



2012 CITIZEN 'S GUIDE

To the Village of Franklin, Michigan' s

Financial Health

Dollars and Sense:

How the Village of Franklin spends your money

Presented by: Village Administrator 's Office

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Welcome

Dear Readers,

Welcome to the Village of Franklin's 2012 Citizen's Guide. The purpose of this Citizen's Guide and the related Performance Dashboard is to give readers a better understanding of our government's financial activities. This Citizen's Guide was prepared using information from the audited financial statements for the most recent five fiscal years, and presents the information in a summarized, less technical format. Unlike the financial statements, the Citizen's Guide is unaudited, and does not include the same level of detail or disclosures as do the financial statements.

This Citizen's Guide provides definitions of key financial terms, and gives an analysis of how our government has received and spent resources. In addition, this report includes information on our government's liabilities and financial position.

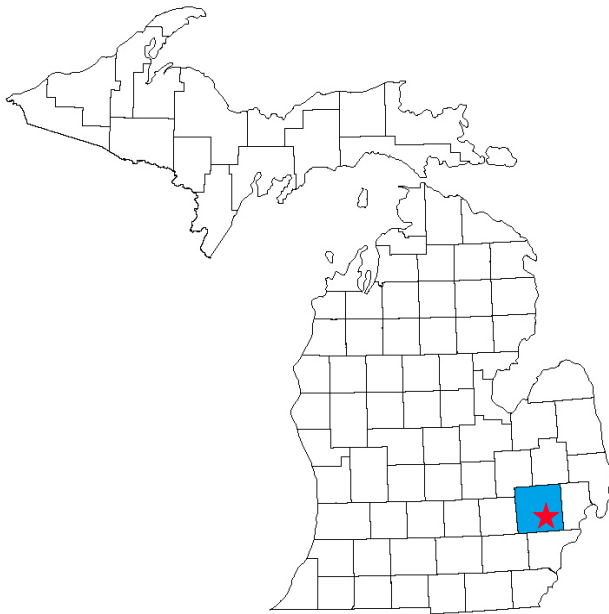
I hope you enjoy reading this report and welcome any comments or questions you may have.

Sincerely,

Amy Sullivan
Village Administrator

About Our Village

The Village of Franklin is a thriving community located in Oakland County, MI. Franklin was designated as Michigan's first historic district and our charming Village Center boasts historical architecture. This Village of 3,025 prides itself on being known as "The Town Time Forgot".



Notable Attractions and Events

- ◆ Franklin Cider Mill
- ◆ Historic Village Center
- ◆ Franklin Historical Museum
- ◆ Annual Garden Walk
- ◆ Franklin Labor Day Round-Up and Parade

At a Glance

Nearby Colleges

- Oakland Community College (7 miles)
- Schoolcraft College (10 miles)
- Baker College of Auburn Hills (11 miles)
- University of Detroit Mercy (12 miles)

Transportation

- Amtrak Station (6 miles)
- Detroit Metropolitan Airport (25 miles)

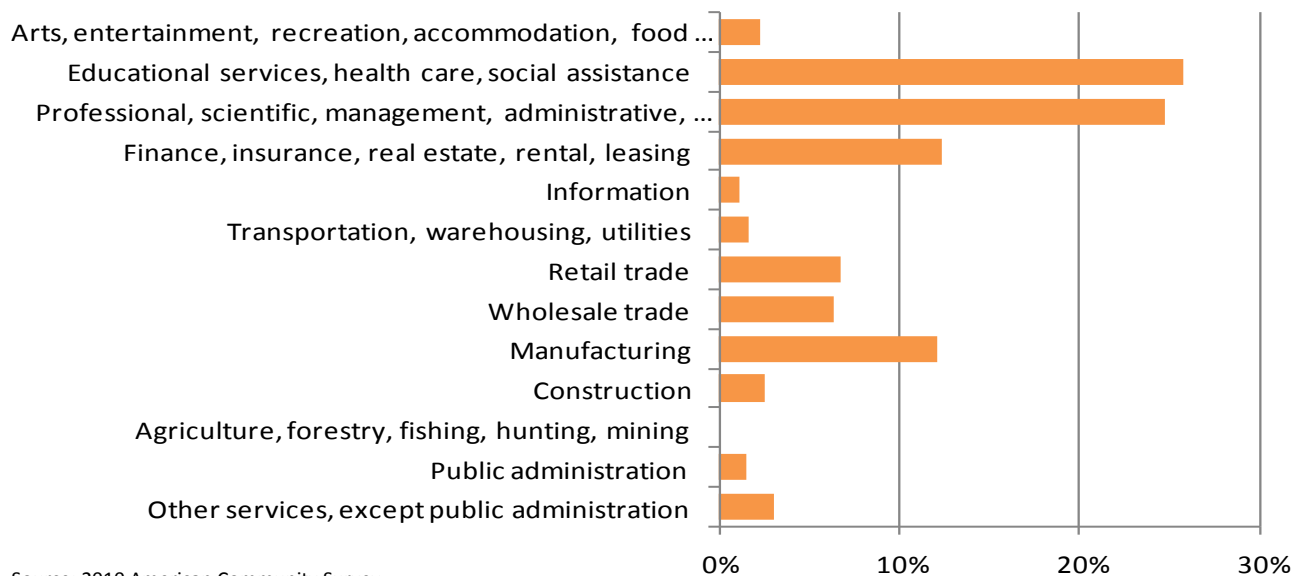
Library

- Franklin Public Library

Hospital

- Henry Ford Hospital (4 miles)

Most Common Industries Residents Employed In



Source: 2010 American Community Survey

Key Terms



Below are a few key terms which may be helpful when reading this report.

Budget deficit/surplus. If there is less money received than paid out in a given fiscal year, there is a budget **deficit** or shortfall. If there is more money received than paid during the fiscal year, a budget **surplus** exists.

Debt. Just like a homeowner takes out a mortgage, governments can borrow money to pay for certain types of projects. The Village has both short-term debt (paid back within the fiscal year) and long-term debt. Debt can be either **general obligation** debt, meaning that the Village pays back the debt with regular tax collections and other revenues, or **special revenue** debt, which is paid off over time with revenue from specified sources beyond the usual taxes and service fees.

Fiscal year (FY). The 12-month period of time during which budgets are allocated or finances are planned. The Village of Franklin uses an July 1–June 30 fiscal year.

Fund balance. Once all the bills for the year have been paid out of a certain fund, whatever is left over is called the fund balance. When a fund balance is less than zero, you'll see the number shown with parentheses around it. Deficits cause fund balances to decrease, while surpluses cause them to increase.

Reserved/Restricted funds. Some funds are considered to be “reserved” or “restricted” for a specific purpose, and cannot be spent for anything else.

Primary government. The Village of Franklin is the primary government.

Governmental funds. Governmental funds include the General Fund which is the chief operating fund, and includes most of the basic services of the Village.

Net assets. Net assets of a governmental entity equal its assets minus its liabilities.

How Governments Use Your Money

WHERE CITIZEN DOLLARS GO AND SERVICES THAT GOVERNMENTS PROVIDE

The Village of Franklin uses revenue from property taxes, grants and charges for services to provide public services such as police and fire, street maintenance, administrative services, building inspections, refuse collection, and planning and zoning.

2011 FINANCIAL HIGHLIGHTS

Below are selected financial highlights for fiscal year ended 2011.

- ◆ The total assets of the Village exceeded its liabilities at the end of the 2010-2011 fiscal year by \$8,455,139. Of this amount, \$599,585 is unrestricted, which means this amount can be used by the government to meet its ongoing obligations to citizens and creditors.
- ◆ The government's total net assets decreased by \$68,936 during the 2010-2011 fiscal year.
- ◆ At the close of the 2010-2011 fiscal year, the Village's governmental funds (the funds used to account for most of the government's activities) reported combined ending fund balances of \$1,280,926, a decrease of \$309,142 over the prior year. Approximately 29% of this amount, or \$377,362, is available for spending at the government's discretion.
- ◆ At the end of the 2010-2011 fiscal year, the unassigned fund balance for the Village General Fund was \$377,362. The General Fund accounts for most of the governmental fund transactions except those related to street maintenance. This amount represents approximately 19% of total general fund expenditures.



How Taxpayer Money Is Spent

REVENUES: WHERE THE MONEY COMES FROM

Revenue sources:

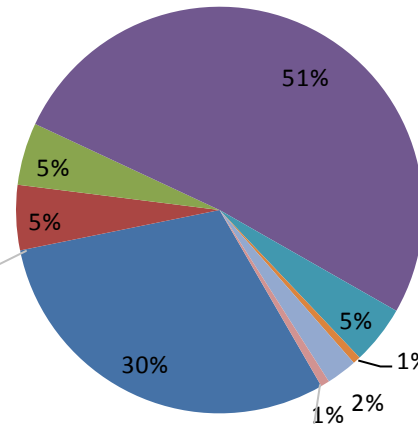
The two largest sources of revenues are Property taxes (51%) and Charges for services (30%).

Property taxes: Taxes levied by the government based on the value of property.

Charges for services: Fees charged for government services.

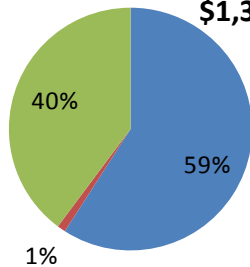
Capital grants and contributions: Grants that are restricted for the purchase or construction of capital assets.

Primary Government Revenues \$4,397,064



- Charges for services, 30%
- Operating grants and contributions, 5%
- Capital grants and contributions, 5%
- Property taxes, 51%
- State shared revenues, 5%
- Interest income, 1%
- Franchise fees, 2%
- Miscellaneous revenues, 1%

Charges for services \$1,328,384



- Public safety, 59%
- Public works, 1%
- Sewer, 40%

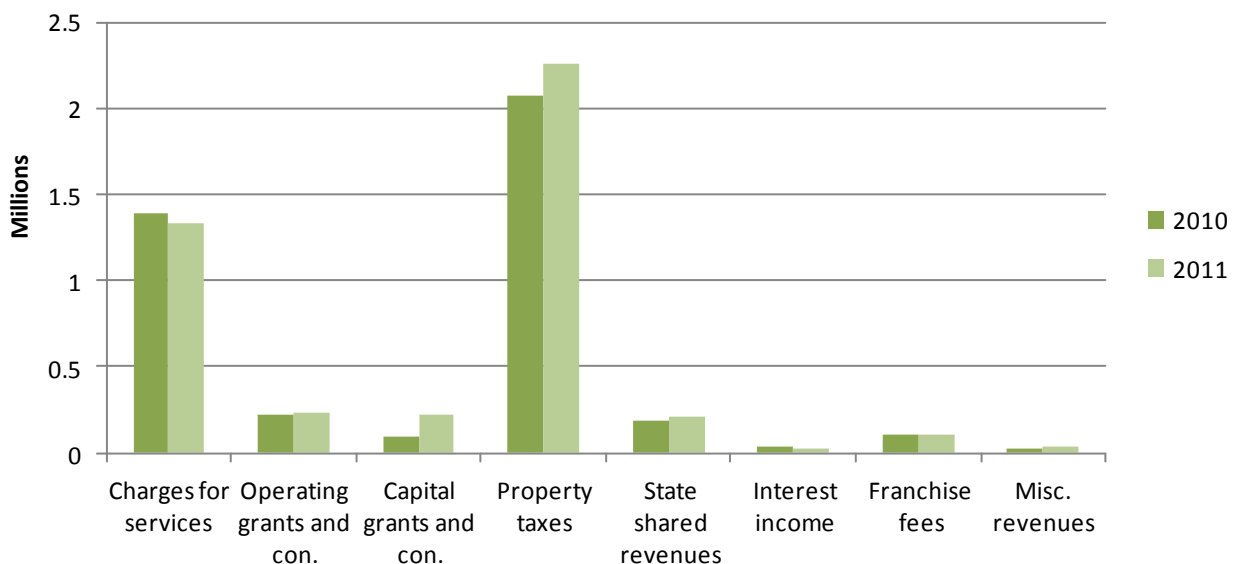
Operating grants and contributions: Grants from local, state, and federal sources designated for operating use.

State Shared Revenues: Revenues from the State of Michigan's Revenue Sharing program.

Interest Income: Interest earnings from the Village's receivables.

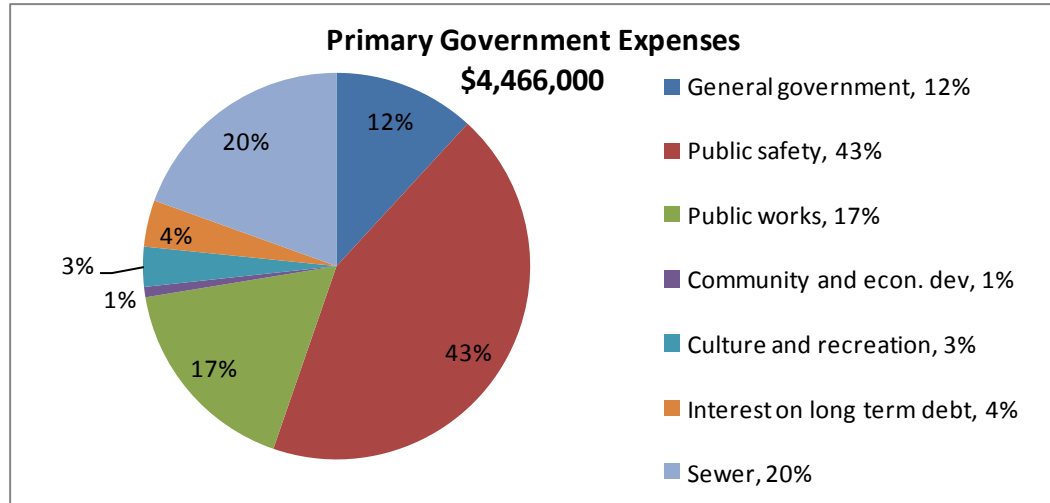
Franchise fees: Fees from franchise agreements made with cable providers.

Revenue Sources--Compared To Prior Year



How Taxpayer Money Is Spent

EXPENSES: WHERE THE MONEY GOES



The four largest expenses are for public safety (43%), sewer treatment (20%), public works (17%), and general government (12%).

General government expenses go toward government operations such as administrative, legislative, clerk, assessing, elections, and finance functions.

Culture and recreation expenses go toward the library.

Public safety expenses go toward police, fire and building inspections.

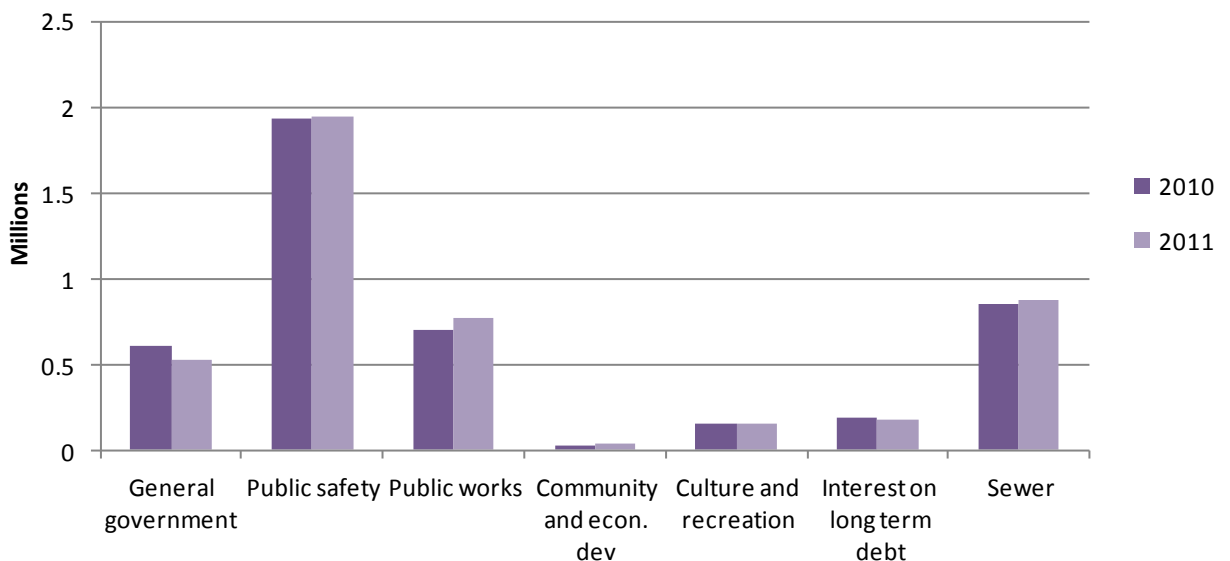
Community and economic development expenses go toward zoning and planning activities.

Public works expenses include building and maintenance of streets, and sidewalks, as well as garbage collection.

Interest on long term debt is money paid to service the Village's long term debt.

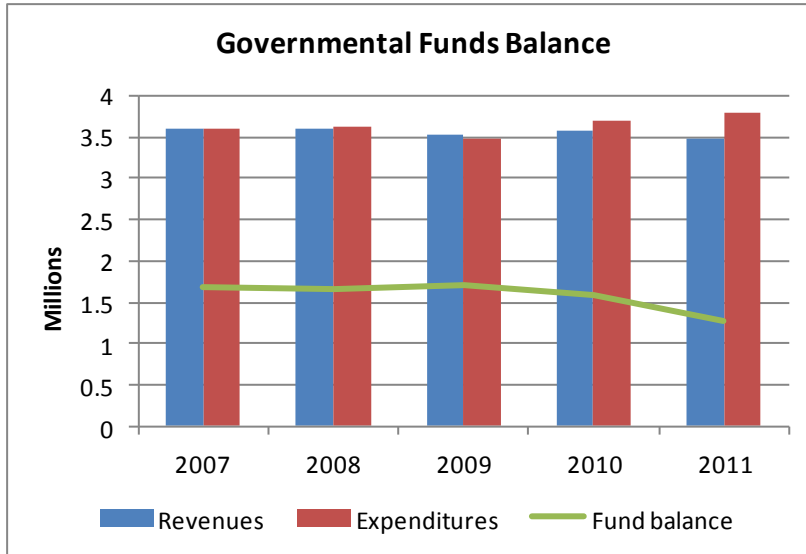
Sewer expenses go toward operating the sewer disposal and treatment utility.

Expenses Compared To Prior Year



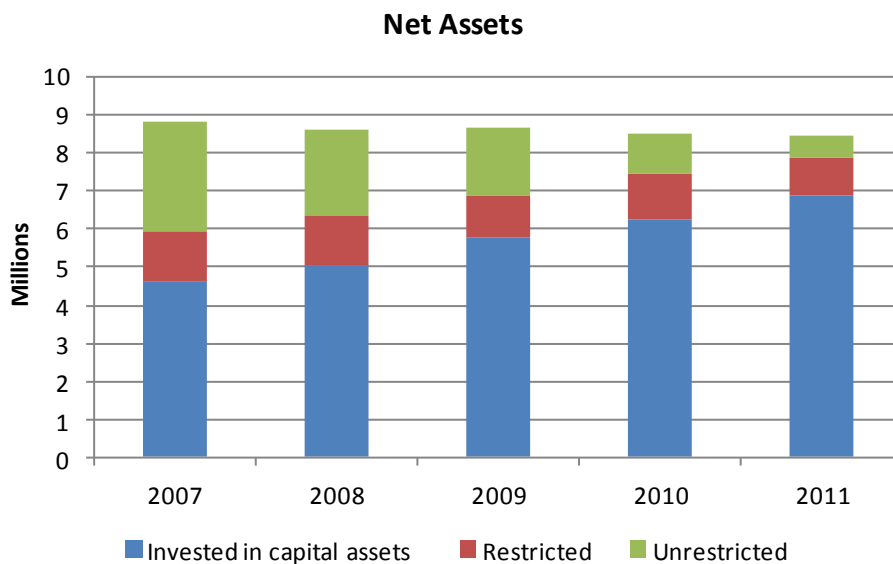
Fiscal Health

GOVERNMENTAL FUNDS BALANCE



The chart to the left shows the annual revenues, expenditures, and fund balance of the Village's governmental funds for the past five fiscal years.

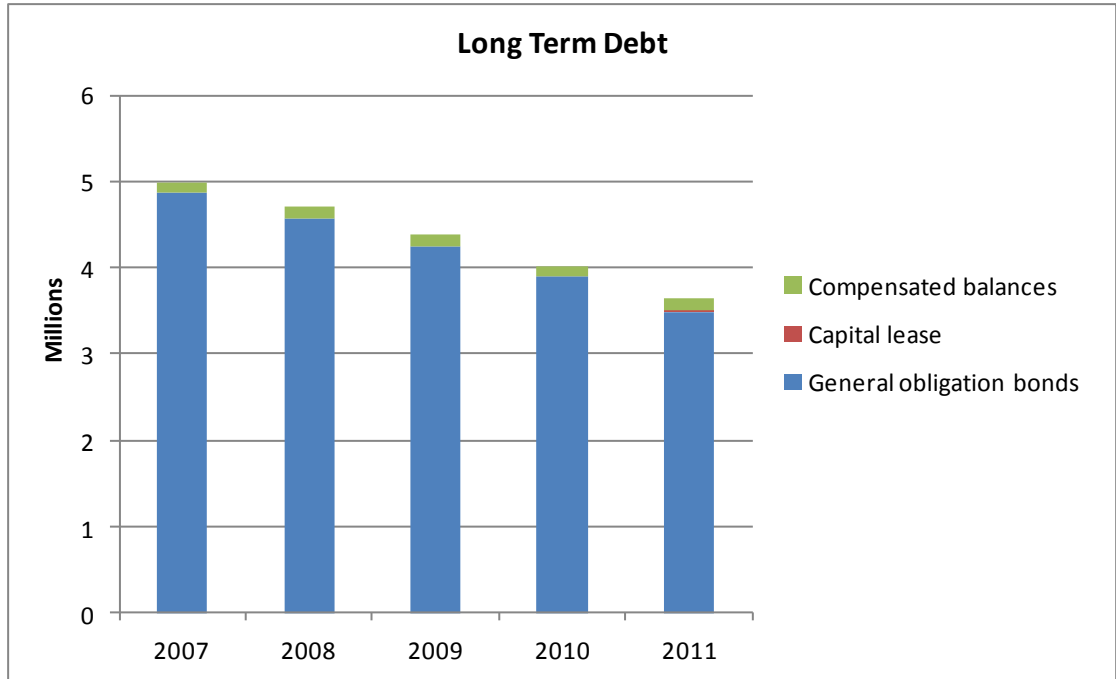
FINANCIAL POSITION, PRIMARY GOVERNMENT



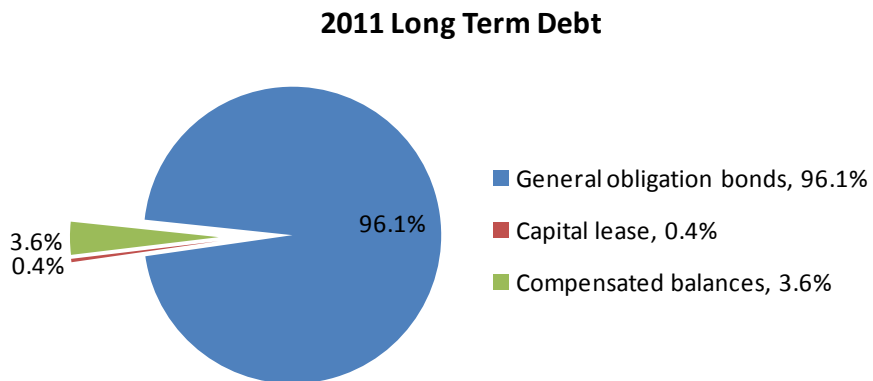
This graph shows the status of the Village's net assets. Net assets are the difference between the Village's assets and liabilities and may serve as a useful indicator of the Village's financial position. **Invested in capital assets** represents the Village's total capital assets less depreciation less related debt. **Restricted** represents funds set aside for specific programs, such as public safety. **Unrestricted** represents funds which are available for any government purpose.

Fiscal Health

LONG TERM DEBT LEVELS



The chart above shows the Village's long term debt levels for the past five fiscal years. During this time, the total level of long term debt has been steadily decreasing. For 2011, the Village's long term debt totaled \$3,638,317. The chart below shows the proportion of items which make up the long term debt balance for 2011.

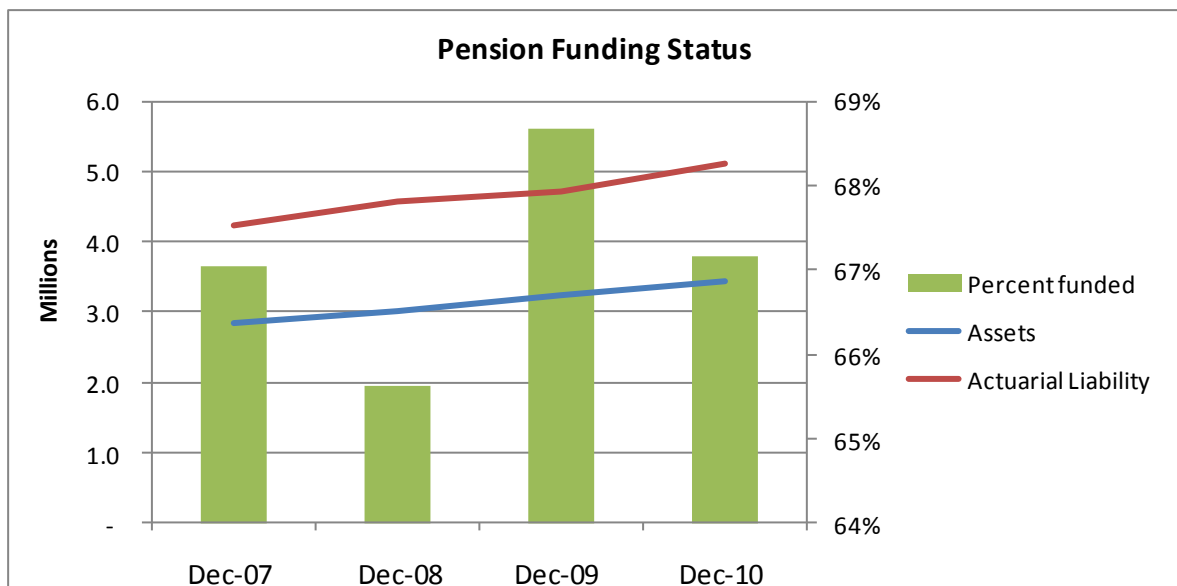


Fiscal Health

PENSION AND OTHER RETIREE BENEFITS

The Village of Franklin's defined benefit pension provides retirement, disability and death benefits to plan members and beneficiaries. Franklin participates in the Municipal Employees Retirement System (MERS), a statewide multiple-employer plan administered by the MERS Retirement Board. Employees make contributions under the plan, and the Village is required to contribute an actuarially determined amount each year. For fiscal year ended June 30, 2011, the Village's annual pension cost was equal to its actual and required contributions.

The graph below depicts the funding status of the pension plan. As of December 31, 2010, the most recent actuarial valuation date, the plan was 67% funded.



The Village also provides Other Post Retirement Benefits (OPEB) in the form of hospitalization insurance coverage for employees who retire under the Police Officers Association union contract, retire at or after age 50, and complete at least twenty years of employment with the Village. At July 1, 2009, the most recent actuarial date for OPEB, the OPEB plan was 9% funded.

How This Report Was Developed

DATA SOURCES AND NOTES

This Citizen's Guide was prepared using the annual audited financial statements for the five year period ended June 30, 2011.

