	111,826	(15,781)	(187,377)	(227,168)
Capital Contributions	0	0	0	11,965,020	11,965,020
Transfers Out	(45,000)	(45,000)	(6,119)	0	(96,119)
Change in Net Assets	(180,836)	66,826	(21,900)	11,777,643	11,641,733
Net Assets at Beginning of Year	152,677	5,768,025	159,417	0	6,080,119
Net Assets at End of Year (Deficit)	(\$28,159)	\$5,834,851	\$137,517	\$11,777,643	\$17,721,852

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	WATER	SEWER	TRASH	STORMWATER UTILITY	TOTALS
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,036,899	\$2,381,259	\$555,200	\$155,201	\$5,128,559
Cash Paid for Employee Services and Benefits	(313,570)	(487,529)	(36,204)	0	(837,303)
Cash Paid to Suppliers for Goods and Services	(1,133,820)	(1,804,570)	(536,199)	0	(3,474,589)
Utility Deposits Received	21,350	21,050	0	0	42,400
Utility Deposits Returned	(38,545)	(3,128)	0	0	(41,673)
Other Operating Revenues	0	79,637	0	0	79,637
Other Non-Operating Revenues	41,232	0	0	0	41,232
Net Cash Provided by (Used for) Operating Activities	613,546	186,719	(17,203)	155,201	938,263
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers Out to Other Funds	(45,000)	(45,000)	(6,119)	0	(96,119)
Net Cash Used For Noncapital Financing Activities	(45,000)	(45,000)	(6,119)	0	(96,119)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(6,400)	0	0	0	(6,400)
Interest Paid on OWDA Loans	(211,272)	0	0	0	(211,272)
Principal Paid on OWDA Loans	(80,578)	0	0	0	(80,578)
Interest Paid on Mortgage Revenue Bonds	(206,101)	0	0	0	(206,101)
Principal Paid on Mortgage Revenue Bonds	(110,000)	0	0	0	(110,000)
Net Cash Used for Capital and Related Financing Activities	(614,351)	0	0	0	(614,351)
<u>Cash Flows from Investing Activities:</u>					
Interest and Dividends	1,099	0	0	0	1,099
Net Cash Provided By Investing Activities	1,099	0	0	0	1,099
Net Increase (Decrease) in Cash and Cash Equivalents	(44,706)	141,719	(23,322)	155,201	228,892
Cash and Cash Equivalents at Beginning of Year	810,645	689,920	133,482	0	1,634,047
Cash and Cash Equivalents at End of Year	\$765,939	\$831,639	\$110,160	\$155,201	\$1,862,939

(continued)

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004
(continued)

	WATER	SEWER	TRASH	STORMWATER UTILITY	TOTALS
Reconciliation of Operating Income (Loss) to					
<u>Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	\$240,554	\$111,826	(\$15,781)	(\$187,377)	\$149,222
Adjustments to Reconcile Operating Income (Loss)					
<u>to Net Cash Provided by (Used for) Operating Activities:</u>					
Depreciation Expense	146,288	150,713	0	365,404	662,405
Other Non-Operating Revenues	41,232	0	0	0	41,232
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	10,080	(80,807)	49,883	(22,826)	(43,670)
Decrease in Materials and Supplies Inventory	21,747	0	0	0	21,747
Increase (Decrease) in Accounts Payable	113,732	(74,875)	(52,904)	0	(14,047)
(Decrease) in Contracts Payable	0	131,333	420	0	131,753
Increase in Accrued Wages and Benefits	3,697	6,300	281	0	10,278
Increase (Decrease) in Compensated Absences Payable	15,550	(18,605)	0	0	(3,055)
Increase (Decrease) in Due to Other Governments	(7,568)	(14,483)	898	0	(21,153)
Decrease in Interfund Receivable	1,308	0	0	0	1,308
Decrease in Interfund Payable	(2,813)	(1,506)	0	0	(4,319)
Increase (Decrease) in Refundable Deposits	29,739	(23,177)	0	0	6,562
Total Adjustments	372,992	74,893	(1,422)	342,578	789,041
Net Cash Provided by (Used for) Operating Activities	<u>\$613,546</u>	<u>\$186,719</u>	<u>(\$17,203)</u>	<u>\$155,201</u>	<u>\$938,263</u>

Noncash Capital Financing Activities:

During 2004, the Stormwater Utility Fund received assets in the amount of \$11,965,020 from governmental activities. The assets were recorded as capital assets and capital contributions in the Stormwater Utility Fund.

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2004

ASSETS:

Equity in Pooled Cash and Cash Equivalents	\$9,909
Cash and Cash Equivalents in Segregated Accounts	<u>43,232</u>

Total Assets \$53,141

LIABILITIES:

Intergovernmental Payable	\$26,311
Undistributed Monies	20,004
Deposits Held and Due to Others	<u>6,826</u>

Total Liabilities \$53,141

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

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 park and recreation system, water sewer and stormwater drainage systems, 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. There was no financial activity in the Corporation in 2004.

The City is associated with one organization which is defined as a joint venture, one which is defined as a shared risk pool and three organizations which are defined as jointly governed organizations. These organizations are presented in Note 19 of the Basic Financial Statements. These organizations are:

Joint Venture:

Joint Recreation Facility

Shared Risk Pool:

Public Entities Pool of Ohio

Jointly Governed Organizations:

Warren County General Health District

Joint Emergency Medical Service (JEMS)

Ohio - Kentucky - Indiana Regional Council of Governments (OKI)

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

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

Fire Levy – This fund accounts for property taxes levied by the City to pay for operating expenditures related to the fire department.

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

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

PROPRIETARY FUNDS

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

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

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

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FIDUCIARY FUNDS

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

MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS

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

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

BASIS OF ACCOUNTING

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

DEFERRED REVENUES

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but were levied to finance 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

EXPENSES/EXPENDITURES

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds, including enterprise funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity In Pooled Cash And Cash Equivalents" on the financial statements. The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures which are presented on the financial statements as "Cash and Cash Equivalents in Segregated Accounts." The City utilizes financial institutions to service bonded debt as principal and interest payments come due, and has \$197 in permissive motor vehicle license money which is held by the Warren County Engineer as agent and distributed to the City for approved street projects. The balances in these two accounts are presented on the balance sheet as "Cash and Cash Equivalents with Fiscal Agents". The City's deposits on hand for future principal and interest payments on mortgage revenue bonds are presented as "Restricted Assets: Cash and Cash Equivalents with Trustee." Cash deposits on hand for future principal and interest payments on mortgage revenue bonds in excess of the amount required by the bond trust indenture are presented as "Cash and Cash Equivalents with Trustee."

During the year, investments were limited to nonnegotiable and negotiable certificates of deposit, STAROhio, Federal Home Loan Mortgage Corporation bonds, Federal Home Loan Bank bonds and money market mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General fund during fiscal year 2004 amounted to \$166,150 which includes \$96,326 assigned from other funds.

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

MATERIALS AND SUPPLIES INVENTORY

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption.

RESTRICTED ASSETS

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

CAPITAL ASSETS

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

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City's infrastructure consists of streets, curbs and gutters, sidewalks, street lighting, bridges, traffic structures, water and sewer lines, stormwater drains and a water well field. Except for water and sewer lines, the City reported infrastructure for the first time in 2003. The City phased in the total values of bridges and traffic structures, such as traffic signals and signs in 2004, as they were not reported in 2003.

COMPENSATED ABSENCES

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

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

INTERFUND RECEIVABLES/PAYABLES

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund balances are eliminated on the governmental-wide statement of net assets except for any net residual amounts due between governmental and business-type activities, which are presented as "internal balances."

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

BOND DISCOUNTS AND ISSUANCE COSTS

Bond discounts and issuance costs for government-wide statements and proprietary fund statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTIONS OF CAPITAL

Contributions of capital represent the transfer of capital assets between governmental and business type activities.

RESERVES OF FUND BALANCES

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

INTERFUND TRANSACTIONS

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

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

NET ASSETS

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING REVENUES AND EXPENSES

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

ESTIMATES

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND BALANCES AND NET ASSETS

For 2004, the City has implemented GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units.” This Statement further defines the guidelines of GASB Statement No. 14, “The Financial Reporting Entity.” The implementation of this new statement has no effect on the City’s financial statements for 2004.

In addition, the City has implemented GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Post-Employment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers.” This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing, multiple-employer pension and other post-employment benefit (OPEB) plans. The implementation of this Bulletin resulted in the following restatement of the City’s governmental fund balances for 2003:

	General Fund	Fire Levy Fund	Debt Service Fund	All Other Governmental Funds	Total
Fund Balance (Deficit),					
December 31, 2003 as reported	\$3,302,727	\$392,891	(\$129,011)	\$1,453,866	\$5,020,473
Restatement of					
Intergovernmental Payable	(105,050)	(26,960)	0	(119,448)	(251,458)
Fund Balance (Deficit),					
December 31, 2003 as Restated	<u>\$3,197,677</u>	<u>\$365,931</u>	<u>(\$129,011)</u>	<u>\$1,334,418</u>	<u>\$4,769,015</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND BALANCES AND NET ASSETS (continued)

When implementing the provisions of GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments” for 2003, the City elected not to include the value of bridges and traffic structures, such as traffic signals, acquired prior to 2003. These amounts are now available, and have been included in the financial statements for 2004, resulting in the following restatement:

Governmental Net Assets,	
December 31, 2003 as reported	\$64,914,452
Restatement of	
Infrastructure Capital Assets	453,460
Governmental Net Assets,	
December 31, 2003 as Restated	\$65,367,912

NOTE 4 - BUDGET TO GAAP RECONCILIATION

BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - General Fund and Fire Levy Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 4 - BUDGET TO GAAP RECONCILIATION (continued)

	Net Change in Fund Balance	
	General Fund	Fire Levy Fund
GAAP Basis	(\$576,759)	\$383,233
Revenue Accruals	(247,202)	217
Expenditure Accruals	(104,050)	1,411
Encumbrances	(178,693)	(12,031)
Net Decrease in Fair Value of Investments - 2004	20,317	0
Net Decrease in Fair Value of Investments - 2003	(3,303)	0
Advances	333,653	0
Transfers	48,047	0
Budget Basis	(\$707,990)	\$372,830

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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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.

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;

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

2. Bond, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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 (STAROhio).

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.

DEPOSITS

At year-end, the carrying amount of the City's deposits was \$3,789,637 and the bank balance was \$4,000,569. 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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>
Negotiable Certificates of Deposit	\$105,038	\$105,038
STAROhio	0	204,162
Federal Home Loan Mortgage Corporation Bonds	943,758	943,758
Federal Home Loan Bank Bonds	970,740	970,740
Money Market Mutual Funds	0	208
Total	<u>\$2,019,536</u>	<u>\$2,223,906</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	\$6,013,543	\$0
Investments:		
Negotiable Certificates of Deposit	(105,038)	105,038
STAROhio	(204,162)	204,162
Federal Home Loan Mortgage Corporation Notes	(943,758)	943,758
Federal Home Loan Bank Notes	(970,740)	970,740
Money Market Mutual Funds	(208)	208
GASB Statement No. 3	<u>\$3,789,637</u>	<u>\$2,223,906</u>

NOTE 6 - COMPLIANCE AND ACCOUNTABILITY

COMPLIANCE

The City had appropriations in excess of estimated receipts plus available balances for the Recreation nonmajor special revenue fund, the Municipal Buildings nonmajor capital projects fund and the Stormwater Utility enterprise fund in the amounts of \$13,830, \$59,190 and \$100,000, respectively.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY (continued)

The following final appropriation accounts had an excess of expenditures over appropriations for the year-ended December 31, 2004:

<u>Fund Type/Fund/Department/Object</u>	<u>Final Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund			
General Government			
Municipal Court			
Other	\$207,326	\$221,262	(\$13,936)
Solicitor			
Other	101,500	120,249	(18,749)
Planning Commission			
Personal Services	0	1,075	(1,075)
Leisure Time Activities			
Other	25,000	53,000	(28,000)
Special Revenue Funds			
Fire Levy Fund			
Security of Persons and Property			
Personal Services	887,507	996,944	(109,437)
Transportation Fund			
Street Maintenance and Repair			
Personal Services	471,557	521,057	(49,500)
Snow and Ice Removal			
Other	25,500	28,793	(3,293)
Capital Projects Fund			
Issue II Fund			
Transfers Out	205,800	286,888	(81,088)
Debt Service Fund			
Debt Service			
Principal Retirement	1,375,000	1,625,900	(250,900)
Enterprise Funds			
Water Fund			
Contractual Services	1,015,065	1,059,931	(44,866)
Materials and Supplies	76,430	82,694	(6,264)
Deposit Refunds	21,300	38,545	(17,245)
Principal Retirement	175,369	190,578	(15,209)
Interest and Fiscal Charges	386,547	415,548	(29,001)
Trash Fund			
Contractual Services	477,800	527,981	(50,181)
Materials and Supplies	8,109	8,218	(109)

The City will monitor budgetary control more closely to ensure that expenditures due not exceed appropriations.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 6 – COMPLIANCE AND ACCOUNTABILITY (continued)

ACCOUNTABILITY

At year-end, the Debt Service Fund, the Police and Fire Pension nonmajor special revenue fund, the Issue II nonmajor capital projects fund and the Water Fund had deficit fund balances of \$107,942, \$169,024, \$113,524 and \$28,159 respectively. These deficits are due to adjustments for accrued liabilities which generate expenditures/expenses that are greater than those recognized on a cash basis.

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

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. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003 on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2004, was \$5.73 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$178,029,700
Personal Property	61,819,330
Public Utility Personal Property	14,105,000
Totals	\$253,954,030

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 7 - PROPERTY TAXES (continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Franklin. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

NOTE 8 - INCOME TAX

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

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

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2004, the proceeds were allocated to the general fund.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2004 consisted of taxes, accounts (including utility), interfund, special assessments, interest on investments, and intergovernmental receivables, including grants, entitlements and shared revenues. All receivables are considered fully collectible. Special assessments expected to be collected in more than one year for the City amount to \$2,516,988. The City has \$92,732 in delinquent special assessments at December 31, 2004.

A summary of intergovernmental receivables follows:

	Amount
<u>Governmental Activities:</u>	
Local Government Assistance	\$235,539
Estate Tax	87,679
Homestead, Rollback and Exemption	58,501
10,000 Personal Property Tax Exemption	3,436
Community Oriented Policing Services Grant	4,267
Issue II	83,982
Charges for Services	9,900
Gas Tax	167,396
Motor Vehicle Tax	85,267
Permissive Motor Vehicle Tax	7,035
Miscellaneous	77
Total Governmental Activities	\$743,079

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance At December 31, 2003 (Restated)	Additions	Deletions	Balance At December 31, 2004
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$18,885,329	\$75,925	\$0	\$18,961,254
Construction in Progress	16,698	0	0	16,698
Total Capital Assets, Not Being Depreciated	<u>18,902,027</u>	<u>75,925</u>	<u>0</u>	<u>18,977,952</u>
Depreciable Capital Assets:				
Land Improvements	1,251,475	0	0	1,251,475
Buildings	6,869,171	0		6,869,171
Equipment	875,465	10,350	(26,652)	859,163
Vehicles	2,150,971	524,159	(173,054)	2,502,076
Infrastructure	73,920,967	570,742	(18,270,204)	56,221,505
Total Depreciable Capital Assets	<u>85,068,049</u>	<u>1,105,251</u>	<u>(18,469,910)</u>	<u>67,703,390</u>
Total Capital Assets At Historical Cost	<u>103,970,076</u>	<u>1,181,176</u>	<u>(18,469,910)</u>	<u>86,681,342</u>
Less Accumulated Depreciation:				
Land Improvements	(670,189)	(59,109)	0	(729,298)
Buildings	(780,461)	(137,383)	0	(917,844)
Equipment	(282,207)	(75,736)	17,986	(339,957)
Vehicles	(1,568,807)	(212,952)	160,512	(1,621,247)
Infrastructure	(30,913,014)	(1,508,864) *	6,305,184	(26,116,694)
Total Accumulated Depreciation	<u>(34,214,678)</u>	<u>(1,994,044)</u>	<u>6,483,682</u>	<u>(29,725,040)</u>
Depreciable Capital Assets, Net	<u>50,853,371</u>	<u>(888,793)</u>	<u>(11,986,228)</u>	<u>37,978,350</u>
Governmental Activities Capital Assets, Net	<u>\$69,755,398</u>	<u>(\$812,868)</u>	<u>(\$11,986,228)</u>	<u>\$56,956,302</u>

During 2004, the City transferred infrastructure valued at \$11,965,020 from governmental activities to business-type activities. These assets consisted of storm sewers and major drainage. The City has established the Stormwater Utility enterprise fund to account for these assets and to collect user fees for maintenance of existing stormwater drains and to construct future improvements. These transfers are included as deletions of capital assets being depreciated in governmental activities and as additions to business-type activities.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 - CAPITAL ASSETS (continued)

	Balance At December 31, 2003	Additions	Deletions	Balance At December 31, 2004
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$982,864	\$0	\$0	\$982,864
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	72,700	0	0	72,700
Equipment	127,872	6,400	0	134,272
Vehicles	296,010	0	(23,589)	272,421
Infrastructure				
Water Lines	4,066,813	0	0	4,066,813
Sewer Lines	7,619,848	0	0	7,619,848
Water Well Field	2,344,706	0	0	2,344,706
Storm Sewer and Major Drainage	0	18,270,204	0	18,270,204
Total Depreciable Capital Assets	<u>14,540,870</u>	<u>18,276,604</u>	<u>(23,589)</u>	<u>32,793,885</u>
Total Capital Assets At Historical Cost	<u>15,523,734</u>	<u>18,276,604</u>	<u>(23,589)</u>	<u>33,776,749</u>
Less Accumulated Depreciation:				
Land Improvements	(646)	(646)	0	(1,292)
Buildings	(7,712)	(1,454)	0	(9,166)
Equipment	(67,140)	(11,114)	0	(78,254)
Vehicles	(253,024)	(11,435)	23,589	(240,870)
Infrastructure				
Water Lines	(1,598,227)	(78,324)	0	(1,676,551)
Sewer Lines	(2,839,929)	(147,134)	0	(2,987,063)
Water Well Field	(328,259)	(46,894)	0	(375,153)
Storm Sewer and Major Drainage	0	(6,670,588)	0	(6,670,588)
Total Accumulated Depreciation	<u>(5,094,937)</u>	<u>(6,967,589)</u>	<u>23,589</u>	<u>(12,038,937)</u>
Depreciable Capital Assets, Net	<u>9,445,933</u>	<u>11,309,015</u>	<u>0</u>	<u>20,754,948</u>
Business-Type Activities Capital Assets, Net	<u>\$10,428,797</u>	<u>\$11,309,015</u>	<u>\$0</u>	<u>\$21,737,812</u>

* Depreciation expense was charged to governmental programs as follows:

Security of Persons And Property:	
Police	\$72,410
Fire	128,258
Other	3,292
Leisure Time Activities	59,848
Basic Utility Services	57,355
Transportation	116,194
General Government	47,823
Depreciation on Infrastructure	1,508,864
Total Depreciation Expense	<u>\$1,994,044</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 11 - DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$215,156, \$271,872, and \$195,311 respectively; 78.95 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$1,084 made by the City and \$680 made by the plan members.

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.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$127,202 for the year ended December 31, 2004, \$142,155 and \$197,098 respectively, equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 87.78 percent and 44.71 percent has been contributed for 2004.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 12 – POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll 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 OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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 annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$90,118. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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 service, disability or survivor 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 12 – POSTEMPLOYMENT BENEFITS (continued)

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 funds of OP&F 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 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$222,750 for police and \$309,406 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

NOTE 13 - OTHER EMPLOYEE BENEFITS

COMPENSATED ABSENCES

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

City employees earn sick leave at 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).

Accumulated Unpaid Compensatory Time

City employees working over their designated work hours are entitled to either overtime pay or compensatory time according to the Fair Labor Standards Act. Employees may elect to receive compensatory time in lieu of overtime pay. Compensatory time must be used within 180 days of accrual or the time must be paid out. Employees may accrue compensatory time up to a maximum of 240 hours, except those employees working in a public safety activity, emergency response activity or seasonal activity, who may accrue a maximum of 480 hours.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 13 - OTHER EMPLOYEE BENEFITS (continued)

HEALTH CARE BENEFITS

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

DEFERRED COMPENSATION

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

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 2003, the City joined the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000, up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 14 - RISK MANAGEMENT (continued)

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

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

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 15 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City has entered into a capital lease for a vehicle. By the terms of the agreement, ownership of the vehicle is transferred to the City by the end of the lease term. The 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 have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. General capital assets consisting of equipment have been capitalized in the amount of \$198,650 which equals the present value of the future minimum lease payments at the time of acquisition. Principal payments in 2004 totaled \$22,771 in the governmental funds.

<u>Asset</u>	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value December 31, 2004</u>
Equipment: Pierce Pumper	\$198,560	\$178,704	\$19,856

The following is a schedule of the future long-term minimum lease payments required under the capital lease:

<u>Year Ending December 31,</u>	<u>Amount</u>
2005	\$26,636
Less: Amount Representing Interest	(1,364)
Present Value of Minimum Lease Payments	<u>\$25,272</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 16 - LONG-TERM OBLIGATIONS

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2004 follows:

Types/Issues	Balance December 31, 2003	Increases	Decreases	Balance December 31, 2004	Due Within One Year
<u>Special Assessment Bonds</u>					
6.85% - 1991 Franklin Commerce Improvement - \$1,340,000	\$790,000	\$0	\$75,000	\$715,000	\$85,000
8.78% - 1985 Streetscape - \$107,000	15,000	0	5,000	10,000	10,000
7.125% - 1989 Shady Glenn - \$170,000	63,000	0	9,000	54,000	9,000
6.00% - 1995 Miller Stub Street - \$78,513	57,000	0	3,000	54,000	4,000
5.75% - 1995 Shotwell Drive - \$227,000	167,000	0	10,000	157,000	10,000
5.80% - 1997 Franklin Commerce Center - \$577,400	455,000	0	25,000	430,000	25,000
5.00% - 1998 Scholl Road - \$514,177	420,000	0	20,000	400,000	20,000
5.00% - 1998 Fourth Street Improvement - \$337,705	275,000	0	10,000	265,000	15,000
5.00% - 1998 Schumaker-Franklin - \$1,322,708	1,105,000	0	50,000	1,055,000	50,000
5.00% - 1998 Deardoff Phase II - \$158,410	130,000	0	5,000	125,000	5,000
5.70% - 1999 Eastlawn Sewer Line Extension - \$119,779	100,000	0	5,000	95,000	5,000
5.125% - 2001 Shotwell Drive Phase III - \$490,000	465,000	0	15,000	450,000	15,000
TOTAL-Special Assessment Bonds	<u>\$4,042,000</u>	<u>\$0</u>	<u>\$232,000</u>	<u>\$3,810,000</u>	<u>\$253,000</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Types/Issues	Balance December 31, 2003	Increases	Decreases	Balance December 31, 2004	Due Within One Year
<u>General Obligation Bonds</u>					
<u>(Unvoted)</u>					
4.25% - 6.10% 1994					
Road Extension - \$1,730,000	\$780,000	\$0	\$140,000	\$640,000	\$150,000
4.625% - 5.125% 2001					
Street Improvement - \$920,000	870,000	0	30,000	840,000	30,000
3.00% - 5.25% 2002					
Public Works Facility - \$4,625,000	4,575,000	0	50,000	4,525,000	50,000
4.00% - 5.00% 2003					
Various Purpose - \$960,000	960,000	0	35,000	925,000	35,000
1.50% - 4.65% 2003					
Administrative and Court Facility					
Improvements - \$1,260,000	1,240,000	0	40,000	1,200,000	45,000
Discount on Debt Issue	(17,920)	0	(896)	(17,024)	0
TOTAL-General					
Obligation Bonds	8,407,080	0	294,104	8,112,976	310,000
<u>Other Long-Term Obligations</u>					
1.90% - 2003					
Road Improvement Bond					
Anticipation Notes \$470,000	470,000	0	470,000	0	0
2.25% - 2004					
Road Improvement Bond					
Anticipation Notes \$305,000	0	305,000	0	305,000	305,000
1.50% - 2003					
Consolidated Fire Equipment and					
Stormwater Study Bond					
Anticipation Notes - \$395,000	395,000	0	395,000	0	0
1.82% - 2004					
Consolidated Fire Equipment and					
Stormwater Study Bond					
Anticipation Notes - \$788,000	0	788,000	0	788,000	788,000
Compensated Absences	510,585	255,292	227,898	537,979	103,616
Police and Fire Pension	74,606	0	1,158	73,448	1,207
Capital Leases Payable	48,043	0	22,771	25,272	25,272
TOTAL-Other Long-Term					
Obligations	1,498,234	1,348,292	1,116,827	1,729,699	1,223,095
TOTAL- All General					
Long-Term Obligations	\$13,947,314	\$1,348,292	\$1,642,931	\$13,652,675	\$1,786,095

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

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

The unvoted general obligation bond issues will be paid from property taxes.

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%

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 Capital Projects Fund (22%) and the Ohio Public Works Commission Capital Projects Fund (78%).

On May 1, 2002, the City issued \$4,625,000 in General Obligation Bonds for the purpose of constructing a new Administration building, a new police building, and a new fire department building. The bonds will be paid from the Municipal Building Capital Projects Fund. The City is also allocating a small portion of the debt payments to the Water and Sewer funds, to reflect their use of the facility. The Water and Sewer funds transfer their portion of the debt payments to the Debt Service fund when payments are due.

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

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

Redemption Dates	Premium - % of Par Value
December 1, 2013 through November 30, 2014	102%
December 1, 2014 through November 31, 2015	101%
December 1, 2015 and thereafter	100%

On April 28, 2004, the City issued a \$788,000 Bond Anticipation Note for the purpose of purchasing fire equipment and conducting a stormwater drainage study. \$543,000 of the note related to fire equipment purchase, and will be paid from the General fund. In 2004, interest paid on the \$245,000 stormwater drainage survey was paid from the Debt Service fund, with a transfer from the General fund.

On July 22, 2004, the City issued a \$305,000 Bond Anticipation Note for the purpose of making road improvements. The notes will be paid from the General fund.

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

The Police and Fire Pension liability is paid from special revenue fund taxes, and is recorded as an expenditure of Debt Service: Principal Retirement.

Changes in the long-term obligations reported in the business-type activities of the City during 2004 were as follows:

Types/Issues	Balance December 31, 2003	Increases	Decreases	Balance December 31, 2004	Due Within One Year
6.70% OWDA Loans - \$2,947,907	\$2,464,834	\$0	\$80,578	\$2,384,256	\$86,146
4.00% - 5.80% Mortgage Revenue Bonds - \$4,215,000	3,610,000	0	110,000	3,500,000	115,000
Compensated Absences	157,360	33,677	36,732	154,305	38,874
TOTAL - Business Type-Activities	\$6,232,194	\$33,677	\$227,310	\$6,038,561	\$240,020

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 are for improvements to the City's water system, and 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.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

As of December 31, 2003, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$17,083,273 with an unvoted debt margin of \$4,385,572.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2004 are:

Governmental Activities				
Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2005	\$310,000	\$388,070	\$253,000	\$213,976
2006	315,000	373,882	254,000	198,717
2007	335,000	359,048	280,000	183,778
2008	340,000	342,790	290,000	167,292
2009	270,000	325,939	312,000	150,212
2010-2014	1,555,000	1,449,612	1,436,000	481,620
2015-2019	1,985,000	1,064,358	905,000	125,190
2020-2024	2,080,000	542,167	80,000	6,150
2025-2027	940,000	100,538	0	0
Totals	<u>\$8,130,000</u>	<u>\$4,946,404</u>	<u>\$3,810,000</u>	<u>\$1,526,935</u>

Business-Type Activities				
Year	Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2005	\$115,000	\$200,603	\$86,146	\$164,769
2006	125,000	194,738	92,098	158,816
2007	130,000	188,238	98,462	152,452
2008	135,000	180,763	105,266	145,648
2009	145,000	173,000	112,539	138,374
2010-2014	855,000	730,163	690,665	563,905
2015-2019	1,140,000	453,243	964,624	289,944
2020-2024	855,000	100,920	234,456	16,218
	<u>\$3,500,000</u>	<u>\$2,221,668</u>	<u>\$2,384,256</u>	<u>\$1,630,126</u>

REVENUE HOUSING BONDS

The City served as the issuer of \$7,220,000 in revenue housing bonds in 1997. The proceeds were used by Emerald Edge/Warren, Limited Partnership to finance the acquisition, construction and equipping of a multi-family 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, 2004, the outstanding principal balance was \$6,600,000.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 17 - SHORT-TERM OBLIGATIONS

A summary of the short-term note transactions for the year-ended December 31, 2004 follows:

Fund Type	Balance			Balance December 31, 2004
	December 31, 2003	Increase	Decrease	
Special Revenue	\$88,900	\$73,900	\$88,900	\$73,900
Capital Projects	145,000	285,000	145,000	285,000
Total	<u>\$233,900</u>	<u>\$358,900</u>	<u>\$233,900</u>	<u>\$358,900</u>

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

Issue	Principal Outstanding	Annualized Rate
Street Sweeper	\$73,900	2.25 %
Road Improvement	285,000	1.82
Total	<u>\$358,900</u>	

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

NOTE 18 - INTERFUND ACTIVITY

INTERFUND RECEIVABLE/PAYABLE

Interfund balances at December 31, 2004, consist of the following individual fund receivables and payables:

		Receivable			
		All Other			Total
		Debt	Governmental		
		General	Service	Funds	Total
Payable	General	\$0	\$0	\$5,718	\$5,718
	Debt Service Fund	72,660	0	40,679	113,339
	Water	175,302	3,279	0	178,581
	Sewer	0	1,508	0	1,508
	Total	<u>\$247,962</u>	<u>\$4,787</u>	<u>\$46,397</u>	<u>\$299,146</u>

The amount due from the Debt Service fund to the General fund resulted from the posting of Issue II monies that were transferred to the Debt Service fund when the Issue II fund was closed out at the end of the year. The amount due General fund from the Water fund relates to note issuance costs paid by the General fund on behalf of the Water fund. The amount due to the All Other Governmental funds from the Debt Service fund is related to misposted receipts for street lighting assessments. The remaining balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 18 - INTERFUND ACTIVITY (continued)

TRANSFERS FROM/TO OTHER FUNDS

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

	Transfers From					
	Nonmajor Governmental					Total
	General	Funds	Water	Sewer	Trash	
Transfers to						
Fire Levy	\$981,141	\$0	\$0	\$0	\$0	981,141
Debt Service Fund	417,496	433,553	45,000	45,000	6,119	947,168
Nonmajor Governmental Funds	927,130	0	0	0	0	927,130
Total	<u>\$2,325,767</u>	<u>\$433,553</u>	<u>\$45,000</u>	<u>\$45,000</u>	<u>\$6,119</u>	<u>\$2,855,439</u>

Transfers from the General, Nonmajor Governmental and Water, Sewer and Trash funds to the Debt Service fund were made for scheduled debt service payments, including the amounts transferred from the Water and Sewer funds for their portion of payments on the municipal building general obligation bonds. Transfers from the General fund to the Nonmajor Governmental funds included amounts transferred for the construction of capital assets and grants made to local businesses for improvements in the downtown area. The transfer from the General fund to the Fire Levy fund was for operating monies for the fire department.

NOTE 19 - JOINT VENTURES/SHARED RISK POOL/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 \$39,000 in 2004. The City of Franklin is the fiscal agent. The financial statements of the Joint Recreation facility can be obtained at the Finance Department, City of Franklin, 35 East Fourth Street, Franklin, Ohio, 45005.

The following is a summary of the financial information for the joint venture for the year-ended December 31, 2004 prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	<u>\$128,238</u>
Operating Expenditures	<u>146,638</u>
Excess of Operating Revenues Under Expenditures	(18,400)
Fund Balance Beginning of Year	<u>27,555</u>
Fund Balance at End of Year	<u><u>\$9,155</u></u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 19 - JOINT VENTURES/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

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

PEP is governed by a seven member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio, 45402.

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 \$5,640 during 2004 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. Financial information may be obtained from Kathy Stephenson at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

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

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 19 - JOINT VENTURES/SHARED RISK POOL/JOINTLY GOVERNED ORGANIZATIONS
(continued)

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.

FEDERAL AND STATE GRANTS

For the period January 1, 2004, to December 31, 2004, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 21 - SUBSEQUENT EVENT

On January 1, 2005, the City began acting as income tax administrator for the Village of Corwin. Residents of the Village of Corwin make payments for income taxes to the City of Franklin. Franklin then remits those collections to the Village.

On April 29, 2005, the City reissued the Consolidated Fire Equipment and Stormwater Study Bond Anticipation Note. The new note will mature on April 30, 2006. On July 21, 2005, the City reissued the Road Improvement Bond Anticipation Note. The new note will mature on July 20, 2006.

On August 19, 2005, the City and Miami Wabash Paper, LLC, verbally agreed to settle a claim filed by the City against Miami Wabash Paper, seeking past due sewer charges and interest dating from April 2001, civil penalties and injunctive relief for repeated violations of state and local pretreatment requirements, and the recovery of attorney fees and litigation costs. The City anticipates it will receive \$750,000 in eight quarterly installments of \$93,500.

Combining Financial Statements and Individual Fund Schedules

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

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

NONMAJOR SPECIAL REVENUE FUNDS

Transportation

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

Court

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

Recreation

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

Community Development & Improvement

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

Street Lighting

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

U.S. Filter

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

Police and Fire Pension

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

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.

Continued

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS
(Continued)

CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

Municipal Buildings

To account for capital outlay expenditures related to 2003 improvements to the City Municipal Building, and payment of principal and interest on bonds issued to finance those improvements.

Issue II

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

Capital Improvement

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

Shotwell Drive

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

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$811,061	\$527,805	\$1,338,866
Cash and Cash Equivalents with Fiscal Agent	197	0	197
Materials and Supplies Inventory	108,380	0	108,380
Intergovernmental Receivable	267,923	83,982	351,905
Property and Other Local Taxes Receivable	181,628	0	181,628
Interfund Receivable	46,397	0	46,397
Special Assessments Receivable	84,733	0	84,733
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$1,500,319</u>	<u>\$611,787</u>	<u>\$2,112,106</u>
Liabilities:			
Accounts Payable	\$52,438	\$25,741	\$78,179
Accrued Wages and Benefits	14,494	0	14,494
Contracts Payable	0	83,982	83,982
Intergovernmental Payable	229,252	0	229,252
Accrued Interest Payable	365	1,407	1,772
Deferred Revenue	487,279	52,521	539,800
Notes Payable	73,900	285,000	358,900
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>857,728</u>	<u>448,651</u>	<u>1,306,379</u>
Fund Balances:			
Reserved for Encumbrances	21,114	7,380	28,494
Unreserved, Undesignated , Reported in:			
Special Revenue Funds	621,477	0	621,477
Capital Projects Funds	0	155,756	155,756
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>642,591</u>	<u>163,136</u>	<u>805,727</u>
Total Liabilities and Fund Balances	<u>\$1,500,319</u>	<u>\$611,787</u>	<u>\$2,112,106</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Property and Other Local Taxes	\$225,693	\$0	\$225,693
Special Assessments	86,767	0	86,767
Charges for Services	85,212	0	85,212
Licenses and Permits	14,996	0	14,996
Intergovernmental	670,967	352,611	1,023,578
Interest	59	0	59
Other	29,601	3,743	33,344
Total Revenues	1,113,295	356,354	1,469,649
Expenditures:			
Current:			
General Government	34,949	0	34,949
Security of Persons and Property:			
Police	280,497	0	280,497
Fire	77,615	0	77,615
Other	84,951	0	84,951
Public Health and Welfare	41,799	0	41,799
Leisure Time Activities	222,678	0	222,678
Economic Development	59,266	0	59,266
Transportation	887,728	0	887,728
Capital Outlay	149,704	643,443	793,147
Debt Service:			
Principal Retirement	1,158	0	1,158
Interest and Fiscal Charges	4,556	3,573	8,129
Total Expenditures	1,844,901	647,016	2,491,917
Excess of Revenues Under Expenditures	(731,606)	(290,662)	(1,022,268)
Other Financing Sources (Uses):			
Transfers In	746,795	180,335	927,130
Transfers Out	(93,345)	(340,208)	(433,553)
Total Other Financing Sources (Uses)	653,450	(159,873)	493,577
Net Change in Fund Balance	(78,156)	(450,535)	(528,691)
Fund Balances at Beginning of Year	720,747	613,671	1,334,418
Fund Balances at End of Year	\$642,591	\$163,136	\$805,727

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2004

	<u>Transportation</u>	<u>Court</u>	<u>Recreation</u>
Assets:			
Equity in Pooled Cash and			
Cash Equivalents	\$326,584	\$262,056	\$71,337
Cash and Cash Equivalents			
with Fiscal Agents	197	0	0
Materials and Supplies Inventory	106,488	0	1,892
Intergovernmental Receivable	259,698	0	0
Property and Other Local Taxes Receivable	0	0	0
Interfund Receivable	1,550	0	0
Special Assessments Receivable	0	0	0
Total Assets	<u>\$694,517</u>	<u>\$262,056</u>	<u>\$73,229</u>
Liabilities:			
Accounts Payable	26,987	8,498	6,446
Accrued Wages and Benefits	12,210	0	2,284
Intergovernmental Payable	34,907	0	10,237
Accrued Interest Payable	365	0	0
Deferred Revenue	213,131	0	0
Notes Payable	73,900	0	0
Total Liabilities	<u>361,500</u>	<u>8,498</u>	<u>18,967</u>
Fund Balances:			
Reserved for Encumbrances	18,366	2,748	0
Unreserved, Undesignated (Deficit)	314,651	250,810	54,262
Total Fund Balances (Deficit)	<u>333,017</u>	<u>253,558</u>	<u>54,262</u>
Total Liabilities and Fund Balances	<u>\$694,517</u>	<u>\$262,056</u>	<u>\$73,229</u>

<u>Community Development & Improvement</u>	<u>Street Lighting</u>	<u>U.S. Filter</u>	<u>Police and Fire Pension</u>	<u>Firemen's Indemnity</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$63,948	\$43,449	\$17,428	\$11,298	\$14,961	\$811,061
0	0	0	0	0	197
0	0	0	0	0	108,380
0	0	1,465	6,760	0	267,923
0	0	32,346	149,282	0	181,628
0	40,679	742	3,426	0	46,397
0	84,733	0	0	0	84,733
<u>\$63,948</u>	<u>\$168,861</u>	<u>\$51,981</u>	<u>\$170,766</u>	<u>\$14,961</u>	<u>\$1,500,319</u>
\$1,100	\$9,407	\$0	\$0	\$0	\$52,438
0	0	0	0	0	14,494
0	0	0	184,108	0	229,252
0	0	0	0	0	365
0	84,733	33,733	155,682	0	487,279
0	0	0	0	0	73,900
<u>1,100</u>	<u>94,140</u>	<u>33,733</u>	<u>339,790</u>	<u>0</u>	<u>857,728</u>
0	0	0	0	0	21,114
62,848	74,721	18,248	(169,024)	14,961	621,477
<u>62,848</u>	<u>74,721</u>	<u>18,248</u>	<u>(169,024)</u>	<u>14,961</u>	<u>642,591</u>
<u>\$63,948</u>	<u>\$168,861</u>	<u>\$51,981</u>	<u>\$170,766</u>	<u>\$14,961</u>	<u>\$1,500,319</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Transportation</u>	<u>Court</u>	<u>Recreation</u>
Revenues:			
Property and Other Local Taxes	\$61,681	\$0	\$0
Special Assessments	0	0	0
Charges for Services	0	85,212	0
Licenses and Permits	0	14,996	0
Intergovernmental	654,997	4,220	0
Interest	59	0	0
Other	8,581	7,654	2,994
Total Revenues	<u>725,318</u>	<u>112,082</u>	<u>2,994</u>
Expenditures:			
Current:			
General Government	0	34,949	0
Security of Persons and Property			
Police	0	20,981	0
Fire	0	0	0
Other	0	0	0
Public Health and Welfare	0	41,799	0
Leisure Time Activities	0	0	222,678
Economic Development	0	0	0
Transportation	887,728	0	0
Capital Outlay	137,706	10,898	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	1,414	0	0
Total Expenditures	<u>1,026,848</u>	<u>108,627</u>	<u>222,678</u>
Excess of Revenues Over (Under) Expenditures	<u>(301,530)</u>	<u>3,455</u>	<u>(219,684)</u>
Other Financing Sources (Uses):			
Transfers In	398,113	0	206,890
Transfers Out	(93,345)	0	0
Total Other Financing Sources (Uses)	<u>304,768</u>	<u>0</u>	<u>206,890</u>
Net Change in Fund Balances	3,238	3,455	(12,794)
Fund Balances at Beginning of Year	<u>329,779</u>	<u>250,103</u>	<u>67,056</u>
Fund Balances at End of Year	<u>\$333,017</u>	<u>\$253,558</u>	<u>\$54,262</u>

Community Development & Improvement	Street Lighting	U.S. Filter	Police and Fire Pension	Firemen's Indemnity	Total Nonmajor Special Revenue Funds
\$0	\$0	\$28,086	\$135,926	\$0	\$225,693
0	86,767	0	0	0	86,767
0	0	0	0	0	85,212
0	0	0	0	0	14,996
0	0	3,214	8,536	0	670,967
0	0	0	0	0	59
10,372	0	0	0	0	29,601
<u>10,372</u>	<u>86,767</u>	<u>31,300</u>	<u>144,462</u>	<u>0</u>	<u>1,113,295</u>
0	0	0	0	0	34,949
0	0	0	259,516	0	280,497
0	0	0	77,615	0	77,615
0	84,951	0	0	0	84,951
0	0	0	0	0	41,799
0	0	0	0	0	222,678
44,435	0	14,831	0	0	59,266
0	0	0	0	0	887,728
1,100	0	0	0	0	149,704
0	0	0	1,158	0	1,158
0	0	0	3,142	0	4,556
<u>45,535</u>	<u>84,951</u>	<u>14,831</u>	<u>341,431</u>	<u>0</u>	<u>1,844,901</u>
<u>(35,163)</u>	<u>1,816</u>	<u>16,469</u>	<u>(196,969)</u>	<u>0</u>	<u>(731,606)</u>
33,010	0	0	108,782	0	746,795
0	0	0	0	0	(93,345)
<u>33,010</u>	<u>0</u>	<u>0</u>	<u>108,782</u>	<u>0</u>	<u>653,450</u>
(2,153)	1,816	16,469	(88,187)	0	(78,156)
<u>65,001</u>	<u>72,905</u>	<u>1,779</u>	<u>(80,837)</u>	<u>14,961</u>	<u>720,747</u>
<u>\$62,848</u>	<u>\$74,721</u>	<u>\$18,248</u>	<u>(\$169,024)</u>	<u>\$14,961</u>	<u>\$642,591</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2004

	Municipal Buildings	Issue II	Capital Improvement	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$62,012	\$251,145	\$214,648	\$527,805
Intergovernmental Receivable	0	83,982	0	83,982
Total Assets	\$62,012	\$335,127	\$214,648	\$611,787
Liabilities:				
Accounts Payable	\$0	\$25,741	\$0	\$25,741
Contracts Payable	0	83,982	0	83,982
Accrued Interest Payable	0	1,407	0	1,407
Deferred Revenue	0	52,521	0	52,521
Notes Payable	0	285,000	0	285,000
Total Liabilities	0	448,651	0	448,651
Fund Balances:				
Reserved for Encumbrances	0	3,880	3,500	7,380
Unreserved, Undesignated (Deficit)	62,012	(117,404)	211,148	155,756
Total Fund Balances (Deficit)	62,012	(113,524)	214,648	163,136
Total Liabilities and Fund Balances	\$62,012	\$335,127	\$214,648	\$611,787

*CITY OF FRANKLIN, OHIO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004*

	Municipal Buildings	Issue II	Capital Improvement	Shotwell Drive	Total Nonmajor Capital Projects Funds
Revenues:					
Intergovernmental	\$0	\$187,611	\$165,000	\$0	\$352,611
Other	0	3,743	0	0	3,743
Total Revenues	<u>0</u>	<u>191,354</u>	<u>165,000</u>	<u>0</u>	<u>356,354</u>
Expenditures:					
Capital Outlay	20,177	571,494	51,772	0	643,443
Debt Service:					
Interest and Fiscal Charges	0	1,407	0	2,166	3,573
Total Expenditures	<u>20,177</u>	<u>572,901</u>	<u>51,772</u>	<u>2,166</u>	<u>647,016</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,177)</u>	<u>(381,547)</u>	<u>113,228</u>	<u>(2,166)</u>	<u>(290,662)</u>
Other Financing Sources (Uses):					
Transfers In	0	0	32,030	148,305	180,335
Transfers Out	0	(175,208)	(165,000)	0	(340,208)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(175,208)</u>	<u>(132,970)</u>	<u>148,305</u>	<u>(159,873)</u>
Net Change in Fund Balances	(20,177)	(556,755)	(19,742)	146,139	(450,535)
Fund Balances (Deficit) at Beginning of Year	<u>82,189</u>	<u>443,231</u>	<u>234,390</u>	<u>(146,139)</u>	<u>613,671</u>
Fund Balances (Deficit) at End of Year	<u><u>\$62,012</u></u>	<u><u>(\$113,524)</u></u>	<u><u>\$214,648</u></u>	<u><u>\$0</u></u>	<u><u>\$163,136</u></u>

AGENCY 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.

Municipal Court

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

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.

Building Standards Fee

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

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2004

	Municipal Court	Joint Emergency Medical Services (JEMS)	Joint Recreation	Total
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$754	\$9,155	\$9,909
Cash and Cash Equivalents in Segregated Accounts	43,232	0	0	43,232
Total Assets	<u>\$43,232</u>	<u>\$754</u>	<u>\$9,155</u>	<u>\$53,141</u>
Liabilities:				
Intergovernmental Payable	\$25,557	\$754	\$0	\$26,311
Undistributed Monies	10,849	0	9,155	20,004
Deposits Held and Due to Others	6,826	0	0	6,826
Total Liabilities	<u>\$43,232</u>	<u>\$754</u>	<u>\$9,155</u>	<u>\$53,141</u>

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Balance 1/1/04	Additions	Reductions	Balance 12/31/04
MUNICIPAL COURT				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$39,386	\$623,068	\$619,222	\$43,232
Liabilities:				
Intergovernmental Payable	\$25,433	\$379,671	\$379,547	\$25,557
Undistributed Monies	8,483	240,436	238,070	10,849
Deposits Held and Due to Others	5,470	2,961	1,605	6,826
Total Liabilities	\$39,386	\$623,068	\$619,222	\$43,232
JOINT EMERGENCY EMERGENCY MEDICAL SERVICES (JEMS)				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$754	\$0	\$0	\$754
Liabilities:				
Intergovernmental Payable	\$754	\$0	\$0	\$754
JOINT RECREATION				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$27,555	\$128,238	\$146,638	\$9,155
Liabilities:				
Undistributed Monies	\$27,555	\$128,238	\$146,638	\$9,155
BUILDING STANDARDS FEE				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$64	\$930	\$994	\$0
Intergovernmental Receivable	13	0	13	0
Total Assets	\$77	\$930	\$1,007	\$0
Liabilities:				
Undistributed Monies	\$77	\$930	\$1,007	\$0
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$28,373	\$129,168	\$147,632	\$9,909
Cash and Cash Equivalents in Segregated Accounts	39,386	623,068	619,222	43,232
Intergovernmental Receivable	13	0	13	0
Total Assets	\$67,772	\$752,236	\$766,867	\$53,141
Liabilities:				
Intergovernmental Payable	\$26,187	\$379,671	\$379,547	\$26,311
Undistributed Monies	36,115	369,604	385,715	20,004
Deposits Held and Due to Others	5,470	2,961	1,605	6,826
Total Liabilities	\$67,772	\$752,236	\$766,867	\$53,141

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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property and Other Local Taxes	\$656,000	\$613,485	(\$42,515)
Income Taxes	3,797,056	4,387,434	590,378
Charges for Services	104,844	146,720	41,876
Fines, Licenses, and Permits	428,994	597,420	168,426
Intergovernmental	490,995	604,210	113,215
Interest	264,382	201,167	(63,215)
Other	100,077	190,121	90,044
Total Revenues	5,842,348	6,740,557	898,209
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Clerk and Council			
Personal Services	70,645	69,556	1,089
Other	96,999	75,037	21,962
Total Clerk and Council	167,644	144,593	23,051
Municipal Court			
Personal Services	573,442	518,425	55,017
Other	207,326	221,262	(13,936)
Total Municipal Court	780,768	739,687	41,081
Mayor's and Administrative Office			
Personal Services	341,191	324,479	16,712
Other	19,450	11,810	7,640
Total Mayor's and Administrative Office	360,641	336,289	24,352
Clerk Treasurer			
Personal Services	151,352	140,989	10,363
Other	29,820	28,123	1,697
Total Clerk Treasurer	181,172	169,112	12,060
Income Tax Administration			
Personal Services	171,435	166,988	4,447
Other	133,300	124,536	8,764
Total Income Tax Administration	304,735	291,524	13,211
Solicitor			
Personal Services	89,856	63,819	26,037
Other	101,500	120,249	(18,749)
Total Solicitor	191,356	184,068	7,288
Civil Service Commission			
Other	11,000	5,145	5,855

(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, 2004
(continued)

	Final Budget	Actual	Variance With Final Budget
Planning Commission			
Personal Services	\$0	\$1,075	(\$1,075)
Other	53,320	52,174	1,146
Total Planning Commission	53,320	53,249	71
Board of Zoning, Bldg and Housing			
Other	500	0	500
Building and Grounds			
Personal Services	45,014	44,652	362
Other	121,040	91,503	29,537
Total Building and Grounds	166,054	136,155	29,899
Special Appropriations			
Other	331,550	271,858	59,692
Community Services			
Other	39,939	39,939	0
Economic Development			
Other	5,000	2,604	2,396
Engineering			
Other	89,000	84,349	4,651
Total General Government	2,682,679	2,458,572	224,107
Security of Persons and Property			
Police Law Enforcement			
Personal Services	2,235,743	2,165,856	69,887
Other	735,568	526,348	209,220
Total Police Law Enforcement	2,971,311	2,692,204	279,107
Building Inspection			
Personal Services	215,152	210,905	4,247
Other	54,780	40,521	14,259
Total Building Inspection	269,932	251,426	18,506
Total Security of Persons and Property	3,241,243	2,943,630	297,613
Leisure Time Activities			
Other	25,000	53,000	(28,000)

(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, 2004
(continued)

	Final Budget	Actual	Variance With Final Budget
Basic Utility Services			
Storm Drains			
Other	\$60,000	\$49,278	\$10,722
Total Expenditures	6,008,922	5,504,480	504,442
Excess of Revenues Over (Under) Expenditures	(166,574)	1,236,077	1,402,651
Other Financing Sources (Uses):			
Advances In	0	333,653	333,653
Transfers In	136,938	0	(136,938)
Transfers Out	(2,328,385)	(2,277,720)	50,665
Total Other Financing Sources (Uses)	(2,191,447)	(1,944,067)	247,380
Net Change in Fund Balance	(2,358,021)	(707,990)	1,650,031
Fund Balance at Beginning of Year	2,331,531	2,331,531	0
Prior Year Encumbrances Appropriated	120,184	120,184	0
Fund Balance at End of Year	<u>\$93,694</u>	<u>\$1,743,725</u>	<u>\$1,650,031</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property and Other Local Taxes	\$574,024	\$624,271	\$50,247
Intergovernmental	30,867	33,569	2,702
Other	35,109	38,182	3,073
Total Revenues	<u>640,000</u>	<u>696,022</u>	<u>56,022</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	887,507	996,944	(109,437)
Other	477,696	352,360	125,336
Total Fire	<u>1,365,203</u>	<u>1,349,304</u>	<u>15,899</u>
Capital Outlay			
Other	388,029	388,029	0
Total Expenditures	<u>1,753,232</u>	<u>1,737,333</u>	<u>15,899</u>
Excess of Revenues Under Expenditures	<u>(1,113,232)</u>	<u>(1,041,311)</u>	<u>71,921</u>
Other Financing Sources:			
Notes Issued	433,000	433,000	0
Transfers In	552,000	981,141	429,141
Total Other Financing Sources	<u>985,000</u>	<u>1,414,141</u>	<u>429,141</u>
Net Change in Fund Balance	(128,232)	372,830	501,062
Fund Balance at Beginning of Year	497,018	497,018	0
Prior Year Encumbrances Appropriated	411	411	0
Fund Balance at End of Year	<u><u>\$369,197</u></u>	<u><u>\$870,259</u></u>	<u><u>\$501,062</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$539,806	\$494,311	(\$45,495)
Other	29,827	15,161	(14,666)
Total Revenues	<u>569,633</u>	<u>509,472</u>	<u>(60,161)</u>
Expenditures:			
Debt Service:			
Principal Retirement	1,375,000	1,625,900	(250,900)
Interest and Fiscal Charges	750,000	658,971	91,029
Total Expenditures	<u>2,125,000</u>	<u>2,284,871</u>	<u>(159,871)</u>
Excess of Revenues Under Expenditures	<u>(1,555,367)</u>	<u>(1,775,399)</u>	<u>(220,032)</u>
Other Financing Sources (Uses):			
Transfers In	2,326,351	1,182,492	(1,143,859)
Notes Issued	1,443,823	733,900	(709,923)
Advances Out	(887,300)	(213,653)	673,647
Total Other Financing Sources (Uses)	<u>2,882,874</u>	<u>1,702,739</u>	<u>(1,180,135)</u>
Net Change in Fund Balance	1,327,507	(72,660)	(1,400,167)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$1,327,507</u></u>	<u><u>(\$72,660)</u></u>	<u><u>(\$1,400,167)</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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,307,302	\$2,036,899	(\$270,403)
Deposits Received	20,067	21,350	1,283
Other	22,630	41,232	18,602
Total Revenues	<u>2,349,999</u>	<u>2,099,481</u>	<u>(250,518)</u>
Expenses:			
Personal Services	553,106	313,570	239,536
Contractual Services	1,015,065	1,059,931	(44,866)
Materials and Supplies	76,430	82,694	(6,264)
Other	13,610	0	13,610
Deposit Refunds	21,300	38,545	(17,245)
Capital Outlay	115,759	6,506	109,253
Debt Service:			
Principal Retirement	175,369	190,578	(15,209)
Interest and Fiscal Charges	386,547	415,548	(29,001)
Total Expenses	<u>2,357,186</u>	<u>2,107,372</u>	<u>249,814</u>
Excess of Revenues Under Expenses	(7,187)	(7,891)	(704)
Transfers In	25,000	0	(25,000)
Transfers Out	(76,521)	(45,000)	31,521
Net Change in Fund Equity	(58,708)	(52,891)	5,817
Fund Equity at Beginning of Year	460,803	460,803	0
Prior Year Encumbrances Appropriated	4,787	4,787	0
Fund Equity at End of Year	<u><u>\$406,882</u></u>	<u><u>\$412,699</u></u>	<u><u>\$5,817</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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,516,747	\$2,381,259	(\$135,488)
Deposits Received	20,659	21,050	391
Interest	30,000	0	(30,000)
Other	82,594	79,637	(2,957)
Total Revenues	<u>2,650,000</u>	<u>2,481,946</u>	<u>(168,054)</u>
Expenses:			
Personal Services	500,803	487,529	13,274
Contractual Services	2,081,516	1,735,132	346,384
Materials and Supplies	60,491	52,479	8,012
Other	195,000	0	195,000
Deposit Refunds	7,210	3,128	4,082
Capital Outlay	21,657	17,047	4,610
Total Expenses	<u>2,866,677</u>	<u>2,295,315</u>	<u>571,362</u>
Excess of Revenues Over (Under) Expenses	(216,677)	186,631	403,308
Transfers In	25,000	0	(25,000)
Transfers Out	(55,527)	(45,000)	10,527
Net Change in Fund Equity	(247,204)	141,631	388,835
Fund Equity at Beginning of Year	681,541	681,541	0
Prior Year Encumbrances Appropriated	8,378	8,378	0
Fund Equity at End of Year	<u><u>\$442,715</u></u>	<u><u>\$831,550</u></u>	<u><u>\$388,835</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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$545,950	\$555,200	\$9,250
Expenses:			
Personal Services	45,500	36,204	9,296
Contractual Services	477,800	527,981	(50,181)
Materials and Supplies	8,109	8,218	(109)
Other	2,000	0	2,000
Total Expenses	533,409	572,403	(38,994)
Excess of Revenues Over (Under) Expenses	12,541	(17,203)	(29,744)
Transfers Out	(6,200)	(6,119)	81
Net Change in Fund Equity	6,341	(23,322)	(29,663)
Fund Equity at Beginning of Year	133,373	133,373	0
Prior Year Encumbrances Appropriated	109	109	0
Fund Equity at End of Year	\$139,823	\$110,160	(\$29,663)

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
STORMWATER UTILITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$0	\$155,201	\$155,201
Expenses:			
Other	100,000	0	100,000
Net Change in Fund Equity	(100,000)	155,201	255,201
Fund Equity at Beginning of Year	0	0	0
Fund Equity at End of Year	<u>(\$100,000)</u>	<u>\$155,201</u>	<u>\$255,201</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property and Other Local Taxes	\$0	\$62,096	\$62,096
Charges for Services	1,000	0	(1,000)
Intergovernmental	830,147	786,948	(43,199)
Interest	0	59	59
Other	455	8,581	8,126
Total Revenues	831,602	857,684	26,082
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	471,557	521,057	(49,500)
Other	277,671	245,379	32,292
Total Street Maintenance and Repair	749,228	766,436	(17,208)
Snow and Ice Removal			
Personal Services	24,702	18,615	6,087
Other	25,500	28,793	(3,293)
Total Snow and Ice Removal	50,202	47,408	2,794
Street Cleaning			
Other	14,136	10,197	3,939
Traffic Controls and Marking			
Other	77,967	59,217	18,750
State Highway Maintenance			
Other	34,000	23,996	10,004
Total Transportation	925,533	907,254	18,279
Capital Outlay			
Other	128,674	128,674	0
Total Expenditures	1,054,207	1,035,928	18,279
Excess of Revenues Under Expenditures	(222,605)	(178,244)	44,361
Other Financing Sources (Uses):			
Advances Out	0	(120,000)	(120,000)
Transfers In	172,950	387,876	214,926
Transfers Out	(100,500)	(99,464)	1,036
Total Other Financing Sources (Uses)	72,450	168,412	95,962
Net Change in Fund Balance	(150,155)	(9,832)	140,323
Fund Balance at Beginning of Year	302,291	302,291	0
Prior Year Encumbrances Appropriated	20,200	20,200	0
Fund Balance at End of Year	\$172,336	\$312,659	\$140,323

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COURT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$88,808	\$85,212	(\$3,596)
Fines, Licenses, and Permits	7,917	10,077	2,160
Intergovernmental	2,883	4,220	1,337
Other	10,000	7,654	(2,346)
Total Revenues	<u>109,608</u>	<u>107,163</u>	<u>(2,445)</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Other	8,500	3,906	4,594
Security of Persons and Property			
Police Law Enforcement			
Other	37,000	21,051	15,949
Public Health and Welfare			
Other	81,000	41,799	39,201
Capital Outlay			
Other	152,416	64,034	88,382
Total Expenditures	<u>278,916</u>	<u>130,790</u>	<u>148,126</u>
Net Change in Fund Balance	(169,308)	(23,627)	145,681
Fund Balance at Beginning of Year	247,954	247,954	0
Prior Year Encumbrances Appropriated	<u>26,416</u>	<u>26,416</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$105,062</u></u>	<u><u>\$250,743</u></u>	<u><u>\$145,681</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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other	\$0	\$2,994	\$2,994
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	169,794	148,336	21,458
Other	114,312	75,956	38,356
Total Expenditures	284,106	224,292	59,814
Excess of Revenues Under Expenditures	(284,106)	(221,298)	62,808
Other Financing Sources:			
Transfers In	185,100	206,890	21,790
Net Change in Fund Balance	(99,006)	(14,408)	84,598
Fund Balance at Beginning of Year	79,901	79,901	0
Prior Year Encumbrances Appropriated	5,275	5,275	0
Fund Balance (Deficit) at End of Year	(\$13,830)	\$70,768	\$84,598

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
COMMUNITY DEVELOPMENT & IMPROVEMENT
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$120,000	\$0	(\$120,000)
Other	11,954	10,372	(1,582)
Total Revenues	<u>131,954</u>	<u>10,372</u>	<u>(121,582)</u>
Expenditures:			
Current:			
Economic Development			
Other	89,261	54,846	34,415
Excess of Revenues Over (Under) Expenditures	42,693	(44,474)	(87,167)
Other Financing Sources:			
Transfers In	38,046	33,010	(5,036)
Net Change in Fund Balance	80,739	(11,464)	(92,203)
Fund Balance at Beginning of Year	69,151	69,151	0
Prior Year Encumbrances Appropriated	6,261	6,261	0
Fund Balance at End of Year	<u><u>\$156,151</u></u>	<u><u>\$63,948</u></u>	<u><u>(\$92,203)</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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$87,000	\$46,088	(\$40,912)
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	95,000	88,564	6,436
Net Change in Fund Balance	(8,000)	(42,476)	(34,476)
Fund Balance at Beginning of Year	85,922	85,922	0
Fund Balance at End of Year	<u>\$77,922</u>	<u>\$43,446</u>	<u>(\$34,476)</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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$28,388	\$28,086	(\$302)
Intergovernmental	1,612	2,976	1,364
Total Revenues	30,000	31,062	1,062
Expenditures:			
Current:			
Economic Development			
Other	29,660	29,660	0
Net Change in Fund Balance	340	1,402	1,062
Fund Balance at Beginning of Year	16,026	16,026	0
Fund Balance at End of Year	<u>\$16,366</u>	<u>\$17,428</u>	<u>\$1,062</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
POLICE AND FIRE PENSION FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$140,000	\$135,926	(\$4,074)
Intergovernmental	5,463	7,438	1,975
Other	89,745	82,914	(6,831)
Total Revenues	<u>235,208</u>	<u>226,278</u>	<u>(8,930)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	282,090	251,988	30,102
Fire Department			
Other	97,411	94,484	2,927
Total Security of Persons and Property	<u>379,501</u>	<u>346,472</u>	<u>33,029</u>
Debt Service:			
Principal Retirement	1,158	1,158	0
Interest and Fiscal Charges	3,142	3,142	0
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>383,801</u>	<u>350,772</u>	<u>33,029</u>
Excess of Revenues Under Expenditures	(148,593)	(124,494)	24,099
Other Financing Sources:			
Transfers In	159,792	108,782	(51,010)
Net Change in Fund Balance	11,199	(15,712)	(26,911)
Fund Balance at Beginning of Year	<u>27,009</u>	<u>27,009</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$38,208</u></u>	<u><u>\$11,297</u></u>	<u><u>(\$26,911)</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIREMEN'S INDEMNITY FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

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

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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	199,878	78,676	121,202
Net Change in Fund Balance	(199,878)	(78,676)	121,202
Fund Balance at Beginning of Year	80,811	80,811	0
Prior Year Encumbrances Appropriated	59,877	59,877	0
Fund Balance (Deficit) at End of Year	<u>(\$59,190)</u>	<u>\$62,012</u>	<u>\$121,202</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ISSUE II FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$629,588	\$386,446	(\$243,142)
Other	6,098	3,743	(2,355)
	<hr/>	<hr/>	<hr/>
Total Revenues	635,686	390,189	(245,497)
Expenditures:			
Current:			
Capital Outlay			
Other	694,200	692,068	2,132
	<hr/>	<hr/>	<hr/>
Excess of Revenues Under Expenditures	(58,514)	(301,879)	(243,365)
Other Financing Sources (Uses):			
Notes Issued	464,313	285,000	(179,313)
Transfers Out	(205,800)	(286,888)	(81,088)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	258,513	(1,888)	(260,401)
Net Change in Fund Balance	199,999	(303,767)	(503,766)
Fund Balance at Beginning of Year	554,912	554,912	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$754,911</u>	<u>\$251,145</u>	<u>(\$503,766)</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
CAPITAL IMPROVEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$144,457	\$165,000	\$20,543
Expenditures:			
Current:			
Capital Outlay			
Other	352,000	221,857	130,143
Excess of Revenues Under Expenditures	(207,543)	(56,857)	150,686
Other Financing Sources (Uses):			
Transfers In	21,887	25,000	3,113
Transfers Out	(165,000)	(165,000)	0
Total Other Financing Sources (Uses)	(143,113)	(140,000)	3,113
Net Change in Fund Balance	(350,656)	(196,857)	153,799
Fund Balance at Beginning of Year	408,004	408,004	0
Fund Balance at End of Year	\$57,348	\$211,147	\$153,799

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, 2004

	Final Budget	Actual	Variance With Final Budget
Revenues:	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	0	0	0
Other Financing Sources (Uses):			
Notes Issued	<u>50,000</u>	<u>0</u>	<u>(50,000)</u>
Net Change in Fund Balance	50,000	0	(50,000)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$50,000</u></u>	<u><u>\$0</u></u>	<u><u>(\$50,000)</u></u>

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Statistical Section

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The following statistical tables reflect social and economic data, financial trends and fiscal capacity of the City.

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

<u>YEAR</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
GENERAL GOVERNMENT	\$996,911	\$1,228,690	\$1,319,037	\$1,573,030	\$1,460,587
SECURITY OF PERSONS AND PROPERTY	2,339,711	2,280,660	2,381,306	3,205,269	2,844,349
PUBLIC HEALTH AND WELFARE	0	0	21,524	36,220	1,527
LEISURE TIME ACTIVITIES	119,425	140,381	121,441	207,465	329,434
ECONOMIC DEVELOPMENT	15,172	49,371	251,058	216,868	26,882
BASIC UTILITY SERVICES	50,158	56,344	111,789	75,019	57,968
TRANSPORTATION	347,451	593,618	400,385	772,064	581,932
CAPITAL OUTLAY	1,429,092	1,442,202	1,570,375	695,151	667,085
DEBT SERVICE	537,245	582,570	649,148	726,033	705,762
TOTAL (1)	<u>\$5,835,165</u>	<u>\$6,373,836</u>	<u>\$6,826,063</u>	<u>\$7,507,119</u>	<u>\$6,675,526</u>

SOURCE: City of Franklin's Finance Office

(1) Includes all governmental funds.

TABLE I

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$1,845,467	\$1,916,202	\$1,924,764	\$2,195,294	\$2,383,552
3,143,004	3,534,114	3,630,531	3,955,585	4,548,636
13,868	18,503	9,241	56,199	41,799
275,370	232,485	230,120	265,732	275,678
204,321	141,755	287,215	72,448	59,266
86,758	96,090	90,078	183,400	27,742
846,718	618,165	773,026	667,498	887,728
2,167,141	4,072,598	3,210,715	3,634,022	1,181,176
<u>689,011</u>	<u>754,922</u>	<u>939,192</u>	<u>1,313,086</u>	<u>2,082,348</u>
<u>\$9,271,658</u>	<u>\$11,384,834</u>	<u>\$11,094,882</u>	<u>\$12,343,264</u>	<u>\$11,487,925</u>

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

<u>YEAR</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
TAXES	\$3,085,298	\$3,382,334	\$3,656,907	\$4,213,673	\$4,049,311
SPECIAL ASSESSMENTS	312,684	371,344	153,642	482,390	434,661
CHARGES FOR SERVICES	85,183	116,175	91,211	128,794	120,569
LICENSES AND PERMITS	431,736	477,703	484,631	547,866	657,361
INTERGOVERNMENTAL	1,413,743	1,128,543	1,480,104	1,920,560	1,679,851
INTEREST	158,238	185,889	373,667	320,122	341,972
OTHER	<u>87,022</u>	<u>94,190</u>	<u>110,080</u>	<u>418,760</u>	<u>103,462</u>
TOTAL (1)	<u><u>\$5,573,904</u></u>	<u><u>\$5,756,178</u></u>	<u><u>\$6,350,242</u></u>	<u><u>\$8,032,165</u></u>	<u><u>\$7,387,187</u></u>

SOURCE: City of Franklin's Finance Office

(1) Includes all governmental funds.

TABLE 2

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
\$4,400,239	\$4,738,696	\$4,895,169	\$6,280,474	\$6,055,103
476,745	491,293	470,678	511,435	506,734
139,306	123,252	163,242	234,489	233,138
700,802	698,088	888,535	639,624	613,952
2,335,192	2,137,645	1,724,847	2,121,051	1,719,383
373,495	264,572	175,233	260,068	192,540
<u>88,638</u>	<u>392,324</u>	<u>223,913</u>	<u>244,623</u>	<u>276,808</u>
<u><u>\$8,514,417</u></u>	<u><u>\$8,845,870</u></u>	<u><u>\$8,541,617</u></u>	<u><u>\$10,291,764</u></u>	<u><u>\$9,597,658</u></u>

CITY OF FRANKLIN, OHIO
GOVERNMENT-WIDE EXPENSES BY PROGRAM
GOVERNMENTAL ACTIVITIES
LAST TWO YEARS

<u>Year(1)</u>	<u>General Government</u>	<u>Security Of Persons And Property</u>	<u>Public Health and Welfare</u>	<u>Leisure Time Activities</u>	<u>Economic Development</u>
2003	\$2,211,334	\$4,141,438	\$56,199	\$325,441	\$72,448
2004	2,412,056	4,841,373	41,799	351,631	59,266

Source: City Financial Records - GAAP basis financial data

(1) 2003 is the first year reported according to *GASB Statement No. 34*.

TABLE 3

<u>Basic Utility Services</u>	<u>Transportation</u>	<u>Interest And Fiscal Charges</u>	<u>Depreciation on Infrastructure</u>	<u>Total</u>
\$240,755	\$774,499	\$551,880	\$1,477,591	\$9,851,585
85,097	966,961	673,890	1,508,864	10,940,937

CITY OF FRANKLIN, OHIO
GOVERNMENT-WIDE REVENUES BY SOURCE
GOVERNMENTAL ACTIVITIES
LAST TWO YEARS

Year (1)	Program Revenues			Property And Other Local Taxes
	Charges For Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
2003	\$1,021,594	\$775,004	\$911,937	\$1,408,292
2004	1,013,943	818,623	405,132	1,465,355

Source: City Financial Records - GAAP basis financial data

(1) Year 2003 is the first year reported according to *GASB Statement No. 34*.

TABLE 4

General Revenues					
<u>Income Taxes</u>	<u>Grants and Entitlements</u>	<u>Unrestricted Investment Earnings</u>	<u>Miscellaneous</u>	<u>Transfers</u>	<u>Total</u>
\$5,084,420	\$586,202	\$239,132	\$115,073	\$23,150	\$10,164,804
4,450,348	617,246	209,863	174,149	0	\$9,154,659

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

<u>COLLECTION YEAR</u>	<u>TOTAL TAX LEVY</u>	<u>CURRENT TAX COLLECTIONS</u>	<u>DELINQUENT TAX COLLECTIONS</u>	<u>TOTAL TAX COLLECTIONS</u>
1995	\$363,943	\$341,431	\$11,186	\$352,617
1996	372,510	360,292	9,048	369,340
1997	383,488	378,567	10,717	389,284
1998	423,981	414,523	10,186	424,709
1999	466,406	451,368	9,817	461,185
2000	534,141	506,035	18,871	524,906
2001	611,494	577,043	18,651	595,694
2002	621,639	592,711	34,643	627,354
2003	1,295,509	1,225,660	33,825	1,259,485
2004	1,356,340	1,301,449	84,393	1,385,842

SOURCE: Warren County Auditor's Office

TABLE 5

<u>PERCENTAGE OF TOTAL TAX COLLECTIONS TO TAX LEVY</u>	<u>ACCUMULATED OUTSTANDING DELINQUENT TAXES</u>	<u>PERCENTAGE OF ACCUMULATED DELINQUENT TAXES TO TOTAL TAX LEVY</u>
96.90%	\$12,588	3.5%
99.10	8,049	2.2
101.50	9,989	2.6
100.20	11,497	2.7
98.88	16,474	3.6
98.27	32,799	6.1
97.42	36,632	6.0
100.92	36,447	5.9
97.22	40,264	3.1
102.18	13,957	1.0

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

YEAR	REAL PROPERTY		PERSONAL PROPERTY	
	ASSESSED VALUE	ESTIMATED ACTUAL VALUE	ASSESSED VALUE	ESTIMATED ACTUAL VALUE
1995	\$86,800,030	\$248,000,086	\$27,499,334	\$109,997,336
1996	93,650,870	267,573,914	31,703,229	126,812,916
1997	106,287,760	303,679,314	33,579,779	134,319,116
1998	114,152,770	326,150,771	36,161,985	144,647,940
1999	120,126,750	343,219,286	39,952,347	159,809,388
2000	144,059,380	413,883,943	58,622,764	234,491,056
2001	149,263,540	426,467,257	56,525,550	226,102,200
2002	154,745,790	442,130,829	60,364,620	241,458,480
2003	170,386,110	486,817,460	58,762,770	235,051,000
2004	178,029,700	508,656,290	61,819,330	247,277,320

SOURCE: Warren County Auditor's Office

TABLE 6

<u>PUBLIC UTILITY PERSONAL</u>		<u>TOTAL</u>		<u>PERCENTAGE OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE</u>
<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	<u>ASSESSED VALUE</u>	<u>ESTIMATED ACTUAL VALUE</u>	
\$10,905,560	\$12,392,682	\$125,204,924	\$370,390,104	33.80%
10,814,790	12,289,534	136,168,889	406,676,364	33.48
10,563,810	12,004,330	150,431,349	450,002,760	33.43
11,022,020	12,525,023	161,336,775	483,323,734	33.38
10,772,760	12,241,773	170,851,857	515,270,447	33.16
10,401,300	11,819,659	213,083,444	660,194,658	32.28
8,366,100	9,506,932	214,155,190	662,076,389	32.35
11,334,230	12,879,807	226,444,640	696,469,116	32.51
11,483,820	13,049,800	240,632,700	734,918,260	32.74
14,105,000	16,028,410	253,954,030	771,962,020	32.90

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

TABLE 7

YEAR	CITY OF FRANKLIN	WARREN COUNTY (1)	FRANKLIN CITY SCHOOL DISTRICT			OTHER (2)	
	OPERATING	OPERATING	OPERATING	DEBT SERVICE	TOTAL	OPERATING	TOTAL
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
2002	5.73	4.96	48.58	1.50	50.08	8.50	69.27
2003	5.73	6.53	48.58	1.50	50.08	8.50	70.84
2004	5.73	6.46	48.58	1.50	50.08	8.50	70.77

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, 2004**

TABLE 8

TAXPAYER	2004 REAL PROPERTY ASSESSED VALUATION	PERCENTAGE OF TOTAL ASSESSED VALUATION REAL PROPERTY
1. Dayton Newspapers	\$12,887,400	6.1%
2. Cincinnati Gas and Electric	11,130,320	5.0
3. Pharmacia Hepar Incorporated	7,445,200	3.6
4. Faurecia Exhaust Systems	4,201,980	2.3
5. Burrows Paper Corporation	2,674,380	2.1
6. Newark Group Industries Incorporated	2,564,440	1.9
7. IKO Production Incorporated	2,531,430	1.7
8. Senoco Flexible Packaging	2,491,200	1.6
9. Meridian Roofing Corporation	2,274,890	1.4
10. Ample Industries Incorporated	2,094,320	1.2
Total Principal Taxpayers	<u>\$50,295,560</u>	<u>26.9%</u>
Total City	<u>\$178,029,700</u>	

SOURCE: Warren County Auditor's Office

CITY OF FRANKLIN, OHIO
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN YEARS

TABLE 9

<u>COLLECTION YEAR</u>	<u>BILLED</u>	<u>AMOUNT COLLECTED</u>	<u>PERCENT COLLECTED</u>
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
2002	484,350	470,678	98.56
2003	541,465	511,435	94.45
2004	550,876	506,734	99.39

SOURCE: Warren County Auditor's Office.

**CITY OF FRANKLIN, OHIO
 COMPUTATION OF OVERALL LEGAL DEBT MARGIN
 DECEMBER 31, 2004**

TABLE 10

ASSESSED VALUE		<u><u>\$253,954,030</u></u>
TOTAL DEBT LIMIT-10 1/2% OF ASSESSED VALUATION		\$26,665,173
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2004	\$19,276,156	
LESS: EXEMPT DEBT GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(3,810,000)	
OWDA LOANS TO BE PAID BY ENTERPRISE FUND REVENUE	(2,384,256)	
MORTGAGE REVENUE BONDS TO BE PAID BY ENTERPRISE FUND REVENUE	<u>(3,500,000)</u>	
TOTAL	9,581,900	
(1) LESS: BOND RETIREMENT FUND BALANCE	<u>0</u>	
NET SUBJECT TO 10 1/2% LIMITATION		<u>9,581,900</u>
LEGAL DEBT MARGIN WITHIN 10 1/2% LIMITATION		<u><u>\$17,083,273</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, 2004

TABLE 10a

ASSESSED VALUE		<u><u>\$253,954,030</u></u>
TOTAL DEBT LIMIT- 5 1/2% OF ASSESSED VALUATION		\$13,967,472
TOTAL DEBT OUTSTANDING AT DECEMBER 31, 2003	\$19,276,156	
LESS: EXEMPT DEBT GENERAL OBLIGATION BONDS ISSUED IN ANTICIPATION OF THE COLLECTION OF SPECIAL ASSESSMENTS	(3,810,000)	
OWDA LOANS TO BE PAID BY ENTERPRISE FUND REVENUE	(2,384,256)	
MORTGAGE REVENUE BONDS TO BE PAID BY ENTERPRISE FUND REVENUE	<u>(3,500,000)</u>	
TOTAL	9,581,900	
(1) LESS: BOND RETIREMENT FUND BALANCE	<u>0</u>	
NET SUBJECT TO 5 1/2% LIMITATION		<u>9,581,900</u>
LEGAL DEBT MARGIN WITHIN 5 1/2% LIMITATION		<u><u>\$4,385,572</u></u>

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

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

TABLE 11

<u>YEAR</u>	<u>POPULATION</u>	<u>ASSESSED VALUE</u>	<u>GROSS BONDED DEBT</u>	<u>DEBT SERVICE BALANCE</u>	<u>NET BONDED DEBT (1)</u>	<u>RATIO OF NET BONDED DEBT TO ASSESSED VALUATION</u>	<u>NET BONDED DEBT PER CAPITA</u>
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	11,396	213,083,444	1,160,000	51,150	1,108,850	0.52	97.30
2001	11,396	214,155,190	1,960,000	62,531	1,897,469	0.89	166.50
2002	11,396	226,444,640	6,430,000	0	6,430,000	2.84	564.23
2003	11,396	240,632,700	8,425,000	0	8,425,000	3.50	739.29
2004	11,396	253,954,030	8,130,000	0	8,130,000	3.20	713.41

SOURCE: Population figures for 1995 through 1999 are taken from the 1990 Census.
 I Population figures for 2000 through 2004 are taken from the 2000 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 GOVERNMENT EXPENDITURES
LAST TEN YEARS**

<u>YEAR</u>	<u>DEBT PRINCIPAL (1)</u>	<u>DEBT INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>GENERAL GOVERNMENT EXPENDITURES</u>	<u>RATIO OF DEBT PRINCIPAL AND INTEREST TO GENERAL FUND EXPENDITURES</u>
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
2002	155,000	234,780	389,780	5,329,854	7.3
2003	225,000	335,998	560,998	12,343,264	4.5
2004	295,000	408,442	703,442	11,487,925	6.1

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, 2004

TABLE 13

JURISDICTION	NET DEBT OUTSTANDING (1)	PERCENTAGE APPLICABLE TO CITY OF FRANKLIN	AMOUNT APPLICABLE TO CITY OF FRANKLIN
CITY OF FRANKLIN	\$8,130,000	100.00%	\$8,130,000
WARREN COUNTY	13,034,813	5.21	<u>679,114</u>
TOTAL			<u><u>\$8,809,114</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 14

YEAR	OPERATING REVENUES	OPERATING EXPENSES (2)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
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
2002	1,989,942	1,430,133	559,809	100,000	215,803	315,803	1.77
2003	1,861,656	1,429,768	431,888	100,000	211,033	311,033	1.39
2004	1,981,390	1,594,548	386,842	110,000	206,101	316,101	1.22

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 15

<u>YEAR</u>	<u>POPULATION (1)</u>	<u>SCHOOL ENROLLMENT (2)</u>	<u>UNEMPLOYMENT RATE WARREN COUNTY (3)</u>
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	11,396	3,129	3.0
2001	11,396	3,125	3.3
2002	11,396	3,101	4.0
2003	11,396	3,097	4.4
2004	11,396	2,992	4.3

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

(2) SOURCE: Ohio Department of Education

(3) SOURCE: Ohio Bureau of Job and Family Services - research and statistics

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

YEAR	RESIDENTIAL CONSTRUCTION (1)		COMMERCIAL CONSTRUCTION (1)	
	NUMBER OF PERMITS	VALUE	NUMBER OF PERMITS	VALUE
1995	110	\$2,066,176	49	\$13,937,554
1996	107	3,191,104	139	8,887,058
1997	270	17,810,740	52	13,870,554
1998	245	9,160,298	91	20,227,681
1999	306	9,907,829	81	9,587,352
2000	135	9,740,536	28	9,876,112
2001	84	10,198,970	23	10,459,930
2002	73	8,468,863	1	4,402,728
2003	76	7,423,173	19	17,678,964
2004	79	11,119,815	16	3,561,398

(1) SOURCE: City of Franklin Building Department

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

TABLE 16

COUNTY BANK DEPOSITS (2)	REAL PROPERTY VALUE		
	RESIDENTIAL/ AGRICULTURAL	INDUSTRIAL/ COMMERCIAL	EXEMPT
\$460,950	\$59,180,290	\$27,619,740	\$14,356,760
465,584	59,994,860	33,656,010	10,814,790
523,595	70,149,920	36,137,840	10,563,810
521,795	75,340,826	38,811,944	11,022,020
533,873	79,283,653	40,843,097	10,772,760
569,566	97,605,930	47,253,450	13,337,240
618,781	100,702,300	48,561,240	13,408,080
660,464	104,684,710	50,061,080	13,271,780
637,524	117,509,560	52,876,550	14,630,530
665,965	121,388,210	56,641,490	14,876,600

**CITY OF FRANKLIN, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2004**

TABLE 17

DATE OF INCORPORATION	1814
CITY STATUS	1951
FORM OF GOVERNMENT	CHARTER - COUNCIL/MANAGER
AREA	8.4 Miles
MILES OF STREETS	110
NUMBER OF STREET LIGHTS	929
POLICE PROTECTION	
NUMBER OF STATIONS	1
NUMBER OF POLICEMEN AND OFFICERS	24
EDUCATION (K-12) (PUBLIC ONLY)	8
ADMINISTRATION BUILDINGS	1
BUS GARAGE	1
ATTENDANCE CENTERS	8
NUMBER OF CLASSROOMS	201
NUMBER OF TEACHERS	183
NUMBER OF STUDENTS	2,992
MUNICIPAL WATER DEPARTMENT	
MILES OF WATER MAINS	48 Miles
SEWERS	
MILES OF SANITARY SEWERS	44 Miles
BUILDING PERMITS ISSUED IN 2004	95
RECREATION AND CULTURE	
NUMBER OF PARKS	6
NUMBER OF LIBRARIES	1
EMPLOYEES	
FULL-TIME	77
PART-TIME	
YEAR ROUND	9
SEASONAL	9
VOLUNTEER	33

SOURCE: Various departments within the City of Franklin



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800-282-0370

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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
NOVEMBER 10, 2005**