



Dave Yost • Auditor of State



CITY OF FRANKLIN  
WARREN COUNTY

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# Dave Yost • Auditor of State

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

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2018.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### ***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 26, 2018



1 Benjamin Franklin Way  
Franklin, Ohio 45005

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	Cash Carrying Value – Court Accounts	Fully Corrected	

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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017



City of Franklin  
Franklin, Ohio 45005

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# *Introductory Section*

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**City of Franklin, Ohio**

**Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2017**

**Issued by:**  
**Finance Department**

**Amy Miller**  
**Interim Finance Director**

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*City of Franklin, Ohio*  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2017*

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# CITY OF FRANKLIN

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

June 26, 2018

Citizens of Franklin  
Mayor and Members of City Council

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Franklin. This report, for the year ended December 31, 2017, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Franklin (the “City”). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the City, specifically with the City Finance Director's office.

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

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

Auditor of State of Ohio has issued an unmodified (“clean”) opinion on the City of Franklin’s financial statements for the year ended December 31, 2017. The Independent Auditors’ Report is located at the front of the financial section of this report.

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

## **FORMATION OF THE CITY**

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

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

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

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

## **PROFILE OF THE GOVERNMENT AND REPORTING ENTITY**

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

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

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

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

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

At the beginning of each year, Council adopts a temporary budget, which will give them an extension until March 30<sup>th</sup> of the current year. Council is required to adopt a final budget by no later than April 1<sup>st</sup>. Upon presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget, as it may have been amended, as the City's annual budget effective for the fiscal year beginning January 1. All funds, except agency funds, are legally required to be budgeted and appropriated. The legal level of control in the adopted budget has been established by Council at the object level (personal services and other expenditures) within each fund and department. Budgetary modifications at this level can only be made by ordinance of the City Council.

The budget represents the City's financial plan and operations guide for the next operating year. It is a communications tool to inform Franklin residents of how the City plans to allocate resources to address the needs of the community and improve the overall strength of the government.

## **MAJOR INITIATIVE**

The year 2018 is again looking up for the City of Franklin. Franklin's Council and Staff are excited about the future of our City. We are continuing to balance quality of life programs along with Economic Development projects to ensure our City continues to grow in all aspects.

City Council has always put the health, safety, and welfare of its citizens first in all their policy-making decisions. The City of Franklin's Fire and EMS service has made Franklin a safer place to live and do business. With two exits off of I-75, we have experienced the helping and saving of lives of people who are just passing through. The faith of the City of Franklin voters in bringing EMS to the City has proven to be a wise and fruitful process, as evidenced in the lower cost and higher level of service to our citizens. The addition of the Kettering Health Network's ER facility and the City of Franklin's EMS service has allowed for quicker response times in emergency runs, thereby allowing the City's EMS units to be back in service and available for the next call. Our Police Department's program of "See something, Say something" and the 1TIP line have led to many crimes being solved. It has also given our Community a sense of pride that they are participating in making their neighborhoods safer.

## **LOCAL ECONOMY**

The City of Franklin continues to work within a balanced budget, something of which Council and Staff are very proud, and this allows us to be good stewards of our Citizen's money.

The Franklin Yards venture is continuing to do well and is having a positive impact not only on the local economy but County wide. In fact, the facility is at full capacity and in need of expansion. We have in the works expansions for several companies looking to add more space which means more workers and income tax dollars for the City. The City was sad to lose one of its most high profile employers in 2017 Dayton Daily News or the Cox Media Group. However we are excited about the prospect of getting a new company in our City on the 200,000 square foot building sitting on over 40 vacant acres. The City also welcomed Crawford Metals and Cohen Brothers into our City in 2017. We are excited to be able to work with both these Companies.

In 2017, City Council and Staff continued to invest in the community with over \$1 million invested into the infrastructure in our neighborhoods and Park and Industrial areas. Paving various City streets and replacing damaged or missing curbs improves our neighborhoods' appearance and citizens can take pride in where they live. The City also instituted a sidewalk repair program in 2016 and we are now going into Phase 3 of this program, which encourages citizens to take an early morning run or walk without fear of tripping hazards. We will continue this effort each year to make our neighborhoods safer.

## **ECONOMIC DEVELOPMENT**

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

The City of Franklin has five Industrial/Office Parks, each with a large amount of vacant land: the Heritage Industrial Park, the Jaygee Industrial Park, the Franklin Business Park, the Schumacher-Franklin Interstate Park, and the recently-added Bunnell Hill Industrial Park, with 120 acres of land. These parks allow the City of Franklin to be very competitive with other areas. All of the above sites are located off of Interstate exchanges and tax abatements and other incentives are available.

Two of the City's major business parks come with build-to-suit options to meet any company's needs. Heritage Business Park is next to the I-75/SR73 interchange and has an upscale image. The lots are flexible and can be combined or reduced to meet most companies' specific needs. This Park has immediate access to I-75 and is 25 minutes from I-70 and 47 minutes from I-71. The Dayton International Airport is only 30

minutes away, and the Cincinnati International Airport can be reached in 51 minutes from the Park. Franklin Business Park is located near the I-75/SR123 interchange, has beautifully landscaped lots, and offers flexible lot sizes. This park is adjacent to I-75 and is 30 minutes from I-70 and 52 minutes from I-71. The Dayton International Airport is 32 minutes away, and the Cincinnati International Airport can be reached in 47 minutes from the Park.

## **FINANCIAL PLANNING AND POLICIES**

The cash fund balance in the General Fund (72 percent of the total General Fund revenues) exceeds the policy guidelines set by Council for budgetary and planning purposes. (i.e., between 10 and 20 percent of total General Fund revenues.)

## **OTHER INFORMATION**

### Independent Audit

An audit team from Auditor of State Dave Yost's office has performed this year's audit. The results of the audit are presented in the Independent Auditors' Report.

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### Acknowledgements

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

Respectfully submitted,



Amy Miller  
Interim Finance Director

*City of Franklin, Ohio  
List of Principal Officials  
As of December 31, 2017*

**OFFICE HELD**

**NAME OF OFFICIAL**

City Council:

Mayor/President of Council	Denny Centers
Vice-Mayor/Vice President	Carl Bray
Councilmember	Michael Aldridge
Councilmember	Brent Centers
Councilmember	Debbie Fouts
Councilmember	Todd Hall
Councilmember	Paul Ruppert
Clerk of Council	Jane McGee

Administration:

City Manager	Sonny Lewis
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Finance Department:

Finance Director*	Amy Miller (Interim)
Income Tax Administrator	Cheryl Hedric
Utility Billing Administrator	Wanda Howell

Law Department:

City Prosecutor	Steve Runge
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Public Works Department:

Public Works Director	Steve Inman
City Engineer	Barry Conway
Parks Superintendent	Steve Inman
Stormwater Superintendent	Steve Inman
Sewer Superintendent	Nick Miller
Street Superintendent	Mark George
Water Superintendent	Nick Miller
Water Treatment Superintendent	Chuck Howard

Safety Department:

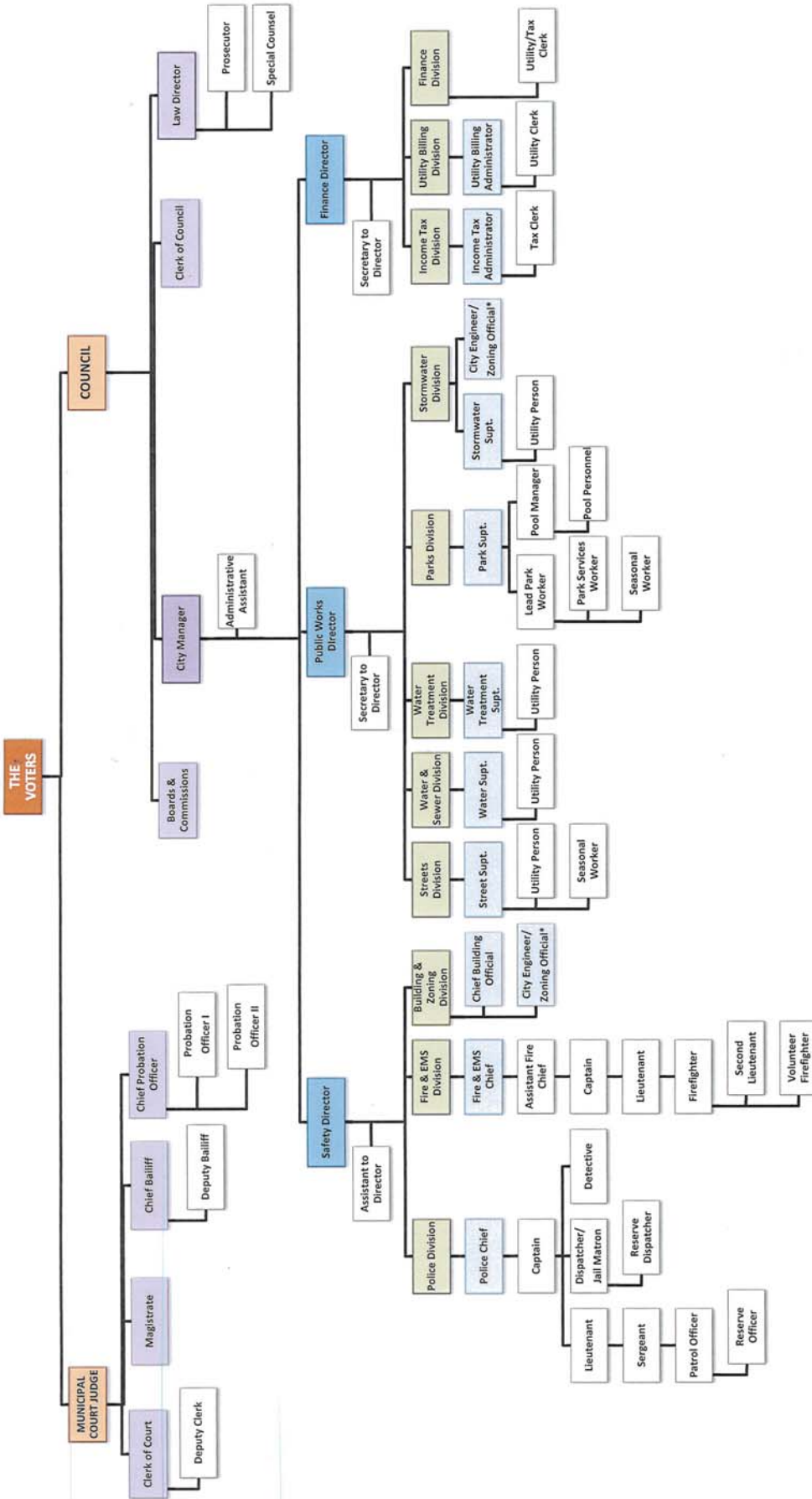
Safety Director	Sonny Lewis
Fire & EMA Chief	Jonathan Westendorf
Police Chief	Russ Whitman
Zoning Official	Barry Conway

Municipal Court:

Judge	Rupert E. Ruppert
Clerk of Courts	Sabrina Spence
Chief Probation Officer	Katie Perdue

\*Karen Ervin resigned effective May 4, 2018 and Council appointed Amy Miller as Interim Finance Director on May 7, 2018.

CITY OF FRANKLIN, OHIO  
Organizational Chart







Government Finance Officers Association

**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, 2016**

*Christopher P. Morill*

Executive Director/CEO

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# *Financial Section*

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council and Mayor:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire Levy and Transportation Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 26, 2018

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**City of Franklin, Ohio**  
*Management's Discussion and Analysis*  
*For The Year Ended December 31, 2017*  
*(Unaudited)*

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## **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, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the transmittal letter, the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

## **FINANCIAL HIGHLIGHTS**

- The City's governmental net position increased \$1,657,222 and net position of business-type activities increased \$184,366, resulting in a total increase in net position of \$1,841,588.
- General revenues and transfers of governmental activities accounted for \$11,597,651 of all governmental revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions and interest, and capital grants, contributions and interest accounted for \$3,644,842 of total governmental revenues and transfers of \$15,242,493.
- The City had \$13,585,271 in expenses related to governmental activities; only \$3,644,842 of these expenses were offset by program specific charges for services and sales, and grants, contributions and interest.
- Enterprise funds reflected total operating income of \$424,249. The Water Fund reflected operating income of \$1,156,802 while the Sewer, Trash, and Stormwater Utility Funds reflected operating losses of \$290,518, \$7,648 and \$434,387, respectively.

## **USING THIS ANNUAL FINANCIAL REPORT**

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

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

## **REPORTING THE CITY AS A WHOLE**

### *Statement of Net Position and the Statement of Activities*

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

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

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

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

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

## **REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

### *Fund Financial Statements*

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

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

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

## **THE CITY AS A WHOLE**

As stated previously, the statement of net position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2017 compared to 2016.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets:</b>						
Current and Other Assets	\$21,525,904	\$19,290,113	\$5,630,489	\$5,554,069	\$27,156,393	\$24,844,182
Nondepreciable Capital Assets	19,607,518	19,723,728	1,096,939	1,095,364	20,704,457	20,819,092
Depreciable Capital Assets, Net	25,012,014	25,135,099	20,386,433	20,858,878	45,398,447	45,993,977
<b>Total Assets</b>	<b>66,145,436</b>	<b>64,148,940</b>	<b>27,113,861</b>	<b>27,508,311</b>	<b>93,259,297</b>	<b>91,657,251</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding Pension	229,656	252,621	11,182	13,100	240,838	265,721
	2,626,418	2,704,561	587,163	484,657	3,213,581	3,189,218
<b>Total Deferred Outflows of Resources</b>	<b>2,856,074</b>	<b>2,957,182</b>	<b>598,345</b>	<b>497,757</b>	<b>3,454,419</b>	<b>3,454,939</b>
<b>Liabilities:</b>						
Current and Other Liabilities	796,662	507,789	451,218	479,517	1,247,880	987,306
<b>Long-Term Liabilities:</b>						
Due Within One Year	715,184	910,232	833,924	794,007	1,549,108	1,704,239
<b>Due in More Than One Year:</b>						
Net Pension Liability	9,953,881	9,595,008	1,498,782	1,229,671	11,452,663	10,824,679
Other Amounts	4,282,164	4,834,562	2,459,979	3,242,147	6,742,143	8,076,709
<b>Total Liabilities</b>	<b>15,747,891</b>	<b>15,847,591</b>	<b>5,243,903</b>	<b>5,745,342</b>	<b>20,991,794</b>	<b>21,592,933</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	1,978,500	1,965,000	0	0	1,978,500	1,965,000
Pension	454,803	130,437	56,361	33,150	511,164	163,587
<b>Total Deferred Inflows of Resources</b>	<b>2,433,303</b>	<b>2,095,437</b>	<b>56,361</b>	<b>33,150</b>	<b>2,489,664</b>	<b>2,128,587</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	40,644,424	40,191,340	18,407,077	18,125,979	59,051,501	58,317,319
Restricted	8,490,113	7,974,508	1,513,948	1,268,281	10,004,061	9,242,789
Unrestricted	1,685,779	997,246	2,490,917	2,833,316	4,176,696	3,830,562
<b>Total Net Position</b>	<b>\$50,820,316</b>	<b>\$49,163,094</b>	<b>\$22,411,942</b>	<b>\$22,227,576</b>	<b>\$73,232,258</b>	<b>\$71,390,670</b>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2017 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net

pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

Net position of the City's governmental activities increased \$1,657,222 from the prior year. The majority of this increase is related increases in revenues outpacing expenses due to an increase in income tax revenue, gain on sale of capital assets and interest revenue. Income tax revenue is increasing due to an increase in new businesses which increase the number of workers within City limits. Interest revenue increased due to the City's ability to invest interim monies.

The net pension liability increase represents the City's proportionate share of the OPERS and OP&F traditional plans' unfunded benefits. As indicated above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Net position of the City's business-type activities increased \$184,366. Total liabilities decreased \$501,439 mainly due to the City making annual debt payments. Unrestricted net position decreased \$342,399 mainly due to an increase in contractual services in the sewer fund. Net Investment in Capital Assets increased \$281,098 mainly due to the retirement of debt related to capitalized assets.

Table 2 shows the changes in net position for the years ended December 31, 2017 and December 31, 2016.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$2,008,168	\$1,922,780	\$6,458,165	\$6,622,338	\$8,466,333	\$8,545,118
Operating Grants, Contributions and Interest	842,790	859,323	0	0	842,790	859,323
Capital Grants, Contributions and Interest	793,884	868	0	0	793,884	868
Total Program Revenues	3,644,842	2,782,971	6,458,165	6,622,338	10,103,007	9,405,309
General Revenues:						
Property Taxes	1,828,847	1,827,528	0	0	1,828,847	1,827,528
Income Taxes	8,304,978	7,844,529	0	0	8,304,978	7,844,529
Other Local Taxes	183,308	174,175	0	0	183,308	174,175
Grants and Entitlements	214,524	287,718	0	0	214,524	287,718
Gain on Sale of Capital Assets	133,883	0	0	0	133,883	0
Unrestricted Interest	489,784	300,759	578	0	490,362	300,759
Contributions and Donations	1,050	0	0	0	1,050	0
Other	311,277	230,015	34,785	18,384	346,062	248,399
Total General Revenues	11,467,651	10,664,724	35,363	18,384	11,503,014	10,683,108
Total Revenues	15,112,493	13,447,695	6,493,528	6,640,722	21,606,021	20,088,417
Program Expenses:						
General Government	2,971,030	2,844,525	0	0	2,971,030	2,844,525
Security of Persons and Property:						
Police	4,068,429	4,053,678	0	0	4,068,429	4,053,678
Fire	2,269,827	1,681,576	0	0	2,269,827	1,681,576
Other	323,491	341,900	0	0	323,491	341,900
Public Health and Welfare	13,369	27,006	0	0	13,369	27,006
Leisure Time Activities	377,392	407,527	0	0	377,392	407,527
Economic Development	56,469	57,487	0	0	56,469	57,487
Basic Utility Services	59,840	68,611	0	0	59,840	68,611
Transportation	3,266,332	3,031,901	0	0	3,266,332	3,031,901
Interest and Fiscal Charges	179,092	203,307	0	0	179,092	203,307
Water	0	0	1,661,217	1,691,652	1,661,217	1,691,652
Sewer	0	0	2,702,896	2,264,959	2,702,896	2,264,959
Trash	0	0	801,469	777,811	801,469	777,811
Stormwater Utility	0	0	1,013,580	1,054,550	1,013,580	1,054,550
Total Expenses	13,585,271	12,717,518	6,179,162	5,788,972	19,764,433	18,506,490
Change in Net Position Before Transfers	1,527,222	730,177	314,366	851,750	1,841,588	1,581,927
Transfers	130,000	130,000	(130,000)	(130,000)	0	0
Change in Net Position	1,657,222	860,177	184,366	721,750	1,841,588	1,581,927
Beginning Net Position	49,163,094	48,302,917	22,227,576	21,505,826	71,390,670	69,808,743
Ending Net Position	\$50,820,316	\$49,163,094	\$22,411,942	\$22,227,576	\$73,232,258	\$71,390,670

Total governmental activities program revenue increased \$861,871 from the prior year primarily due capital grants contributions and interest revenue related to the completion of the Riley Boulevard Resurfacing project. General revenues increased \$802,927 mainly due to the increase in income tax and unrestricted interest revenues. Income tax is increasing due to an increase in business moving to the city which increased the number of worker within the City limits. Interest revenue increased due to an increase in interim monies being invested.

Governmental program expenses as a percentage of total governmental expenses for 2017 are expressed as follows:

General Government	21.87%
Security of Persons and Property:	
Police	29.95
Fire	16.71
Other	2.38
Public Health and Welfare	0.10
Leisure Time Activities	2.78
Economic Development	0.41
Basic Utility Services	0.44
Transportation	24.04
Interest and Fiscal Charges	1.32
	100.00%

The above chart clearly indicates the City’s major source of expenses, 49.04 percent, is related to the operating of safety forces. Transportation makes up 24.04 percent of the City’s expenses, which increased from the prior year due to several new construction projects, including the Riley Boulevard Resurfacing and Sidewalk Repair projects. All other forms of governmental operations represent 26.92 percent of expenditures. A comparison to the prior year demonstrates that expenses, except for fire, were relatively consistent with those in the previous year. Fire expenditures increased 34.98 percent due to the purchase of non-capitalized equipment and maintenance and repairs of equipment.

Charges for Services and Sales in the business-type activities decreased \$164,173 in 2017 due to a decrease in fees related to water and sewer. The City had their top user for utilities implement conservation measures which has reduced their consumption of water and sewer services.

***Governmental Activities***

The 2.0 percent income tax is the largest source of revenue for the General Fund and the City of Franklin. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

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

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

**Table 3**  
**Governmental Activities**

	Total Cost Of Services 2017	Net Cost of Services 2017	Total Cost Of Services 2016	Net Cost of Services 2016
General Government	\$2,971,030	\$2,154,742	\$2,844,525	\$2,016,858
Security of Persons and Property:				
Police	4,068,429	3,416,510	4,053,678	3,568,358
Fire	2,269,827	1,639,838	1,681,576	885,099
Other	323,491	171,592	341,900	192,935
Public Health and Welfare	13,369	(13,196)	27,006	12,173
Leisure Time Activities	377,392	357,737	407,527	388,388
Economic Development	56,469	51,859	57,487	52,817
Basic Utility Services	59,840	59,840	68,611	68,611
Transportation	3,266,332	1,922,415	3,031,901	2,546,001
Interest and Fiscal Charges	179,092	179,092	203,307	203,307
<b>Total Expenses</b>	<b>\$13,585,271</b>	<b>\$9,940,429</b>	<b>\$12,717,518</b>	<b>\$9,934,547</b>

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 13.29 percent of total governmental revenue. Revenues provided by sources other than City residents in the form of operating and capital grants, contributions, and interest comprise another 10.83 percent. The remaining revenues are primarily generated locally through property and income taxes. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

***Business-Type Activities***

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

The Water Fund collects the fees charged for the sale of water. Those fees are then used to maintain lines for delivery, to treat water for further consumption, to maintain its treatment facility and storage towers, and for the payment of debt incurred for improvements. Net position increased \$971,064 during 2017 as a result of the City closely monitoring expenses.

The Sewer Fund conducts the operations of the City's wastewater collection and treatment system. Money that is collected from the fees which are billed based on the number of gallons of water used is placed in this fund for use in the maintenance of the collections system and improvements to the treatment plant. Net position of the Sewer Fund decreased \$350,143 during 2017 as a result an increase in contractual services for repairs and maintenance.

The Trash Fund charges fees to citizens for the collection of residential garbage. The City outsources the actual collection services. The net position of the Trash Fund saw a slight decrease of \$6,706 during 2017. The decrease was a result of expenses exceeding both operating and other non-operating revenues.

The Stormwater Utility Fund was established to provide a funding mechanism to support Ohio Environmental Protection Agency (OEPA) mandates associated with stormwater management. Each residence is billed a flat fee each month. For all other nonresidential properties, the fee is computed based on total impervious surfaces of the property divided by the average impervious area of an equivalent residential unit. The Stormwater Utility Fund reported a decrease in net position of \$429,849 during 2017 primarily due to depreciation expense.

## THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,774,248 and expenditures of \$13,479,400.

The General Fund's balance increased \$1,111,055 as a result of revenues exceeding expenditures. Revenues increased due to an increase in income tax collections due to new businesses opening and proceeds from sale of capital assets.

The Fire Levy Fund's balance increased \$444,270. Although expenditures outpaced revenues for the year, the fund balance increased as a result of a large transfer from the general fund for operating purposes.

The Transportation Fund's balance decreased \$123,046 due to expenditures outpacing revenues related to construction projects and the Sidewalk Repair program.

### *General Fund Budgeting Highlights*

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

Original and final General Fund budgeted revenues were \$9,414,378 and \$9,856,013, respectively. This is an increase of \$441,635 primarily due to an increase in income tax collection. The City's actual revenues were \$10,145,580 at year-end, which is a \$289,567 increase. This increase is related to income tax collections being higher than estimated.

Original General Fund appropriations were \$7,231,800 while final appropriations were \$7,306,350. The City's actual expenditures were \$6,462,921 at year-end, a decrease of \$843,429 when compared to the final appropriations. The largest savings contributing to this decrease was within the General Government account. The decrease is due to the City closely monitoring expenditures and the departure of several employees.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

*Table 4*  
*Capital Assets*

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$19,485,033	\$19,649,717	\$1,095,364	\$1,095,364	\$20,580,397	\$20,745,081
Construction in Progress	122,485	74,011	1,575	0	124,060	74,011
Land Improvements	261,335	239,460	9,737	9,941	271,072	249,401
Buildings	4,769,289	4,855,832	69,614	70,999	4,838,903	4,926,831
Equipment	679,059	734,555	517,168	293,760	1,196,227	1,028,315
Vehicles	676,155	784,925	296,430	344,938	972,585	1,129,863
Infrastructure	18,626,176	18,520,327	19,493,484	20,139,240	38,119,660	38,659,567
Total	\$44,619,532	\$44,858,827	\$21,483,372	\$21,954,242	\$66,102,904	\$66,813,069

Total capital assets decreased \$710,165, which was due to current year depreciation exceeding current year additions.



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

### ***Debt***

The City had outstanding debt obligations in governmental activities at year-end, including special assessment bonds, general obligation bonds, police and fire pension liability, and capital leases payable in the amount of \$4,277,762, including a premium on bonds outstanding of \$255,047 for governmental activities. Business-type activities had debt obligations at year-end consisting of OWDA loans and mortgage revenue bonds in the amount of \$3,087,477, including a premium on bonds in the amount of \$21,140. The City's long-term obligations also included compensated absences and net pension liability for governmental and business-type activities.

As of December 31, 2017, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,886,399 with an unvoted debt margin of \$8,633,352.

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 the Finance Director, City of Franklin, 1 Benjamin Franklin Way, Franklin, Ohio 45005.

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**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

	Governmental Activities	Business-Type Activities	Totals
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$16,496,541	\$3,841,787	\$20,338,328
Cash and Cash Equivalents with Trustee	0	591,665	591,665
Accrued Interest Receivable	13,768	0	13,768
Accounts Receivable	0	1,124,312	1,124,312
Intergovernmental Receivable	582,980	0	582,980
Materials and Supplies Inventory	137,159	64,617	201,776
Income Taxes Receivable	1,915,608	0	1,915,608
Property Taxes Receivable	2,121,161	0	2,121,161
Other Local Taxes Receivable	31,945	0	31,945
Internal Balances	(8,108)	8,108	0
Special Assessments Receivable	234,850	0	234,850
Nondepreciable Capital Assets	19,607,518	1,096,939	20,704,457
Depreciable Capital Assets, Net	25,012,014	20,386,433	45,398,447
<b>Total Assets</b>	<b>66,145,436</b>	<b>27,113,861</b>	<b>93,259,297</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Charge on Refunding Pension	229,656	11,182	240,838
	2,626,418	587,163	3,213,581
<b>Total Deferred Outflows of Resources</b>	<b>2,856,074</b>	<b>598,345</b>	<b>3,454,419</b>
<b>Liabilities:</b>			
Accounts Payable	178,500	53,650	232,150
Accrued Wages and Benefits Payable	121,343	33,449	154,792
Intergovernmental Payable	105,806	18,869	124,675
Contracts Payable	353,889	158,942	512,831
Retainage Payable	24,156	0	24,156
Accrued Interest Payable	12,968	34,778	47,746
Refundable Deposits	0	151,530	151,530
Long-Term Liabilities:			
Due Within One Year	715,184	833,924	1,549,108
Due in More Than One Year:			
Net Pension Liability (See Note 12)	9,953,881	1,498,782	11,452,663
Other Amounts	4,282,164	2,459,979	6,742,143
<b>Total Liabilities</b>	<b>15,747,891</b>	<b>5,243,903</b>	<b>20,991,794</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	1,978,500	0	1,978,500
Pension	454,803	56,361	511,164
<b>Total Deferred Inflows of Resources</b>	<b>2,433,303</b>	<b>56,361</b>	<b>2,489,664</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	40,644,424	18,407,077	59,051,501
Restricted for:			
Debt Service	216,697	586,318	803,015
Capital Outlay	1,844,814	0	1,844,814
Fire Protection	2,409,448	0	2,409,448
Transportation	1,063,412	0	1,063,412
Legislative and Executive	594,890	0	594,890
Security of Persons and Property	338,189	0	338,189
Other Purposes	81,368	0	81,368
Revenue Bonds Replacement and Improvement	0	927,630	927,630
Leisure Time Activities Expendable	537,849	0	537,849
Leisure Time Activities Nonexpendable	1,403,446	0	1,403,446
Unrestricted	1,685,779	2,490,917	4,176,696
<b>Total Net Position</b>	<b>\$50,820,316</b>	<b>\$22,411,942</b>	<b>\$73,232,258</b>

See accompanying notes to the basic financial statements

*CITY OF FRANKLIN, OHIO*  
*STATEMENT OF ACTIVITIES*  
*FOR THE YEAR ENDED DECEMBER 31, 2017*

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$2,971,030	\$816,288	\$0	\$0
Security of Persons and Property:				
Police	4,068,429	533,566	118,353	0
Fire	2,269,827	465,504	164,485	0
Other	323,491	151,899	0	0
Public Health and Welfare	13,369	10,724	15,841	0
Leisure Time Activities	377,392	17,316	2,339	0
Economic Development	56,469	0	4,610	0
Basic Utility Services	59,840	0	0	0
Transportation	3,266,332	12,871	537,162	793,884
Interest and Fiscal Charges	179,092	0	0	0
Total Governmental Activities	<u>13,585,271</u>	<u>2,008,168</u>	<u>842,790</u>	<u>793,884</u>
Business-Type Activities:				
Water	1,661,217	2,672,773	0	0
Sewer	2,702,896	2,412,378	0	0
Trash	801,469	793,821	0	0
Stormwater Utility	1,013,580	579,193	0	0
Total Business-Type Activities	<u>6,179,162</u>	<u>6,458,165</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$19,764,433</u>	<u>\$8,466,333</u>	<u>\$842,790</u>	<u>\$793,884</u>

General Revenues and Transfers:

Taxes:

  Property Taxes Levied for:

    General Purposes

    Fire

    Other Purposes

  Income Taxes

  Other Local Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Gain on Sale of Capital Assets

Unrestricted Interest

Contributions and Donations

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$2,154,742)	\$0	(\$2,154,742)
(3,416,510)	0	(3,416,510)
(1,639,838)	0	(1,639,838)
(171,592)	0	(171,592)
13,196	0	13,196
(357,737)	0	(357,737)
(51,859)	0	(51,859)
(59,840)	0	(59,840)
(1,922,415)	0	(1,922,415)
(179,092)	0	(179,092)
<u>(9,940,429)</u>	<u>0</u>	<u>(9,940,429)</u>
0	1,011,556	1,011,556
0	(290,518)	(290,518)
0	(7,648)	(7,648)
0	(434,387)	(434,387)
<u>0</u>	<u>279,003</u>	<u>279,003</u>
<u>(9,940,429)</u>	<u>279,003</u>	<u>(9,661,426)</u>
419,772	0	419,772
1,245,046	0	1,245,046
164,029	0	164,029
8,304,978	0	8,304,978
183,308	0	183,308
214,524	0	214,524
133,883	0	133,883
489,784	578	490,362
1,050	0	1,050
311,277	34,785	346,062
130,000	(130,000)	0
<u>11,597,651</u>	<u>(94,637)</u>	<u>11,503,014</u>
1,657,222	184,366	1,841,588
<u>49,163,094</u>	<u>22,227,576</u>	<u>71,390,670</u>
<u>\$50,820,316</u>	<u>\$22,411,942</u>	<u>\$73,232,258</u>

**CITY OF FRANKLIN, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2017**

	General Fund	Fire Levy Fund	Transportation Fund
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,435,575	\$2,510,600	\$775,863
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	98,576	0	0
Materials and Supplies Inventory	11,739	23,560	101,147
Intergovernmental Receivable	102,099	67,347	292,405
Income Taxes Receivable	1,915,608	0	0
Property Taxes Receivable	486,821	1,444,025	0
Other Local Taxes Receivable	31,945	0	0
Special Assessments Receivable	0	0	53,443
Accrued Interest Receivable	13,768	0	0
<b>Total Assets</b>	<b>\$10,096,131</b>	<b>\$4,045,532</b>	<b>\$1,222,858</b>
<b>Liabilities:</b>			
Accounts Payable	\$101,979	\$34,635	\$23,782
Accrued Wages and Benefits Payable	79,590	29,524	7,542
Intergovernmental Payable	38,313	14,293	5,275
Contracts Payable	0	0	71,316
Interfund Payable	8,108	0	0
Retainage Payable	0	0	0
<b>Total Liabilities</b>	<b>227,990</b>	<b>78,452</b>	<b>107,915</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	454,000	1,347,000	0
Unavailable Revenue	1,287,948	162,247	301,296
<b>Total Deferred Inflows of Resources</b>	<b>1,741,948</b>	<b>1,509,247</b>	<b>301,296</b>
<b>Fund Balances:</b>			
Nonspendable	38,208	23,560	101,147
Restricted	0	2,434,273	712,500
Committed	0	0	0
Assigned	1,038,597	0	0
Unassigned (Deficit)	7,049,388	0	0
<b>Total Fund Balances</b>	<b>8,126,193</b>	<b>2,457,833</b>	<b>813,647</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$10,096,131</b>	<b>\$4,045,532</b>	<b>\$1,222,858</b>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$5,675,927	\$16,397,965
0	98,576
713	137,159
121,129	582,980
0	1,915,608
190,315	2,121,161
0	31,945
181,407	234,850
0	13,768
<u>\$6,169,491</u>	<u>\$21,534,012</u>
\$18,104	\$178,500
4,687	121,343
47,925	105,806
282,573	353,889
0	8,108
24,156	24,156
<u>377,445</u>	<u>791,802</u>
177,500	1,978,500
<u>315,351</u>	<u>2,066,842</u>
492,851	4,045,342
1,404,159	1,567,074
3,400,113	6,546,886
426,980	426,980
106,082	1,144,679
(38,139)	7,011,249
<u>5,299,195</u>	<u>16,696,868</u>
<u>\$6,169,491</u>	<u>\$21,534,012</u>

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**CITY OF FRANKLIN, OHIO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND**  
**BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2017**

Total Governmental Fund Balances \$16,696,868

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

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

Land	19,485,033	
Construction in Progress	122,485	
Infrastructure	68,811,065	
Other Capital Assets	14,412,212	
Accumulated Depreciation	(58,211,263)	
Total Capital Assets		44,619,532

Other long-term assets are not available to pay for current-period expenditures  
and therefore are offset by deferred inflows of resources in the funds:

Delinquent Property Taxes	142,661	
Other Local Taxes	27,509	
Income Taxes	1,113,836	
Special Assessments	234,850	
Intergovernmental	536,303	
Interest	11,683	
Total		2,066,842

In the Statement of Activities, interest is accrued on long-term debt, whereas  
in governmental funds, an interest expenditure is reported when due. (12,968)

Deferred outflows of resources represent deferred charges on  
refundings which do not provide current financial resources  
and, therefore, are not reported in the funds. 229,656

The net pension liability is not due and payable in the current period; therefore, the  
liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	2,626,418	
Deferred Inflows - Pension	(454,803)	
Net Pension Liability	(9,953,881)	
Total		(7,782,266)

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

Premium On Debt Issued	(255,047)	
General Obligation Bonds	(3,745,000)	
Capital leases	(54,717)	
Special Assessment Bonds	(170,000)	
Police and Fire Pension	(52,998)	
Compensated Absences	(719,586)	
Total		(4,997,348)

Net Position of Governmental Activities \$50,820,316

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, 2017**

	General Fund	Fire Levy Fund	Transportation Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues:			
Property Taxes	\$420,149	\$1,245,990	\$0
Other Local Taxes	70,596	0	111,663
Income Taxes	8,281,543	0	0
Special Assessments	0	0	40,698
Charges for Services	327,227	465,929	0
Fines, Licenses and Permits	702,329	0	12,871
Intergovernmental	196,272	161,298	510,739
Interest	114,824	0	5,287
Rent	0	0	0
Contributions and Donations	1,050	0	0
Other	157,495	110,331	22,252
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Revenues	10,271,485	1,983,548	703,510
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Expenditures:			
Current:			
General Government	2,656,434	0	0
Security of Persons and Property:			
Police	3,349,321	0	0
Fire	0	1,943,583	0
Other	192,411	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	144,891	0	0
Economic Development	0	0	0
Transportation	0	0	1,455,240
Capital Outlay	79,333	0	71,316
Debt Service:			
Principal Retirement	0	53,497	0
Interest and Fiscal Charges	0	2,467	0
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenditures	6,422,390	1,999,547	1,526,556
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Excess of Revenues Over (Under)			
Expenditures	3,849,095	(15,999)	(823,046)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Other Financing Sources (Uses):			
Transfers In	0	500,269	700,000
Proceeds from Sale of Capital Assets	301,795	0	0
Transfers Out	(3,039,835)	(40,000)	0
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Other Financing Sources (Uses)	(2,738,040)	460,269	700,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Change in Fund Balances	1,111,055	444,270	(123,046)
Fund Balances at Beginning of Year	7,015,138	2,013,563	936,693
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Fund Balances at End of Year	\$8,126,193	\$2,457,833	\$813,647
	<u>                    </u>	<u>                    </u>	<u>                    </u>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$164,177	\$1,830,316
0	182,259
0	8,281,543
192,282	232,980
13,369	806,525
330,769	1,045,969
729,380	1,597,689
357,990	478,101
4,200	4,200
2,339	3,389
21,199	311,277
1,815,705	14,774,248
205,084	2,861,518
469,793	3,819,114
117,800	2,061,383
129,365	321,776
13,369	13,369
334,897	479,788
56,469	56,469
0	1,455,240
1,374,210	1,524,859
647,000	700,497
182,920	185,387
3,530,907	13,479,400
(1,715,202)	1,294,848
2,009,835	3,210,104
0	301,795
(269)	(3,080,104)
2,009,566	431,795
294,364	1,726,643
5,004,831	14,970,225
\$5,299,195	\$16,696,868

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**CITY OF FRANKLIN, OHIO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

Net Change in Fund Balances - Total Governmental Funds \$1,726,643

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

Capital outlays are reported as expenditures in governmental funds.

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

Capital Assets Additions	1,282,649	
Construction in Progress additions	809,254	
Current Year Depreciation	(2,157,036)	
Excess of depreciation expense over capital outlay		(65,133)

Governmental funds only report the disposal of capital assets to the extent proceeds  
are received from the sale. In the Statement of Activities, a gain or loss is  
reported for each sale.

Proceeds from Sale of Capital Assets	(301,795)	
Gain on Sale of Land	133,883	
Loss on Disposal of Capital Assets	(6,250)	
Total		(174,162)

Some revenues that will not be collected for several months after the City's year-end  
are not considered "available" revenues and are therefore recorded as deferred inflows  
of resources in the funds. Deferred inflows of resources related to the following items  
changed by the amounts shown below:

Delinquent Property Taxes	(1,469)	
Other Local Taxes	1,049	
Income Taxes	23,435	
Special Assessments	13,060	
Charges for Services	(425)	
Intergovernmental	157,029	
Interest	11,683	
Total		204,362

Contractually required contributions are reported as expenditures in governmental funds;  
however, the Statement of Net Position reports these amounts as deferred outflows. 772,934

Except for amounts reported as deferred inflows/outflows, changes in the net pension  
liability are reported as pension expense in the Statement of Activities. (1,534,316)

Repayment of long-term obligations is reported as an expenditure in the governmental  
funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Special assessment principal retirement	245,000	
Bond Principal Retirement	400,000	
Police and Fire Pension Principal Retirement	2,000	
Capital lease principal retirement	53,497	
Total Long-Term Debt Repayment		700,497

Amortization of bond premiums, the deferred charge on the refunding of debt, as well  
as accrued interest payable on the bonds are not reported in the funds, but are  
allocated as expenses over the life of the debt in the Statement of Activities.

Amortization of Bond Premiums	26,847	
Amortization of Deferred Charge on Refunding	(22,965)	
Accrued Interest	2,413	
Total		6,295

Some expenses reported in the Statement of Activities do not require the use of current  
financial resources and therefore are not reported as expenditures in governmental funds:

Decrease in Compensated Absences	20,102
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Change in Net Position of Governmental Activities \$1,657,222

See accompanying notes to the basic financial statements

**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$450,000	\$420,100	\$420,149	\$49
Other Local Taxes	64,967	70,000	70,483	483
Income Taxes	7,534,471	7,900,000	8,174,127	274,127
Charges for Services	301,620	327,450	327,227	(223)
Fines, Licenses and Permits	643,469	664,270	698,098	33,828
Intergovernmental	193,334	224,233	209,748	(14,485)
Interest	117,525	126,000	127,503	1,503
Contributions and Donations	968	1,050	1,050	0
Other	108,024	122,910	117,195	(5,715)
<b>Total Revenues</b>	<b>9,414,378</b>	<b>9,856,013</b>	<b>10,145,580</b>	<b>289,567</b>
Expenditures:				
Current:				
General Government	3,264,325	3,063,472	2,690,957	372,515
Security of Persons and Property:				
Police	3,658,875	3,718,109	3,411,428	306,681
Other	9,000	225,169	193,542	31,627
Capital Outlay	299,600	299,600	166,994	132,606
<b>Total Expenditures</b>	<b>7,231,800</b>	<b>7,306,350</b>	<b>6,462,921</b>	<b>843,429</b>
Excess of Revenues Over Expenditures	2,182,578	2,549,663	3,682,659	1,132,996
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	301,795	301,795
Transfers In	342,003	342,000	40,300	(301,700)
Transfers Out	(3,401,540)	(3,811,335)	(3,184,726)	626,609
<b>Total Other Financing Sources (Uses)</b>	<b>(3,059,537)</b>	<b>(3,469,335)</b>	<b>(2,842,631)</b>	<b>626,704</b>
Net Change in Fund Balance	(876,959)	(919,672)	840,028	1,759,700
Fund Balance at Beginning of Year	6,427,806	6,427,806	6,427,806	0
Prior Year Encumbrances Appropriated	73,000	73,000	73,000	0
<b>Fund Balance at End of Year</b>	<b>\$5,623,847</b>	<b>\$5,581,134</b>	<b>\$7,340,834</b>	<b>\$1,759,700</b>

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, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$1,340,000	\$1,245,890	\$1,245,990	\$100
Charges for Services	433,215	531,000	518,348	(12,652)
Intergovernmental	134,806	161,290	161,298	8
Other	92,210	110,250	110,331	81
Total Revenues	2,000,231	2,048,430	2,035,967	(12,463)
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	2,757,990	2,807,469	2,085,176	722,293
Excess of Revenues Under Expenditures	(757,759)	(759,039)	(49,209)	709,830
Other Financing Sources (Uses):				
Transfers In	500,269	557,000	500,269	(56,731)
Transfers Out	(73,500)	(73,500)	(40,000)	33,500
Total Other Financing Sources (Uses)	426,769	483,500	460,269	(23,231)
Net Change in Fund Balance	(330,990)	(275,539)	411,060	686,599
Fund Balance at Beginning of Year	1,963,776	1,963,776	1,963,776	0
Prior Year Encumbrances Appropriated	48,979	48,979	48,979	0
Fund Balance at End of Year	<u>\$1,681,765</u>	<u>\$1,737,216</u>	<u>\$2,423,815</u>	<u>\$686,599</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)**  
**TRANSPORTATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Other Local Taxes	\$134,771	\$112,000	\$111,663	(\$337)
Special Assessments	49,120	41,000	40,698	(302)
Fines, Licenses and Permits	15,535	13,000	12,871	(129)
Intergovernmental	624,036	500,500	517,038	16,538
Interest	6,381	4,300	5,287	987
Other	26,857	22,400	22,252	(148)
<b>Total Revenues</b>	<b>856,700</b>	<b>693,200</b>	<b>709,809</b>	<b>16,609</b>
Expenditures:				
Current:				
Transportation	1,906,531	1,971,227	1,374,495	596,732
Excess of Revenues Under Expenditures	(1,049,831)	(1,278,027)	(664,686)	613,341
Other Financing Sources:				
Transfers In	700,000	720,000	700,000	(20,000)
Net Change in Fund Balance	(349,831)	(558,027)	35,314	593,341
Fund Balance at Beginning of Year	600,812	600,812	600,812	0
Prior Year Encumbrances Appropriated	64,696	64,696	64,696	0
Fund Balance at End of Year	<u>\$315,677</u>	<u>\$107,481</u>	<u>\$700,822</u>	<u>\$593,341</u>

See accompanying notes to the basic financial statements



**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**DECEMBER 31, 2017**

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Total
<b>Assets:</b>					
<b>Current Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,403,169	\$798,966	\$179,977	\$315,750	\$2,697,862
Materials and Supplies Inventory	64,617	0	0	0	64,617
Accounts Receivable	251,412	746,996	75,101	50,803	1,124,312
Interfund Receivable	8,108	0	0	0	8,108
<b>Restricted Assets:</b>					
Cash and Cash Equivalents with Trustee	530,347	0	0	0	530,347
<b>Total Current Assets</b>	<b>2,257,653</b>	<b>1,545,962</b>	<b>255,078</b>	<b>366,553</b>	<b>4,425,246</b>
<b>Noncurrent Assets:</b>					
<b>Restricted Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	1,068,160	75,765	0	0	1,143,925
Cash and Cash Equivalents with Trustee	61,318	0	0	0	61,318
Nondepreciable Capital Assets	1,021,939	37,500	0	37,500	1,096,939
Depreciable Capital Assets, Net	8,272,424	3,608,152	833	8,505,024	20,386,433
<b>Total Noncurrent Assets</b>	<b>10,423,841</b>	<b>3,721,417</b>	<b>833</b>	<b>8,542,524</b>	<b>22,688,615</b>
<b>Total Assets</b>	<b>12,681,494</b>	<b>5,267,379</b>	<b>255,911</b>	<b>8,909,077</b>	<b>27,113,861</b>
<b>Deferred Outflows of Resources:</b>					
Deferred Charge on Refunding Pension	11,182	0	0	0	11,182
Pension	270,093	168,924	21,454	126,692	587,163
<b>Total Deferred Outflows of Resources</b>	<b>281,275</b>	<b>168,924</b>	<b>21,454</b>	<b>126,692</b>	<b>598,345</b>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts Payable	42,289	9,571	1,585	205	53,650
Accrued Wages and Benefits Payable	19,985	7,566	718	5,180	33,449
Contracts Payable	1,575	157,367	0	0	158,942
Intergovernmental Payable	9,670	4,440	500	4,259	18,869
Accrued Interest Payable	34,778	0	0	0	34,778
Compensated Absences Payable	12,571	15,014	1,394	13,960	42,939
Revenue Bonds Payable	525,000	0	0	0	525,000
OWDA Loans Payable	265,985	0	0	0	265,985
<b>Total Current Liabilities</b>	<b>911,853</b>	<b>193,958</b>	<b>4,197</b>	<b>23,604</b>	<b>1,133,612</b>
<b>Long Term Liabilities:</b>					
Compensated Absences Payable	51,348	57,625	7,166	47,348	163,487
Revenue Bonds Payable	1,076,140	0	0	0	1,076,140
OWDA Loans Payable	1,220,352	0	0	0	1,220,352
Refundable Deposits	75,765	75,765	0	0	151,530
Net Pension Liability	695,862	428,224	53,527	321,169	1,498,782
<b>Total Long Term Liabilities</b>	<b>3,119,467</b>	<b>561,614</b>	<b>60,693</b>	<b>368,517</b>	<b>4,110,291</b>
<b>Total Liabilities</b>	<b>4,031,320</b>	<b>755,572</b>	<b>64,890</b>	<b>392,121</b>	<b>5,243,903</b>
<b>Deferred Inflows of Resources:</b>					
Pension	30,313	3,174	20,494	2,380	56,361
<b>Net Position:</b>					
Net Investment in Capital Assets	6,218,068	3,645,652	833	8,542,524	18,407,077
<b>Restricted for:</b>					
Debt Service	586,318	0	0	0	586,318
Revenue Bonds Replacement and Improvements	927,630	0	0	0	927,630
Unrestricted	1,169,120	1,031,905	191,148	98,744	2,490,917
<b>Total Net Position</b>	<b>\$8,901,136</b>	<b>\$4,677,557</b>	<b>\$191,981</b>	<b>\$8,641,268</b>	<b>\$22,411,942</b>

See accompanying notes to the basic financial statements

**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Total
Operating Revenues:					
Charges for Services	\$2,672,773	\$2,412,378	\$793,821	\$579,193	\$6,458,165
Operating Expenses:					
Personal Services	732,440	458,297	48,825	375,480	1,615,042
Contractual Services	217,116	1,966,841	710,159	156,646	3,050,762
Supplies and Materials	187,991	12,511	1,906	9,839	212,247
Depreciation	259,341	153,069	238	437,567	850,215
Other	119,083	112,178	40,341	34,048	305,650
Total Operating Expenses	1,515,971	2,702,896	801,469	1,013,580	6,033,916
Operating Income (Loss)	1,156,802	(290,518)	(7,648)	(434,387)	424,249
Non-Operating Revenues (Expenses):					
Interest	578	0	0	0	578
Other Non-Operating Revenues	23,930	5,375	942	4,538	34,785
Interest and Fiscal Charges	(145,246)	0	0	0	(145,246)
Total Non-Operating Revenues (Expenses)	(120,738)	5,375	942	4,538	(109,883)
Income (Loss) Before Transfers	1,036,064	(285,143)	(6,706)	(429,849)	314,366
Transfers Out	(65,000)	(65,000)	0	0	(130,000)
Change in Net Position	971,064	(350,143)	(6,706)	(429,849)	184,366
Net Position at Beginning of Year	7,930,072	5,027,700	198,687	9,071,117	22,227,576
Net Position at End of Year	\$8,901,136	\$4,677,557	\$191,981	\$8,641,268	\$22,411,942

See accompanying notes to the basic financial statements

**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Totals
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,681,479	\$2,285,934	\$786,424	\$571,594	\$6,325,431
Cash Paid for Employee Services and Benefits	(644,550)	(394,599)	(46,157)	(323,948)	(1,409,254)
Cash Paid to Suppliers for Goods and Services	(416,858)	(2,001,011)	(712,075)	(173,419)	(3,303,363)
Utility Deposits Received	22,449	21,900	0	0	44,349
Utility Deposits Returned	(19,999)	(19,450)	0	0	(39,449)
Other Operating Expenses	(119,083)	(112,178)	(40,314)	(34,048)	(305,623)
Other Non-Operating Revenues	23,930	5,375	942	4,538	34,785
Net Cash Provided by (Used for) Operating Activities	1,527,368	(214,029)	(11,180)	44,717	1,346,876
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers Out to Other Funds	(65,000)	(65,000)	0	0	(130,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(276,200)	(28,213)	0	(74,932)	(379,345)
Interest Paid on OWDA Loans	(68,898)	0	0	0	(68,898)
Principal Paid on OWDA Loans	(250,261)	0	0	0	(250,261)
Interest Paid on Mortgage Revenue Bonds	(84,214)	0	0	0	(84,214)
Principal Paid on Mortgage Revenue Bonds	(500,000)	0	0	0	(500,000)
Net Cash Used for Capital and Related Financing Activities	(1,179,573)	(28,213)	0	(74,932)	(1,282,718)
Net Increase (Decrease) in Cash and Cash Equivalents	282,795	(307,242)	(11,180)	(30,215)	(65,842)
Cash and Cash Equivalents at Beginning of Year	2,780,199	1,181,973	191,157	345,965	4,499,294
Cash and Cash Equivalents at End of Year	\$3,062,994	\$874,731	\$179,977	\$315,750	\$4,433,452
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	\$1,156,802	(\$290,518)	(\$7,648)	(\$434,387)	\$424,249
<u>Adjustments to Reconcile Operating Income (Loss)</u>					
<u>to Net Cash Provided by (Used for) Operating Activities:</u>					
Depreciation Expense	259,341	153,069	238	437,567	850,215
Other Non-Operating Revenues	23,930	5,375	942	4,538	34,785
<u>Change in Assets and Liabilities:</u>					
Increase in Materials and Supplies Inventory	(9,530)	0	0	0	(9,530)
(Increase) Decrease in Accounts Receivable	9,253	(126,444)	(7,397)	(7,599)	(132,187)
Decrease in Deferred Outflows - Pension	91,261	56,163	11,083	42,123	200,630
Increase in Interfund Receivable	(545)	0	0	0	(545)
Increase (Decrease) in Accounts Payable	(4,069)	(26,805)	17	(7,744)	(38,601)
Increase in Accrued Wages and Benefits Payable	1,099	1,187	171	1,244	3,701
Increase in Contracts Payable	1,575	5,146	0	0	6,721
Increase in Intergovernmental Payable	465	184	50	1,018	1,717
Increase in Compensated Absences Payable	3,366	2,509	544	5,216	11,635
Increase in Net Pension Liability	15,577	9,587	1,198	7,190	33,552
Increase in Refundable Deposits Payable	2,450	2,450	0	0	4,900
Decrease in Deferred Inflows - Pension	(23,607)	(5,932)	(10,378)	(4,449)	(44,366)
Total Adjustments	370,566	76,489	(3,532)	479,104	922,627
Net Cash Provided by (Used for) Operating Activities	\$1,527,368	(\$214,029)	(\$11,180)	\$44,717	\$1,346,876

See accompanying notes to the basic financial statements

***CITY OF FRANKLIN, OHIO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2017***

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$390
Cash in Segregated Accounts	<u>82,461</u>
Total Assets	<u><u>\$82,851</u></u>
Liabilities:	
Undistributed Monies	\$61,045
Deposits Held and Due to Others	<u>21,806</u>
Total Liabilities	<u><u>\$82,851</u></u>

See accompanying notes to the basic financial statements

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**Note 1 – Description of the City and Reporting Entity**

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.

*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 that are not legally separate from the City. The City departments provide various services, including a police force, a fire fighting force, a street maintenance and repair force, planning and zoning, a parks and recreation system, water, sewer and stormwater drainage systems, a contracting service for trash collection, community development, and a staff to provide essential support to these service providers. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of its taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City has no component units.

The City participates in one joint venture, one shared risk pool, and two jointly governed organizations. These organizations are presented in Note 18 of the basic financial statements. These organizations are:

Joint Venture:

Joint Recreation Facility

Shared Risk Pool:

Ohio Government Risk Management Plan

Jointly Governed Organizations:

Warren County General Health District

Warren County Fire Response and Life Safety Council of Governments

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**Note 2 – Summary of Significant Accounting Policies**

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

**Basis of Presentation**

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

*Government-Wide Financial Statements*

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

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and are 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 that 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 into 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 rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting**

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

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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*Governmental Funds*

Governmental funds are those through which most governmental functions of the City 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 purposes 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - This fund is the operating fund of the City and is used to account for and report 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 Fund - This fund accounts for and reports property taxes levied by the City and intergovernmental revenues restricted for operating expenditures related to the fire department.

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

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

*Proprietary Funds*

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

Enterprise Funds - Enterprise funds may be used to account for and report 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 and report the provision of water treatment and distribution to residential and commercial users in the City.

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

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

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

*Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held and administered by the City under a

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds that are used to account for fines and fees and taxes held for distribution to other governments and for the activity of entities for which the City serves as fiscal agent.

**Measurement Focus**

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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 statements for governmental funds.

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

**Basis of Accounting**

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

*Revenues - Exchange and Non-Exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the



**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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resources are collectible within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, “available” means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the exchange on which the tax is imposed takes place, and revenue from property taxes/revenue in lieu of taxes is recognized in the year for which the taxes are levied or would have been levied (See Notes 7 and 8). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources include deferred charges on refunding and pension reported in the government-wide statement of net position in both governmental and business-type activities column. It is also reported on the enterprise fund statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables that will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, other local taxes, income taxes, special assessments, charges for services, intergovernmental revenues, including grants, and interest. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position (See Note 12).

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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*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.

**Cash and Cash Equivalents**

To improve cash management, all 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." The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures, which are presented on the financial statements as "Cash in Segregated Accounts." The City's deposits on hand for future principal and interest payments on mortgage revenue bonds are presented as "Restricted Assets: Equity in Pooled Cash and Cash Equivalents with Trustee." The City maintains separate funds for unclaimed monies and employee retirement benefits, which are presented on the financial statements as "Restricted Assets: Equity in Pooled Cash and Cash Equivalents."

During the year, the City's investments were limited to STAROhio, common stock, Commercial Paper, Negotiable Certificates of Deposits, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Notes, Federal National Mortgage Association Notes, and United States Treasury Bills. The City received a donation of common and preferred stock from an estate in 2009. Investments are reported at fair value, which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of investment earnings. Interest credited to the General Fund during 2017 amounted to \$114,824, which includes \$68,372 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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**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 imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents legally required to be set aside by the City for unclaimed monies and employee retirement benefits.. Restricted assets in the enterprise funds represent cash and cash equivalents with trustee for repayment of current debt service on revenue bonds that are required by the bond indenture to be held by a financial services corporation and cash and cash equivalents for the replacement and improvement of capital assets originally acquired with bond proceeds. In addition, water and sewer customer deposits are presented as restricted assets.

**Interfund Receivables/Payables**

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

**Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption.

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

**Capital Assets**

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

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 acquisition values on the date donated. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expended.

All capital assets, except land 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:

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2017**

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

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

**Capitalization of Interest**

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

**Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

**Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension liability 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, capital leases, and the police and fire pension liability are recognized as liabilities on the governmental fund financial statements when due.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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*Nonspendable* - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

*Restricted* - The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. City Council approved, by ordinance, to have a committed fund balance in the Recreation Fund in order to utilize the monies for park facility upkeep.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance or by State Statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The future appropriations amount assigned in the General Fund represents 2017 appropriations that exceed estimated resources. The Bond Retirement Fund has an assigned balance due to transfers from governmental and business-type funds to support required debt service payments.

*Unassigned* - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Net Position**

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

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

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

**Internal Activity**

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

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

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

**Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend

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resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level (personal services and other expenditures) within each fund and department. Budgetary modifications at this level may only be made by ordinance of the City Council.

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

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

**Bond Premiums**

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

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

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment of the bond escrow agent.

**Operating Revenues and Expenses**

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

**Estimates**

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

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**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Note 3 – Change in Accounting Principle**

For 2017, the City implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2016-1*. These changes were incorporated in the City's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 – Accountability**

At December 31, 2017, the Police and Fire Pension fund, which is a special revenue fund, is the only fund with a deficit fund balance. For 2017, the deficit fund balance was \$38,139.

This deficit is due to adjustments for accrued liabilities, which generate expenditures that are greater than those recognized on a cash basis. The General Fund provides transfers to cover deficit balances; however, this is only done when cash is needed rather than when accruals occur.

**Note 5 – 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 statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) - General Fund, Fire Levy and Transportation special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash and unrecorded interest represent amounts received but not included on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).



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6. Cash that is held by the agency fund on behalf of City funds on a budget basis are allocated and reported on the balance sheet (GAAP basis) in the appropriate City fund.

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

Net Change in Fund Balance			
	General Fund	Fire Levy Fund	Transportation Fund
GAAP Basis	\$1,111,055	\$444,270	(\$123,046)
Revenue Accruals	(91,695)	2,550	6,299
Expenditure Accruals	(39,799)	(27,323)	227,102
Encumbrances	(145,623)	(58,306)	(75,041)
Unrecorded Cash - 2016	21,149	78,348	0
Unrecorded Cash - 2017	(23,099)	(28,479)	0
Increase in Fair Value of Investments - 2016	1,606	0	0
Increase in Fair Value of Investments - 2017	10,665	0	0
Agency Fund Cash Allocation - 2016	31,029	0	0
Agency Fund Cash Allocation - 2017	(35,260)	0	0
Budget Basis	\$840,028	\$411,060	\$35,314

**Note 6 – Deposits and Investments**

The City has chosen to follow State statute and classify monies held by the City into three categories.

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

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.

Interim monies held by the City can be deposited or invested in the following securities:

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1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio; and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The City has passed an ordinance allowing the City to invest 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.

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*Deposits*

**Custodial credit risk** for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$11,134,646 of the City's bank balance of \$11,384,646 was exposed to custodial credit risk because the deposits were collateralized with securities held by the pledging financial institutions agent or trust department but not in the City's name.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

The City's financial institution was in the process of joining OPCS, however, at December 31, 2017, the financial institution still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

*Investments*

As of December 31, 2017, the City had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturity (in Years)	S&P Rating	Percentage of Total Investments
Net Asset Value Per Share				
STAROhio	\$1,519,254	Less than One	AAAm	16.63%
Fair Value - Level One Inputs				
Common Stock	1,894,960	Less than One	N/A	20.74%
Fair Value - Level Two Inputs				
Commercial Paper	991,475	Less than One	A-1 to A-1+	10.85%
Negotiable Certificates of Deposits	1,685,442	Less than Three	AA+	18.45%
Federal Home Loan Bank Notes	441,252	Less than Three	AA+	N/A
Federal Home Loan Mortgage Notes	839,020	Less than Two	AA+	9.18%
Federal National Mortgage Association Notes	495,275	Less than Two	AA+	5.42%
United States Treasury Bills	1,268,442	Less than One	A-1+	13.89%
Total Fair Value - Level Two Inputs	<u>5,720,906</u>			
Total Investments	<u><u>\$9,135,120</u></u>			

The City has investments in common stock as a result of a donation made to the City through the will and testament of an individual. The donation is restricted for use for parks and recreation.

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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2017. The Common Stock is measured at fair value and is valued using quoted market prices (Level 1 inputs). The City's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments listed in the table above, with the exception of STAROhio, are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the City's name. The City has no policy for custodial credit risk beyond the requirements of State statute.

*Interest Rate Risk*

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

*Credit Risk*

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

*Concentration of Credit Risk*

The City's places no limit on the amount it may invest in any one financial institution. The percentage that each investment represents of total investments is listed in the table above.

**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes were levied after October 1, 2017 on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2017 public utility property taxes, which became a lien December 31, 2016, are levied after October 1, 2017 and are collected in 2018 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2017 was \$9.32 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$206,933,200
Public Utility Personal Property	18,127,740
Totals	<u>\$225,060,940</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies, which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

**Note 8 – Income Tax**

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

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

Income tax proceeds are to be used to pay the cost of administering the tax, General Fund operations, capital improvements, debt service, and other governmental functions when needed, as determined by Council. In 2017, the proceeds were allocated to the General Fund.

**Note 9 – Receivables**

Receivables at December 31, 2017 consisted of intergovernmental, including grants, entitlements and shared revenues, income taxes, property taxes, other local taxes, special assessments, and accrued interest on investments. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, and special assessments. Water, sewer, trash, and stormwater charges for accounts receivable, which, if delinquent, may be certified and collected as special assessments, are subject to foreclosure for nonpayment. Property taxes and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

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Special assessments expected to be collected in more than one year amount to \$49,389. The City has no delinquent special assessments at December 31, 2017.

A summary of intergovernmental receivables follows:

	Amount
<u>Governmental Activities:</u>	
Local Government Assistance	\$80,027
Homestead and Rollback Exemption	95,923
Charges for Services	2,125
Gasoline Tax	190,880
Motor Vehicle License Tax	44,520
Permissive Motor Vehicle License Tax	57,005
Ohio Public Works Commission	112,500
Total Governmental Activities	\$582,980

**Note 10 – Capital Assets**

Capital assets activity for the year ended December 31, 2017 was as follows:

	Balance at January 1, 2017	Additions	Deletions	Balance at December 31, 2017
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$19,649,717	\$3,228	(\$167,912)	\$19,485,033
Construction in Progress	74,011	809,254	(760,780)	122,485
Total Capital Assets, Not Being Depreciated	19,723,728	812,482	(928,692)	19,607,518
Depreciable Capital Assets:				
Land Improvements	1,455,615	51,919	0	1,507,534
Buildings	7,178,255	34,550	0	7,212,805
Equipment	2,133,603	74,250	(12,939)	2,194,914
Vehicles	3,466,683	50,276	(20,000)	3,496,959
Infrastructure	66,981,859	1,829,206	0	68,811,065
Total Depreciable Capital Assets	81,216,015	2,040,201	(32,939)	83,223,277
Less Accumulated Depreciation:				
Land Improvements	(1,216,155)	(30,044)	0	(1,246,199)
Buildings	(2,322,423)	(121,093)	0	(2,443,516)
Equipment	(1,399,048)	(129,746)	12,939	(1,515,855)
Vehicles	(2,681,758)	(152,796)	13,750	(2,820,804)
Infrastructure	(48,461,532)	(1,723,357)	0	(50,184,889)
Total Accumulated Depreciation	(56,080,916)	(2,157,036)	26,689	(58,211,263)
Depreciable Capital Assets, Net	25,135,099	(116,835)	(6,250)	25,012,014
Governmental Activities Capital Assets, Net	\$44,858,827	\$695,647	(\$934,942)	\$44,619,532

Depreciation expense was charged to governmental programs as follows:

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	Amount
General Government	\$44,847
Security of Persons and Property:	
Police	110,117
Fire	180,508
Leisure Time Activities	27,641
Public Works	59,840
Transportation	1,734,083
Total Depreciation Expense	\$2,157,036

	Balance at January 1, 2017	Additions	Deletions	Balance at December 31, 2017
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$1,095,364	\$0	\$0	\$1,095,364
Construction in Progress	0	1,575	0	1,575
Total Capital Assets, Not Being Depreciated	1,095,364	1,575	0	1,096,939
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	87,073	0	0	87,073
Equipment	464,053	250,198	0	714,251
Vehicles	624,012	0	0	624,012
Infrastructure	40,699,241	127,572	0	40,826,813
Total Depreciable Capital Assets	41,887,300	377,770	0	42,265,070
Less Accumulated Depreciation:				
Land Improvements	(2,980)	(204)	0	(3,184)
Buildings	(16,074)	(1,385)	0	(17,459)
Equipment	(170,293)	(26,790)	0	(197,083)
Vehicles	(279,074)	(48,508)	0	(327,582)
Infrastructure	(20,560,001)	(773,328)	0	(21,333,329)
Total Accumulated Depreciation	(21,028,422)	(850,215)	0	(21,878,637)
Depreciable Capital Assets, Net	20,858,878	(472,445)	0	20,386,433
Business-Type Activities Capital Assets, Net	\$21,954,242	(\$470,870)	\$0	\$21,483,372

**Note 11 – Risk Management**

**Property and Liability**

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.

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The City belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the “Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its members governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 and 2015 (the latest information available).

	<u>2016</u>	<u>2015</u>
Assets	\$14,765,712	\$14,463,667
Liabilities	<u>(9,531,503)</u>	<u>(9,112,030)</u>
Members' Equity	<u>\$5,234,209</u>	<u>\$5,351,637</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

The City pays its annual premium to its agent, Hylant Administrative Services, LLC. Coverage is as follows:



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Type of Coverage	Coverage	Deductible
General Liability (per Occurrence/aggregate)	\$8,000,000/\$10,000,000	N/A
Employers Liability (per Occurrence/aggregate)	8,000,000/8,000,000	N/A
Employee Benefits Liability (per Occurrence/aggregate)	8,000,000/10,000,000	N/A
Law Enforcement Officers Liability (per Occurrence/aggregate)	8,000,000/10,000,000	5,000
Public Officials Liability (per Occurrence/aggregate)	8,000,000/10,000,000	5,000
Automobile Liability (per Occurrence)	8,000,000	N/A
Property Coverage	37,347,485	1,000
Special Property Coverage	2,058,685	1,000
Electronic Equipment Coverage	310,750	1,000
Public Employee Dishonesty Coverage	100,000	N/A

There have been no significant reductions in insurance coverage from 2017 and no insurance settlement has exceeded insurance coverage during the last three years.

**Workers' Compensation**

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on historic loss history and payroll, as well as any alternate rating plans employees join.

**Note 12 – Defined Benefit Pension Plans**

**Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit

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<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$424,204 for 2017. Of this amount, \$43,441 is reported as an intergovernmental payable.

**Plan Description – Ohio Police & Fire Pension Fund (OPF)**

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits.)

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	Police	Firefighters
<b>2017 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2017 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$467,507 for 2017. Of this amount, \$59,332 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2017, the specific liability of the City was \$52,998 payable in semi-annual payments through the year 2035.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02357200%	0.09630500%	
Prior Measurement Date	0.02366400%	0.10455000%	
Change in Proportionate Share	-0.00009200%	-0.00824500%	
			Total
Proportionate Share of the Net Pension Liability	\$5,352,801	\$6,099,862	\$11,452,663
Pension Expense	\$1,171,932	\$670,977	\$1,842,909

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$7,255	\$1,726	\$8,981
Changes of assumptions	849,020	0	849,020
Net difference between projected and actual earnings on pension plan investments	797,155	593,184	1,390,339
Changes in proportion and differences between City contributions and proportionate share of contributions	73,530	0	73,530
City contributions subsequent to the measurement date	<u>424,204</u>	<u>467,507</u>	<u>891,711</u>
Total Deferred Outflows of Resources	<u>\$2,151,164</u>	<u>\$1,062,417</u>	<u>\$3,213,581</u>
	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$31,857	\$14,044	\$45,901
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>47,440</u>	<u>417,823</u>	<u>465,263</u>
Total Deferred Inflows of Resources	<u>\$79,297</u>	<u>\$431,867</u>	<u>\$511,164</u>

\$891,711 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2018	\$694,166	\$141,248	\$835,414
2019	693,813	141,248	835,061
2020	283,051	87,493	370,544
2021	(23,367)	(124,283)	(147,650)
2022	0	(75,395)	(75,395)
Thereafter	<u>0</u>	<u>(7,268)</u>	<u>(7,268)</u>
Total	<u>\$1,647,663</u>	<u>\$163,043</u>	<u>\$1,810,706</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	December 31, 2016	December 31, 2015
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

***Discount Rate***

The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:



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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$8,177,598	\$5,352,801	\$2,998,830

**Actuarial Assumptions – OPF**

OP&F's total pension liability as of December 31, 2016, is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
	plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2016, are summarized below:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

\* levered 2x

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

***Discount Rate***

The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$8,124,293	\$6,099,862	\$4,384,129

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***Changes between Measurement Date and Report Date***

In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact to the City's net pension liability.

**Note 13 – Post-Employment Benefits**

**Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$30,043, \$58,663, and \$54,139, respectively. For 2017, 88.8 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

**Ohio Police and Fire Pension Fund**

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

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

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

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contribution to OP&F which was allocated to fund postemployment healthcare benefits for police and firefighters was \$12,354 and \$6,871 for the year ended December 31, 2017, \$11,607 and \$6,509 for the year ended December 31, 2016, and \$11,252 and \$6,962 for the year ended December 31, 2015. For 2017, 91.2 percent has been contributed for police and 94.4 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

**Note 14 –Employee Benefits**

**Compensated Absences**

*Accumulated Unpaid Vacation*

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

*Accumulated Unpaid Sick Leave*

City employees earn sick leave at a rate of 4.60 hours per 80 hours of service. Sick leave is cumulative without limit. In the case of death or retirement, every employee will be paid for a maximum of 150 days of sick leave hours. Those employees that were hired before June 7, 2005 and leave City employment for reasons other than death or retirement will be paid 50 percent of accumulated sick leave up to a maximum of 75 days (600 hours). Employees hired on or after June 7, 2005, will be paid 25 percent of accumulated sick leave up to a maximum payment of 240 hours.

*Accumulated Unpaid Compensatory Time*

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

**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

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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 Dental Care Plus.

**Health Savings Account**

Employees have the option of contributing to a Health Savings Account up to \$3,050 for single coverage, \$6,050 for employee and children, \$5,800 for employee and spouse, or \$5,550 for family coverage. The City contributed an additional \$1,000 to the Health Savings Account.

**Deferred Compensation**

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

**Note 15 - Leases – Lessee Disclosure**

In 2016, the City entered into a capital lease for a vehicle. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the three-year lease term if the City exercises their bargain purchase option. Capital lease payments will be reclassified and reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in 2017 totaled \$53,497.

Capital assets consisting of vehicles have been capitalized in the amount of \$164,178 in the governmental activities.

	Governmental Activities
Asset: Vehicle	\$164,178
Less: Accumulated Depreciation	(30,783)
Total	\$133,395

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2017.

	Governmental Activities
December 31, 2018	\$55,964
Less: Amount Representing Interest	(1,247)
Present Value of Minimum Lease Payments	\$54,717

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**Note 16 – Long -Term Obligations**

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2017 follows:

Types/Issues	January 1, 2017	Increases	Decreases	December 31, 2017	Due Within One Year
<b><u>Special Assessment Bonds with Governmental</u></b>					
<b><u>Commitment:</u></b>					
1998 - 5.00% Scholl Road \$514,177	\$45,000	\$0	\$45,000	\$0	\$0
1998 - 5.00% Fourth Street Improvement \$337,705	30,000	0	30,000	0	0
1998 - 5.00% Schumaker-Franklin \$1,322,708	115,000	0	115,000	0	0
1998 - 5.00% Deardoff Phase II \$158,410	15,000	0	15,000	0	0
1999 - 5.70% Eastlawn Sewer Line Extension \$119,779	30,000	0	10,000	20,000	10,000
2001 - 5.125% Shotwell Drive Phase III \$490,000	180,000	0	30,000	150,000	35,000
Total - Special Assessment Bonds	<u>415,000</u>	<u>0</u>	<u>245,000</u>	<u>170,000</u>	<u>45,000</u>
<b><u>General Obligation Bonds (Unvoted):</u></b>					
2012 - 3.00% - 4.00% Various Purpose Refunding Bonds \$5,630,000	4,145,000	0	400,000	3,745,000	420,000
Premium on Debt Issue	281,894	0	26,847	255,047	0
Total - General Obligation Bonds	<u>4,426,894</u>	<u>0</u>	<u>426,847</u>	<u>4,000,047</u>	<u>420,000</u>
<b><u>Net Pension Liability:</u></b>					
OPERS	2,869,233	984,786	0	3,854,019	0
OP&F	6,725,775	0	625,913	6,099,862	0
Total - Net Pension Liability	<u>9,595,008</u>	<u>984,786</u>	<u>625,913</u>	<u>9,953,881</u>	<u>0</u>
<b><u>Other Long-Term Obligations:</u></b>					
Compensated Absences	739,688	350,161	370,263	719,586	193,381
2.50% - Police and Fire Pension	54,998	0	2,000	52,998	2,086
Capital Leases Payable	108,214	0	53,497	54,717	54,717
Total - Other Long-Term Obligations	<u>902,900</u>	<u>350,161</u>	<u>425,760</u>	<u>827,301</u>	<u>250,184</u>
Total - All General Long-Term Obligations	<u>\$15,339,802</u>	<u>\$1,334,947</u>	<u>\$1,723,520</u>	<u>\$14,951,229</u>	<u>\$715,184</u>

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

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

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The term bonds issued at \$545,000 and maturing on December 1, 2025 are subject to mandatory sinking fund redemption, on December 1, in the years and in the respective principal amounts as follows:

Year	Amount
2024	\$270,000
2025	275,000
Total	\$545,000

The term bonds issued at \$590,000 and maturing on December 1, 2027 are subject to mandatory sinking fund redemption, on December 1, in the years and in the respective principal amounts as follows:

Year	Amount
2026	\$290,000
2027	300,000
Total	\$590,000

Compensated absences of the governmental activities will be paid from the General Fund and the Fire Levy, Transportation, and Recreation special revenue funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: General, Transportation, Fire, E-911, and Recreation. For additional information related to the net pension liability see Note 12.

The Police and Fire Pension liability is paid from special revenue fund taxes, and is recorded as an expenditure of Debt Service: Principal Retirement. In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2017, \$52,998 was payable in semiannual installments through the year 2035. This is an accounting liability of the City that will not vary. The liability is reported on the government-wide financial statements.

Changes in the long-term obligations reported in the business-type activities of the City during 2017 were as follows:

Types/Issues	Balance January 1, 2017	Increases	Decreases	Balance December 31, 2017	Due Within One Year
OWDA Loans	\$1,736,598	\$0	\$250,261	\$1,486,337	\$265,985
2006 - 4.000% - 4.125% Mortgage Revenue					
Refunding Bonds - \$6,140,000	2,080,000	0	500,000	1,580,000	525,000
Premium on Debt Issue	24,765	0	3,625	21,140	0
Compensated Absences	194,791	79,786	68,151	206,426	42,939
Net Pension Liability - OPERS	1,229,671	269,111	0	1,498,782	0
Total - Business-Type Activities	\$5,265,825	\$348,897	\$822,037	\$4,792,685	\$833,924

The Ohio Water Development Authority (OWDA) loans are for the construction of water mains and a new water tower. The loans will be paid from Water Fund operating revenues.

During 2006, the City issued \$6,140,000 in Mortgage Revenue Bonds. A portion of the proceeds were used to advance refund Mortgage Revenue Bonds in the amount of \$3,385,000. The refunded bonds have been retired.



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The Water Fund's bond indentures have certain restrictive covenants and principally require that bond reserve funds be maintained and charges for fees to customers be in sufficient amounts, as defined, to satisfy the obligations under the indenture agreements. In addition, special provisions exist regarding covenant violations, redemption of principal, and maintenance of properties in good condition.

The City has pledged future revenues, net of operating expenses, to repay the OWDA Loans and the Mortgage Revenue Refunding Bonds in the City's Water Fund. The debt is payable solely from net revenues and is payable through 2027. Annual principal and interest payments on the debt issues are expected to require 73.69 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$3,495,861, with principal and interest of \$1,744,181 remaining on the OWDA Loan and \$1,756,680 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$903,950, with \$319,159 paid on the OWDA Loans, and \$584,214 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,416,721.

Compensated absences of the business-type activities will be paid from the Water, Sewer, Trash, and Stormwater Utility funds. There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: Water, Sewer, Trash, and Stormwater Utility. For additional information related to the net pension liability see Note 12.

As of December 31, 2017 the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,886,399, with an unvoted debt margin of \$8,633,352.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2017 are:

Governmental Activities				
Year	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$45,000	\$8,828	\$420,000	\$142,025
2019	45,000	6,464	435,000	125,225
2020	40,000	4,100	455,000	107,825
2021	40,000	2,050	470,000	89,625
2022	0	0	415,000	70,825
2023-2027	0	0	1,550,000	150,737
Totals	<u>\$170,000</u>	<u>\$21,442</u>	<u>\$3,745,000</u>	<u>\$686,262</u>

Business-Type Activities				
Year	OWDA Loans		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2018	\$265,985	\$58,862	\$525,000	\$64,168
2019	282,729	48,198	250,000	42,512
2020	300,321	36,861	260,000	32,200
2021	68,641	24,813	270,000	21,800
2022	71,533	22,038	275,000	11,000
2023-2027	405,495	64,313	0	0
2028	91,633	2,759	0	0
	<u>\$1,486,337</u>	<u>\$257,844</u>	<u>\$1,580,000</u>	<u>\$171,680</u>

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**Revenue Housing Bonds**

The City served as the issuer of \$6,955,000 in revenue housing bonds in 1997 and \$4,500,000 in 2007. The proceeds of the \$6,955,000 bonds were used by Emerald Edge/Warren, Limited Partnership and the proceeds of the \$4,500,000 bonds were used by Sound Preservation 202 LP to finance the acquisition, construction and equipping of separate multi-family residential rental housing facilities. The housing revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment. The outstanding balance at December 31, 2017 on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$6,501,000. The outstanding balance at December 31, 2017 on the Sound Preservation 202 LP revenue housing bonds is \$3,206,864.

**Note 17 – Interfund Activity**

**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					
		General	Fire	Nonmajor	Water	Sewer	
		Fund	Levy	Governmental	Fund	Fund	Total
			Fund	Funds			
Transfers to	Fire Levy Fund	\$500,000	\$0	\$269	\$0	\$0	\$500,269
	Transportation	700,000	0	0	0	0	700,000
	Nonmajor						
	Governmental Funds	1,839,835	40,000	0	65,000	65,000	2,009,835
	<b>Total</b>	<b>\$3,039,835</b>	<b>\$40,000</b>	<b>\$269</b>	<b>\$65,000</b>	<b>\$65,000</b>	<b>\$3,210,104</b>

Transfers from the General Fund to the Fire Levy and Transportation funds are to subsidize expenditures in the funds. Transfers to the Nonmajor Governmental Funds were made for scheduled debt service payments, including the amounts transferred from the Water and Sewer Funds for their portion of payments on the municipal building general obligation bonds, as well as for operating expenditures, upkeep of park facilities and the City's share of police pension. Transfers from the Fire Levy Fund to Nonmajor Governmental Funds were for the City's share of fire pension. Transfers from Nonmajor Governmental funds to the Fire Levy Fund is a transfer of FEMA funds to the fund that paid for the expenditures.

Interfund balances at December 31, 2017, resulted from services performed for which payment is owed. The activity is between the General Fund and the Water Fund in the amount of \$8,108.

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**Note 18 – Joint Venture, Shared Risk Pool, and Jointly Governed Organizations**

**Joint Venture**

The City participates in a joint venture with Franklin Township pertaining to a Joint Recreation Facility. The joint venture was formed for the purpose of constructing and operating a swimming pool for the citizens of the City and Township. The recreation facility is governed by a Board of Trustees consisting of 10 members, five appointed by each entity. The funding for the operations of the pool is charges for services, with the remainder of the budget being financed equally by the City and Township. There is no explicit and measurable equity interest in the Joint Recreation Facility. The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's contribution, which totaled \$49,559 in 2017. The joint venture is not accumulating significant resources or experiencing fiscal stress which would cause an additional financial benefit or burden on the City. The City of Franklin is the fiscal agent. The financial statements of the Joint Recreation Facility can be obtained at the Finance Department, City of Franklin, 35 East Fourth Street, Franklin, Ohio, 45005.

The following is a summary of the financial information for the joint venture for the year ended December 31, 2017 prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	\$161,647
Operating Expenditures	161,647
Excess of Operating Revenues	
Under Expenditures	0
Fund Balance at Beginning of Year	0
Fund Balance at End of Year	\$0

**Shared Risk Pool**

The City belongs to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments. The Board of Trustees consists of 11 members that include appointed and elected officials from member organizations.

**Jointly Governed Organizations**

The Warren County General Health District (the District), a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The Board exercises total control over the operation of the District including budgeting, appropriating, contracting and designating management. Each member’s degree of control is limited to its representation of the Board. The City contributed \$3,678 during 2017 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. Financial information may be obtained from Brenda Joseph at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

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The Warren County Fire Response and Life Safety Council of Governments (the COG) is a jointly governed organization, consisting of cities, villages and townships in Warren County. The COG, which consists of a representative from each of the participating governments, including the City, contracts with the Greater Cincinnati Hazardous Materials Unit, Inc. for hazardous materials response services to each of the participating governments. The Council exercises total control over the operation of the COG including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation of the Council. The City contributed \$1,883 during 2017 for the operation of the COG. The City does not have any financial interest in or responsibility for the COG. Matt Nolan acts as fiscal agent for the organization. Financial information may be obtained from Matt Nolan, 406 Justice Drive, Lebanon, Ohio 45036.

**Note 19 – Significant Commitments**

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Funds:	
General Fund	\$145,623
Fire Fund	58,306
Transportation Fund	75,041
Nonmajor Governmental Funds	<u>357,620</u>
Total Governmental Funds	<u>636,590</u>
Proprietary Funds:	
Water Fund	10,873
Sewer Fund	5,657
Trash Fund	1,615
Storm Water Fund	<u>5,051</u>
Total Proprietary Funds	<u>23,196</u>
 Total	 <u><u>\$659,786</u></u>

**Contractual Commitments**

As of December 31, 2017, the City had the following contractual purchase commitments for:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2017
Downtown Signal Management Systems Phase 1 CT Consultants	\$122,800	\$71,941	\$50,859

*(Continued)*

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Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2017
Downtown Signal Management Systems Phase 2			
CT Consultants	\$69,000	\$29,024	\$39,976
Great Miami River Bike Path Project -			
Brandsetter Carroll, Inc.	32,320	21,520	10,800
Franklin Woods Water Main Replacement Project -			
CT Consultants	45,000	1,575	43,425
Total	<u>\$269,120</u>	<u>\$124,060</u>	<u>\$145,060</u>

**Note 20 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are as follows:

Fund Balances	General Fund	Fire Levy Fund	Transportation Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>					
Inventory	\$11,739	\$23,560	\$101,147	\$713	\$137,159
Unclaimed Monies	26,469	0	0	0	26,469
Parks and Recreation	0	0	0	1,403,446	1,403,446
<b><i>Total Nonspendable</i></b>	<u>38,208</u>	<u>23,560</u>	<u>101,147</u>	<u>1,404,159</u>	<u>1,567,074</u>
<b><i>Restricted For</i></b>					
Fire Services	0	2,434,273	0	0	2,434,273
Special Assessment Bonds	0	0	0	192,671	192,671
Transportation Services	0	0	712,500	0	712,500
Law Enforcement/Security of					
Persons and Property	0	0	0	873,590	873,590
Street Lighting	0	0	0	59,975	59,975
Assessment of Wastewater					
Treatment	0	0	0	3,714	3,714
ODOT Project	0	0	0	698,817	698,817
Property Acquisition	0	0	0	686,094	686,094
Infrastructure Improvements	0	0	0	347,403	347,403
Parks and Recreation	0	0	0	537,849	537,849
<b><i>Total Restricted</i></b>	<u>0</u>	<u>2,434,273</u>	<u>712,500</u>	<u>3,400,113</u>	<u>6,546,886</u>
<b><i>Committed To</i></b>					
Park Facilities	\$0	\$0	\$0	\$426,980	\$426,980

*(Continued)*

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Fund Balances	General Fund	Fire Levy Fund	Transportation Fund	Nonmajor Governmental Funds	Total
<b><i>Assigned To</i></b>					
Debt Service Payments	\$0	\$0	\$0	\$106,082	\$106,082
Future Appropriations	943,360	0	0	0	943,360
Personal Services	4,740	0	0	0	4,740
Contractual Services	41,832	0	0	0	41,832
Materials & Supplies	3,099	0	0	0	3,099
Capital Outlay	43,923	0	0	0	43,923
Other	1,643	0	0	0	1,643
<b><i>Total Assigned</i></b>	<b>1,038,597</b>	<b>0</b>	<b>0</b>	<b>106,082</b>	<b>1,144,679</b>
<b><i>Unassigned (Deficit)</i></b>	<b>7,049,388</b>	<b>0</b>	<b>0</b>	<b>(38,139)</b>	<b>7,011,249</b>
<b>Total Fund Balances</b>	<b>\$8,126,193</b>	<b>\$2,457,833</b>	<b>\$813,647</b>	<b>\$5,299,195</b>	<b>\$16,696,868</b>

**Note 21 – Contingencies**

**Federal and State Grants**

For the period January 1, 2017 to December 31, 2017, 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.

**Litigation**

The City of Franklin is currently a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations as of December 31, 2017. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**City of Franklin, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)*

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.02357200%	0.02366400%	0.02287300%	0.02287300%
City's Proportionate Share of the Net Pension Liability	\$5,352,801	\$4,098,904	\$2,758,741	\$2,696,429
City's Covered Payroll	\$3,142,750	\$2,945,024	\$2,804,208	\$2,860,364
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.32%	139.18%	98.38%	94.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year

Amounts presented as of the City's measurement date which is the prior year end.

**City of Franklin, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Four Years (1)*

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.09630500%	0.10455000%	0.10590010%	0.10590010%
City's Proportionate Share of the Net Pension Liability	\$6,099,862	\$6,725,775	\$5,486,066	\$5,157,667
City's Covered Payroll	\$2,216,434	\$2,261,788	\$2,209,509	\$2,843,578
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	275.21%	297.37%	248.29%	181.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year

Amounts presented as of the City's measurement date which is the prior year end.



**City of Franklin, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Five Years (1)*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$424,204	\$377,130	\$353,403	\$336,504	\$371,847
Contributions in Relation to the Contractually Required Contribution	<u>(424,204)</u>	<u>(377,130)</u>	<u>(353,403)</u>	<u>(336,504)</u>	<u>(371,847)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$3,263,108	\$3,142,750	\$2,945,024	\$2,804,208	\$2,860,364
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year

**City of Franklin, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$467,507	\$440,233	\$453,453	\$443,185
Contributions in Relation to the Contractually Required Contribution	<u>(467,507)</u>	<u>(440,233)</u>	<u>(453,453)</u>	<u>(443,185)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$2,347,911	\$2,216,434	\$2,261,788	\$2,209,509
Contributions as a Percentage of Covered Payroll:	19.91%	19.86%	20.05%	20.06%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$488,777	\$393,075	\$398,863	\$314,282	\$357,255	\$378,207
<u>(488,777)</u>	<u>(393,075)</u>	<u>(398,863)</u>	<u>(314,282)</u>	<u>(357,255)</u>	<u>(378,207)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,843,578	\$2,790,432	\$2,829,624	\$2,319,946	\$2,569,777	\$2,647,653
17.19%	14.09%	14.10%	13.55%	13.90%	14.28%

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2017**

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**Changes in Assumptions - OPERS**

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below:

	December 31, 2017	December 31, 2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

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*Combining Financial Statements and Individual Fund Schedules*

**CITY OF FRANKLIN, OHIO**

**NONMAJOR FUND DESCRIPTIONS**

**SPECIAL REVENUE FUNDS**

To account for and report the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects. The following are descriptions of the City's nonmajor Special Revenue Funds.

**NONMAJOR SPECIAL REVENUE FUNDS**

**E-911 Fund**

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

**Court Fund**

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

**FEMA Fund**

To account for federal monies received by the City to assist in the cost of repairs and cleanup of natural emergencies.

**Drug Law Enforcement Fund**

To account for and report monies received from drug conviction fines restricted for drug law enforcement expenditures.

**Recreation Fund**

To account for and report recreation fees and transfers from the General Fund committed for expenditures pertaining to recreational activities and upkeep of park facilities.

**Indigent Drivers Fund**

To account for and report monies received from fines for driving while intoxicated and intergovernmental resources which are restricted for treatment and rehabilitation of convicted drivers.

**Indigent Drivers Alcohol Monitoring Fund**

To account for and report monies received from fines for driving while intoxicated which are restricted for probation activities related to such violations.

**In-House Monitoring Fund**

To account for and report monies received from fines for in-house monitoring of convicted individuals restricted for the activities related to the continued operations of the program.

**Street Lighting Fund**

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

*(continued)*

**CITY OF FRANKLIN, OHIO**

**NONMAJOR FUND DESCRIPTIONS**

*(continued)*

**Miami Conservancy District (formerly U.S. Filter) Fund**

To account for and report a restricted property tax levied for the purpose of paying the City's annual assessment for wastewater treatment.

**Police and Fire Pension Fund**

To account for and report the accumulation of restricted property taxes levied for the payment of the current and accrued liability for police and fire disability and pension benefits.

**DEBT SERVICE FUND**

To account for and report financial resources that are restricted, committed, or assigned for the payment of general obligation principal and interest and fiscal charges.

**NONMAJOR DEBT SERVICE FUND**

**Bond Retirement Fund**

To account for and report assigned resources that are used for the payment of principal and interest and fiscal charges for general obligation debt.

**Special Assessment Bond Fund**

This fund accounts for and reports the resources restricted for payment of principal and interest and fiscal charges on special assessment debt.

**CAPITAL PROJECTS FUNDS**

To account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**NONMAJOR CAPITAL PROJECTS FUNDS**

**Issue Two Fund**

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

**ODOT Project Fund**

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

**Property Acquisition Fund**

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

**Tax Increment Financing Fund**

To account for and report payments received in lieu of taxes on property granted a tax exemption by the City. These monies are restricted for land purchases or infrastructure improvements. This fund had no cash activity during fiscal year 2017. Therefore, no budgetary statement is presented.

*(continued)*



**CITY OF FRANKLIN, OHIO**

**NONMAJOR FUND DESCRIPTIONS**  
*(continued)*

**PERMANENT FUND**

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

**NONMAJOR PERMANENT FUND**

**F. C. Dial Trust Fund**

To account for and report financial resources restricted for leisure time activities related to parks and recreation. The monies in this fund are restricted through a trust, and only the interest earnings may be spent for parks and recreation. This fund was established in late 2008, as the result of a donation received through an estate, for use in providing leisure time activities services to the citizens of the City.

*CITY OF FRANKLIN, OHIO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2017*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,396,836	\$298,753	\$2,039,043	\$1,941,295	\$5,675,927
Materials and Supplies Inventory	713	0	0	0	713
Intergovernmental Receivable	8,629	0	112,500	0	121,129
Property Taxes Receivable	190,315	0	0	0	190,315
Special Assessments Receivable	124,810	56,597	0	0	181,407
<b>Total Assets</b>	<b>\$1,721,303</b>	<b>\$355,350</b>	<b>\$2,151,543</b>	<b>\$1,941,295</b>	<b>\$6,169,491</b>
<b>Liabilities:</b>					
Accounts Payable	\$18,104	\$0	\$0	\$0	\$18,104
Accrued Wages and Benefits Payable	4,687	0	0	0	4,687
Intergovernmental Payable	47,925	0	0	0	47,925
Contracts Payable	0	0	282,573	0	282,573
Retainage Payable	0	0	24,156	0	24,156
<b>Total Liabilities</b>	<b>70,716</b>	<b>0</b>	<b>306,729</b>	<b>0</b>	<b>377,445</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	177,500	0	0	0	177,500
Unavailable Revenue	146,254	56,597	112,500	0	315,351
<b>Total Deferred Inflows of Resources</b>	<b>323,754</b>	<b>56,597</b>	<b>112,500</b>	<b>0</b>	<b>492,851</b>
<b>Fund Balances:</b>					
Nonspendable	713	0	0	1,403,446	1,404,159
Restricted	937,279	192,671	1,732,314	537,849	3,400,113
Committed	426,980	0	0	0	426,980
Assigned	0	106,082	0	0	106,082
Unassigned (Deficit)	(38,139)	0	0	0	(38,139)
<b>Total Fund Balances</b>	<b>1,326,833</b>	<b>298,753</b>	<b>1,732,314</b>	<b>1,941,295</b>	<b>5,299,195</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$1,721,303</b>	<b>\$355,350</b>	<b>\$2,151,543</b>	<b>\$1,941,295</b>	<b>\$6,169,491</b>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$164,177	\$0	\$0	\$0	\$164,177
Special Assessments	149,992	42,290	0	0	192,282
Charges for Services	13,116	253	0	0	13,369
Fines, Licenses and Permits	330,769	0	0	0	330,769
Intergovernmental	142,137	0	587,243	0	729,380
Interest	0	276,318	0	81,672	357,990
Rent	4,200	0	0	0	4,200
Contributions and Donations	2,339	0	0	0	2,339
Other	21,199	0	0	0	21,199
Total Revenues	<u>827,929</u>	<u>318,861</u>	<u>587,243</u>	<u>81,672</u>	<u>1,815,705</u>
Expenditures:					
Current:					
General Government	205,084	0	0	0	205,084
Security of Persons and Property:					
Police	469,793	0	0	0	469,793
Fire	117,800	0	0	0	117,800
Other	129,365	0	0	0	129,365
Public Health and Welfare	13,369	0	0	0	13,369
Leisure Time Activities	334,897	0	0	0	334,897
Economic Development	56,469	0	0	0	56,469
Capital Outlay	88,196	0	1,261,064	24,950	1,374,210
Debt Service:					
Principal Retirement	2,000	645,000	0	0	647,000
Interest and Fiscal Charges	2,300	180,620	0	0	182,920
Total Expenditures	<u>1,419,273</u>	<u>825,620</u>	<u>1,261,064</u>	<u>24,950</u>	<u>3,530,907</u>
Excess of Revenues Over (Under) Expenditures	<u>(591,344)</u>	<u>(506,759)</u>	<u>(673,821)</u>	<u>56,722</u>	<u>(1,715,202)</u>
Other Financing Sources (Uses):					
Transfers In	979,835	530,000	500,000	0	2,009,835
Transfers Out	(269)	0	0	0	(269)
Total Other Financing Sources (Uses)	<u>979,566</u>	<u>530,000</u>	<u>500,000</u>	<u>0</u>	<u>2,009,566</u>
Net Change in Fund Balances	388,222	23,241	(173,821)	56,722	294,364
Fund Balances at Beginning of Year	<u>938,611</u>	<u>275,512</u>	<u>1,906,135</u>	<u>1,884,573</u>	<u>5,004,831</u>
Fund Balances at End of Year	<u>\$1,326,833</u>	<u>\$298,753</u>	<u>\$1,732,314</u>	<u>\$1,941,295</u>	<u>\$5,299,195</u>

**CITY OF FRANKLIN, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2017**

	E-911 Fund	Court Fund	Drug Law Enforcement Fund	Recreation Fund	Indigent Drivers Fund
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$156,390	\$582,685	\$53,478	\$434,976	\$58,530
Materials and Supplies Inventory	0	0	0	713	0
Intergovernmental Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
<b>Total Assets</b>	<b>\$156,390</b>	<b>\$582,685</b>	<b>\$53,478</b>	<b>\$435,689</b>	<b>\$58,530</b>
<b>Liabilities:</b>					
Accounts Payable	\$1,000	\$2,120	\$0	\$2,700	\$0
Accrued Wages and Benefits Payable	1,165	354	0	3,168	0
Intergovernmental Payable	904	69	0	2,128	0
<b>Total Liabilities</b>	<b>3,069</b>	<b>2,543</b>	<b>0</b>	<b>7,996</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>					
Nonspendable	0	0	0	713	0
Restricted	153,321	580,142	53,478	0	58,530
Committed	0	0	0	426,980	0
Unassigned (Deficit)	0	0	0	0	0
<b>Total Fund Balances (Deficit)</b>	<b>153,321</b>	<b>580,142</b>	<b>53,478</b>	<b>427,693</b>	<b>58,530</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$156,390</b>	<b>\$582,685</b>	<b>\$53,478</b>	<b>\$435,689</b>	<b>\$58,530</b>

Indigent Drivers Alcohol Monitoring Fund	In-House Monitoring Fund	Street Lighting Fund	Miami Conservancy District Fund	Police and Fire Pension Fund	Total Nonmajor Special Revenue Funds
\$14,275	\$14,748	\$71,930	\$3,714	\$6,110	\$1,396,836
0	0	0	0	0	713
0	0	0	2,315	6,314	8,629
0	0	0	50,938	139,377	190,315
0	0	124,810	0	0	124,810
<u>\$14,275</u>	<u>\$14,748</u>	<u>\$196,740</u>	<u>\$56,967</u>	<u>\$151,801</u>	<u>\$1,721,303</u>
\$329	\$0	\$11,955	\$0	\$0	\$18,104
0	0	0	0	0	4,687
575	0	0	0	44,249	47,925
<u>904</u>	<u>0</u>	<u>11,955</u>	<u>0</u>	<u>44,249</u>	<u>70,716</u>
0	0	0	47,500	130,000	177,500
0	0	124,810	5,753	15,691	146,254
<u>0</u>	<u>0</u>	<u>124,810</u>	<u>53,253</u>	<u>145,691</u>	<u>323,754</u>
0	0	0	0	0	713
13,371	14,748	59,975	3,714	0	937,279
0	0	0	0	0	426,980
0	0	0	0	(38,139)	(38,139)
<u>13,371</u>	<u>14,748</u>	<u>59,975</u>	<u>3,714</u>	<u>(38,139)</u>	<u>1,326,833</u>
<u>\$14,275</u>	<u>\$14,748</u>	<u>\$196,740</u>	<u>\$56,967</u>	<u>\$151,801</u>	<u>\$1,721,303</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, 2017**

	E-911 Fund	Court Fund	FEMA Fund	Drug Law Enforcement Fund	Recreation Fund
Revenues:					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	0	13,116
Fines, Licenses and Permits	0	309,685	0	3,034	0
Intergovernmental	108,818	0	269	0	0
Rent	0	0	0	0	4,200
Contributions and Donations	0	0	0	0	2,339
Other	1,242	0	0	12,434	7,016
Total Revenues	110,060	309,685	269	15,468	26,671
Expenditures:					
Current:					
General Government	0	205,084	0	0	0
Security of Persons and Property:					
Police	96,789	27	0	3,421	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	334,897
Economic Development	0	0	0	0	0
Capital Outlay	0	46,542	0	18,229	23,425
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	96,789	251,653	0	21,650	358,322
Excess of Revenues Over (Under) Expenditures	13,271	58,032	269	(6,182)	(331,651)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	641,795
Transfers Out	0	0	(269)	0	0
Total Other Financing Sources (Uses)	0	0	(269)	0	641,795
Net Change in Fund Balances	13,271	58,032	0	(6,182)	310,144
Fund Balances (Deficit) at Beginning of Year	140,050	522,110	0	59,660	117,549
Fund Balances (Deficit) at End of Year	\$153,321	\$580,142	\$0	\$53,478	\$427,693

Indigent Drivers Fund	Indigent Drivers Alcohol Monitoring Fund	In-House Monitoring Fund	Street Lighting Fund	Miami Conservancy District Fund	Police and Fire Pension Fund	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$44,047	\$120,130	\$164,177
0	0	0	149,992	0	0	149,992
0	0	0	0	0	0	13,116
1,193	9,531	7,326	0	0	0	330,769
8,701	7,140	0	0	4,617	12,592	142,137
0	0	0	0	0	0	4,200
0	0	0	0	0	0	2,339
0	507	0	0	0	0	21,199
<u>9,894</u>	<u>17,178</u>	<u>7,326</u>	<u>149,992</u>	<u>48,664</u>	<u>132,722</u>	<u>827,929</u>
0	0	0	0	0	0	205,084
0	0	0	0	0	369,556	469,793
0	0	0	0	0	117,800	117,800
0	0	0	129,365	0	0	129,365
0	13,369	0	0	0	0	13,369
0	0	0	0	0	0	334,897
0	0	0	0	56,469	0	56,469
0	0	0	0	0	0	88,196
0	0	0	0	0	2,000	2,000
0	0	0	0	0	2,300	2,300
<u>0</u>	<u>13,369</u>	<u>0</u>	<u>129,365</u>	<u>56,469</u>	<u>491,656</u>	<u>1,419,273</u>
<u>9,894</u>	<u>3,809</u>	<u>7,326</u>	<u>20,627</u>	<u>(7,805)</u>	<u>(358,934)</u>	<u>(591,344)</u>
0	0	0	3,040	10,000	325,000	979,835
0	0	0	0	0	0	(269)
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,040</u>	<u>10,000</u>	<u>325,000</u>	<u>979,566</u>
9,894	3,809	7,326	23,667	2,195	(33,934)	388,222
<u>48,636</u>	<u>9,562</u>	<u>7,422</u>	<u>36,308</u>	<u>1,519</u>	<u>(4,205)</u>	<u>938,611</u>
<u>\$58,530</u>	<u>\$13,371</u>	<u>\$14,748</u>	<u>\$59,975</u>	<u>\$3,714</u>	<u>(\$38,139)</u>	<u>\$1,326,833</u>

**CITY OF FRANKLIN, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2017**

	Bond Retirement Fund	Special Assessment Bond Fund	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$106,082	\$192,671	\$298,753
Special Assessments Receivable	0	56,597	56,597
Total Assets	<u>\$106,082</u>	<u>\$249,268</u>	<u>\$355,350</u>
Liabilities:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources:			
Unavailable Revenue	<u>0</u>	<u>56,597</u>	<u>56,597</u>
Fund Balances:			
Restricted	0	192,671	192,671
Assigned	<u>106,082</u>	<u>0</u>	<u>106,082</u>
Total Fund Balances	<u>106,082</u>	<u>192,671</u>	<u>298,753</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$106,082</u>	<u>\$249,268</u>	<u>\$355,350</u>



**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Bond Retirement Fund	Special Assessment Bond Fund	Total Nonmajor Debt Service Funds
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Special Assessments	\$0	\$42,290	\$42,290
Charges for Services	0	253	253
Interest	0	276,318	276,318
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	0	318,861	318,861
	<u>          </u>	<u>          </u>	<u>          </u>
Expenditures:			
Debt Service:			
Principal Retirement	400,000	245,000	645,000
Interest and Fiscal Charges	159,025	21,595	180,620
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	559,025	266,595	825,620
	<u>          </u>	<u>          </u>	<u>          </u>
Excess of Revenues Over (Under) Expenditures	(559,025)	52,266	(506,759)
Other Financing Sources:			
Transfers In	530,000	0	530,000
	<u>          </u>	<u>          </u>	<u>          </u>
Net Change in Fund Balances	(29,025)	52,266	23,241
Fund Balances at Beginning of Year	135,107	140,405	275,512
	<u>          </u>	<u>          </u>	<u>          </u>
Fund Balances at End of Year	<u>\$106,082</u>	<u>\$192,671</u>	<u>\$298,753</u>

*CITY OF FRANKLIN, OHIO  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2017*

	Issue Two Fund	ODOT Project Fund	Property Acquisition Fund	Tax Increment Financing Fund	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$565,456	\$703,591	\$686,094	\$83,902	\$2,039,043
Intergovernmental Receivable	<u>112,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>112,500</u>
Total Assets	<u><u>\$677,956</u></u>	<u><u>\$703,591</u></u>	<u><u>\$686,094</u></u>	<u><u>\$83,902</u></u>	<u><u>\$2,151,543</u></u>
Liabilities:					
Contracts Payable	\$277,799	\$4,774	\$0	\$0	\$282,573
Retainage Payable	<u>24,156</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,156</u>
Total Liabilities	<u>301,955</u>	<u>4,774</u>	<u>0</u>	<u>0</u>	<u>306,729</u>
Deferred Inflows of Resources:					
Unavailable Revenue	<u>112,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>112,500</u>
Fund Balances:					
Restricted	<u>263,501</u>	<u>698,817</u>	<u>686,094</u>	<u>83,902</u>	<u>1,732,314</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$677,956</u></u>	<u><u>\$703,591</u></u>	<u><u>\$686,094</u></u>	<u><u>\$83,902</u></u>	<u><u>\$2,151,543</u></u>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Issue Two Fund	ODOT Project Fund	Property Acquisition Fund	Tax Increment Financing Fund	Total Nonmajor Capital Projects Funds
Revenues:					
Intergovernmental	\$49,215	\$538,028	\$0	\$0	\$587,243
Expenditures:					
Capital Outlay	<u>433,204</u>	<u>823,542</u>	<u>4,318</u>	<u>0</u>	<u>1,261,064</u>
Excess of Revenues Under Expenditures	(383,989)	(285,514)	(4,318)	0	(673,821)
Other Financing Sources:					
Transfers In	<u>150,000</u>	<u>200,000</u>	<u>150,000</u>	<u>0</u>	<u>500,000</u>
Net Change in Fund Balances	(233,989)	(85,514)	145,682	0	(173,821)
Fund Balances at Beginning of Year	<u>497,490</u>	<u>784,331</u>	<u>540,412</u>	<u>83,902</u>	<u>1,906,135</u>
Fund Balances at End of Year	<u><u>\$263,501</u></u>	<u><u>\$698,817</u></u>	<u><u>\$686,094</u></u>	<u><u>\$83,902</u></u>	<u><u>\$1,732,314</u></u>

***CITY OF FRANKLIN, OHIO***

***NONMAJOR FUND DESCRIPTIONS***

***AGENCY FUNDS***

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

***Municipal Court Fund***

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

***Joint Recreation Fund***

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

***Building Standards Fee Fund***

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

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF CHANGES**  
**IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017
<b>MUNICIPAL COURT FUND</b>				
Assets:				
Cash in Segregated Accounts	\$49,169	\$82,461	\$49,169	\$82,461
Liabilities:				
Undistributed Monies	\$27,054	\$60,655	\$27,054	\$60,655
Deposits Held and Due to Others	22,115	21,806	22,115	21,806
Total Liabilities	\$49,169	\$82,461	\$49,169	\$82,461
<b>JOINT RECREATION FUND</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$247,720	\$247,636	\$84
Liabilities:				
Undistributed Monies	\$0	\$247,720	\$247,636	\$84
<b>BUILDING STANDARDS FEE FUND</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$213	\$1,582	\$1,489	\$306
Liabilities:				
Undistributed Monies	\$213	\$1,582	\$1,489	\$306
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$213	\$249,302	\$249,125	\$390
Cash in Segregated Accounts	49,169	82,461	49,169	82,461
Total Assets	\$49,382	\$331,763	\$298,294	\$82,851
Liabilities:				
Undistributed Monies	\$27,267	\$309,957	\$276,179	\$61,045
Deposits Held and Due to Others	22,115	21,806	22,115	21,806
Total Liabilities	\$49,382	\$331,763	\$298,294	\$82,851

**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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$420,100	\$420,149	\$49
Other Local Taxes	70,000	70,483	483
Income Taxes	7,900,000	8,174,127	274,127
Charges for Services	327,450	327,227	(223)
Fines, Licenses and Permits	664,270	698,098	33,828
Intergovernmental	224,233	209,748	(14,485)
Interest	126,000	127,503	1,503
Contributions and Donations	1,050	1,050	0
Other	122,910	117,195	(5,715)
<b>Total Revenues</b>	<b>9,856,013</b>	<b>10,145,580</b>	<b>289,567</b>
Expenditures:			
Current:			
General Government			
Clerk and Council			
Personal Services	182,509	172,195	10,314
Other	92,143	70,395	21,748
<b>Total Clerk and Council</b>	<b>274,652</b>	<b>242,590</b>	<b>32,062</b>
Municipal Court			
Personal Services	761,468	698,193	63,275
Other	233,172	198,765	34,407
<b>Total Municipal Court</b>	<b>994,640</b>	<b>896,958</b>	<b>97,682</b>
Probation			
Personal Services	215,925	199,942	15,983
Other	13,680	7,301	6,379
<b>Total Probation</b>	<b>229,605</b>	<b>207,243</b>	<b>22,362</b>
Mayor's and Administrative Office			
Personal Services	202,203	176,507	25,696
Other	4,545	3,131	1,414
<b>Total Mayor's and Administrative Office</b>	<b>\$206,748</b>	<b>\$179,638</b>	<b>\$27,110</b>
			<i>(continued)</i>

**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, 2017**  
*(continued)*

	Final Budget	Actual	Variance With Final Budget
Clerk Treasurer			
Personal Services	\$290,957	\$267,507	\$23,450
Other	71,497	63,630	7,867
Total Clerk Treasurer	362,454	331,137	31,317
Income Tax Administration			
Personal Services	163,482	157,424	6,058
Other	248,947	183,211	65,736
Total Income Tax Administration	412,429	340,635	71,794
Solicitor			
Personal Services	152,435	143,227	9,208
Other	57,809	50,830	6,979
Total Solicitor	210,244	194,057	16,187
Civil Service Commission			
Personal Services	8,450	6,159	2,291
Other	500	0	500
Total Civil Service Commission	8,950	6,159	2,791
Planning Commission			
Other	7,700	7,118	582
Building and Grounds			
Personal Services	60,182	55,284	4,898
Other	172,055	145,452	26,603
Total Building and Grounds	232,237	200,736	31,501
Special Appropriations			
Other	\$110,713	\$76,212	\$34,501

*(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, 2017**  
*(continued)*

	Final Budget	Actual	Variance With Final Budget
Economic Development			
Other	\$13,100	\$8,474	\$4,626
Total General Government	3,063,472	2,690,957	372,515
Security of Persons and Property:			
Police Law Enforcement			
Personal Services	3,181,352	2,954,999	226,353
Other	536,757	456,429	80,328
Total Police Law Enforcement	3,718,109	3,411,428	306,681
Other			
Personal Services	128,613	118,338	10,275
Other	96,556	75,204	21,352
Total Other	225,169	193,542	31,627
Total Security of Persons and Property	3,943,278	3,604,970	338,308
Capital Outlay			
Other	299,600	166,994	132,606
Total Expenditures	7,306,350	6,462,921	843,429
Excess of Revenues Over Expenditures	2,549,663	3,682,659	1,132,996
Other Financing Sources (Uses):			
Proceeds From Sale of Capital Assets	0	301,795	301,795
Transfers In	342,000	40,300	(301,700)
Transfers Out	(3,811,335)	(3,184,726)	626,609
Total Other Financing Sources (Uses)	(3,469,335)	(2,842,631)	626,704
Net Change in Fund Balance	(919,672)	840,028	1,759,700
Fund Balance at Beginning of Year	6,427,806	6,427,806	0
Prior Year Encumbrances Appropriated	73,000	73,000	0
Fund Balance at End of Year	\$5,581,134	\$7,340,834	\$1,759,700



**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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$1,245,890	\$1,245,990	\$100
Charges for Services	531,000	518,348	(12,652)
Intergovernmental	161,290	161,298	8
Other	110,250	110,331	81
Total Revenues	<u>2,048,430</u>	<u>2,035,967</u>	<u>(12,463)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	1,961,293	1,571,291	390,002
Capital Outlay	253,000	80,464	172,536
Other	593,176	433,421	159,755
Total Expenditures	<u>2,807,469</u>	<u>2,085,176</u>	<u>722,293</u>
Excess of Revenues Under Expenditures	<u>(759,039)</u>	<u>(49,209)</u>	<u>709,830</u>
Other Financing Sources (Uses):			
Transfers In	557,000	500,269	(56,731)
Transfers Out	(73,500)	(40,000)	33,500
Total Other Financing Sources (Uses)	<u>483,500</u>	<u>460,269</u>	<u>(23,231)</u>
Net Change in Fund Balance	(275,539)	411,060	686,599
Fund Balance at Beginning of Year	1,963,776	1,963,776	0
Prior Year Encumbrances Appropriated	48,979	48,979	0
Fund Balance at End of Year	<u><u>\$1,737,216</u></u>	<u><u>\$2,423,815</u></u>	<u><u>\$686,599</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**TRANSPORTATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other Local Taxes	\$112,000	\$111,663	(\$337)
Special Assessments	41,000	40,698	(302)
Fines, Licenses and Permits	13,000	12,871	(129)
Intergovernmental	500,500	517,038	16,538
Interest	4,300	5,287	987
Other	22,400	22,252	(148)
<b>Total Revenues</b>	<b>693,200</b>	<b>709,809</b>	<b>16,609</b>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	533,354	480,561	52,793
Other	1,366,833	843,171	523,662
Total Street Maintenance and Repair	1,900,187	1,323,732	576,455
State Highway Maintenance			
Capital Outlay	8,040	3,040	5,000
Other	63,000	47,723	15,277
Total State Highway Maintenance	71,040	50,763	20,277
<b>Total Expenditures</b>	<b>1,971,227</b>	<b>1,374,495</b>	<b>596,732</b>
Excess of Revenues Under Expenditures	(1,278,027)	(664,686)	613,341
Other Financing Sources:			
Transfers In	720,000	700,000	(20,000)
Net Change in Fund Balance	(558,027)	35,314	593,341
Fund Balance at Beginning of Year	600,812	600,812	0
Prior Year Encumbrances Appropriated	64,696	64,696	0
<b>Fund Balance at End of Year</b>	<b>\$107,481</b>	<b>\$700,822</b>	<b>\$593,341</b>

**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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,672,970	\$2,682,348	\$9,378
Other	24,500	23,930	(570)
Deposits Received	22,500	22,449	(51)
Total Revenues	<u>2,719,970</u>	<u>2,728,727</u>	<u>8,757</u>
Expenses:			
Personal Services	699,645	644,891	54,754
Contractual Services	453,026	342,923	110,103
Supplies and Materials	245,452	195,127	50,325
Other	126,775	119,083	7,692
Deposit Refunds	23,000	19,999	3,001
Capital Outlay	176,687	165,533	11,154
Debt Service:			
Principal Retirement	750,261	750,261	0
Interest and Fiscal Charges	190,739	147,061	43,678
Total Expenses	<u>2,665,585</u>	<u>2,384,878</u>	<u>280,707</u>
Excess of Revenues Under Expenses			
Before Transfers	54,385	343,849	289,464
Transfers In	250,000	0	(250,000)
Transfers Out	<u>(315,000)</u>	<u>(65,000)</u>	<u>250,000</u>
Net Change in Fund Equity	(10,615)	278,849	289,464
Fund Equity at Beginning of Year	2,158,771	2,158,771	0
Prior Year Encumbrances Appropriated	<u>22,425</u>	<u>22,425</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$2,170,581</u></u>	<u><u>\$2,460,045</u></u>	<u><u>\$289,464</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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,214,700	\$2,286,586	\$71,886
Deposits Received	22,000	21,900	(100)
Other	6,000	5,375	(625)
Total Revenues	<u>2,242,700</u>	<u>2,313,861</u>	<u>71,161</u>
Expenses:			
Personal Services	442,431	394,831	47,600
Contractual Services	1,969,531	1,948,450	21,081
Supplies and Materials	49,288	38,162	11,126
Deposit Refunds	23,000	19,450	3,550
Other	119,172	112,178	6,994
Capital Outlay	69,235	48,037	21,198
Total Expenses	<u>2,672,657</u>	<u>2,561,108</u>	<u>111,549</u>
Excess of Revenues Under Expenses Before Transfers	<u>(429,957)</u>	<u>(247,247)</u>	<u>182,710</u>
Transfers In	10,000	0	(10,000)
Transfers Out	<u>(75,000)</u>	<u>(65,000)</u>	<u>10,000</u>
Net Change in Fund Equity	(494,957)	(312,247)	182,710
Fund Equity at Beginning of Year	1,169,830	1,169,830	0
Prior Year Encumbrances Appropriated	<u>11,130</u>	<u>11,130</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$686,003</u></u>	<u><u>\$868,713</u></u>	<u><u>\$182,710</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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$780,000	\$786,681	\$6,681
Other	1,000	942	(58)
Total Revenues	<u>781,000</u>	<u>787,623</u>	<u>6,623</u>
Expenses:			
Personal Services	48,620	46,187	2,433
Contractual Services	746,230	710,791	35,439
Supplies and Materials	3,538	1,906	1,632
Other	44,046	40,341	3,705
Capital Outlay	1,660	936	724
Total Expenses	<u>844,094</u>	<u>800,161</u>	<u>43,933</u>
Net Change in Fund Equity	(63,094)	(12,538)	50,556
Fund Equity at Beginning of Year	189,001	189,001	0
Prior Year Encumbrances Appropriated	<u>1,594</u>	<u>1,594</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$127,501</u></u>	<u><u>\$178,057</u></u>	<u><u>\$50,556</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES**  
**IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)**  
**STORMWATER UTILITY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$572,800	\$571,827	(\$973)
Intergovernmental	75,000	0	(75,000)
Other	4,600	4,538	(62)
Total Revenues	<u>652,400</u>	<u>576,365</u>	<u>(76,035)</u>
Expenses:			
Personal Services	349,398	324,164	25,234
Contractual Services	53,315	37,040	16,275
Supplies and Materials	20,214	17,145	3,069
Other	35,048	34,048	1,000
Capital Outlay	268,427	199,001	69,426
Total Expenses	<u>726,402</u>	<u>611,398</u>	<u>115,004</u>
Net Change in Fund Equity	(74,002)	(35,033)	38,969
Fund Equity at Beginning of Year	330,700	330,700	0
Prior Year Encumbrances Appropriated	<u>14,934</u>	<u>14,934</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$271,632</u></u>	<u><u>\$310,601</u></u>	<u><u>\$38,969</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**E-911 FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$108,800	\$108,818	\$18
Other	1,250	1,242	(8)
Total Revenues	<u>110,050</u>	<u>110,060</u>	<u>10</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	96,036	90,095	5,941
Other	5,900	5,733	167
Total Police Law Enforcement	<u>101,936</u>	<u>95,828</u>	<u>6,108</u>
Net Change in Fund Balance	8,114	14,232	6,118
Fund Balance at Beginning of Year	141,986	141,986	0
Prior Year Encumbrances Appropriated	<u>86</u>	<u>86</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$150,186</u></u>	<u><u>\$156,304</u></u>	<u><u>\$6,118</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**COURT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$302,000	\$307,717	\$5,717
Expenditures:			
Current:			
General Government			
Municipal Court			
Personal Services	52,800	48,332	4,468
Other	301,090	192,838	108,252
Total General Government	353,890	241,170	112,720
Capital Outlay			
Other	104,510	46,542	57,968
Total Expenditures	458,400	287,712	170,688
Net Change in Fund Balance	(156,400)	20,005	176,405
Fund Balance at Beginning of Year	515,745	515,745	0
Fund Balance at End of Year	\$359,345	\$535,750	\$176,405



**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**FEMA FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$57,000	\$269	(\$56,731)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	57,000	269	(56,731)
Other Financing Uses:			
Transfers Out	<u>(57,000)</u>	<u>(269)</u>	<u>56,731</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**DRUG LAW ENFORCEMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$3,100	\$3,172	\$72
Other	12,100	12,434	334
	<hr/>	<hr/>	<hr/>
Total Revenues	15,200	15,606	406
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	15,000	3,421	11,579
	<hr/>	<hr/>	<hr/>
Public Health and Welfare			
Personal Services	3,000	0	3,000
Other	3,000	0	3,000
	<hr/>	<hr/>	<hr/>
Total Public Health and Welfare	6,000	0	6,000
	<hr/>	<hr/>	<hr/>
Capital Outlay			
Other	21,000	18,229	2,771
	<hr/>	<hr/>	<hr/>
Total Expenditures	42,000	21,650	20,350
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(26,800)	(6,044)	20,756
	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	59,467	59,467	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$32,667</u>	<u>\$53,423</u>	<u>\$20,756</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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$11,200	\$13,116	\$1,916
Rent	4,200	4,200	0
Contributions and Donations	2,500	2,339	(161)
Other	3,340	7,016	\$3,676
Total Revenues	<u>21,240</u>	<u>26,671</u>	<u>5,431</u>
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	245,112	222,485	22,627
Other	150,886	116,882	34,004
Total Leisure Time Activities	<u>395,998</u>	<u>339,367</u>	<u>56,631</u>
Capital Outlay			
Other	36,700	23,425	13,275
Total Expenditures	<u>432,698</u>	<u>362,792</u>	<u>69,906</u>
Excess of Revenues Under Expenditures	(411,458)	(336,121)	75,337
Other Financing Sources:			
Transfers In	641,795	641,795	0
Net Change in Fund Balance	230,337	305,674	75,337
Fund Balance at Beginning of Year	127,226	127,226	0
Prior Year Encumbrances Appropriated	1,958	1,958	0
Fund Balance at End of Year	<u><u>\$359,521</u></u>	<u><u>\$434,858</u></u>	<u><u>\$75,337</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**INDIGENT DRIVERS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,000	\$1,118	\$118
Intergovernmental	4,820	8,701	3,881
Total Revenues	5,820	9,819	3,999
Expenditures:			
Current:			
Public Health and Welfare			
Other	27,000	0	27,000
Net Change in Fund Balance	(21,180)	9,819	30,999
Fund Balance at Beginning of Year	48,636	48,636	0
Fund Balance at End of Year	\$27,456	\$58,455	\$30,999

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**INDIGENT DRIVERS ALCOHOL MONITORING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$9,000	\$9,677	\$677
Intergovernmental	6,500	7,140	640
Other	420	507	87
Total Revenues	15,920	17,324	1,404
Expenditures:			
Current:			
Public Health and Welfare			
Other	20,250	16,695	3,555
Net Change in Fund Balance	(4,330)	629	4,959
Fund Balance at Beginning of Year	13,103	13,103	0
Fund Balance at End of Year	\$8,773	\$13,732	\$4,959

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**IN-HOUSE MONITORING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$7,200	\$7,404	\$204
Expenditures:			
Current:			
General Government			
Municipal Court			
Other	8,000	0	8,000
Net Change in Fund Balance	(800)	7,404	8,204
Fund Balance at Beginning of Year	6,726	6,726	0
Fund Balance at End of Year	<u>\$5,926</u>	<u>\$14,130</u>	<u>\$8,204</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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$149,995	\$149,992	(\$3)
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	152,000	138,424	13,576
Excess of Revenues Over (Under) Expenditures	(2,005)	11,568	13,573
Other Financing Sources:			
Transfers In	3,040	3,040	0
Net Change in Fund Balance	1,035	14,608	13,573
Fund Balance at Beginning of Year	57,322	57,322	0
Fund Balance at End of Year	<u>\$58,357</u>	<u>\$71,930</u>	<u>\$13,573</u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**MIAMI CONSERVANCY DISTRICT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$44,040	\$44,047	\$7
Intergovernmental	4,600	4,617	17
Total Revenues	48,640	48,664	24
Expenditures:			
Current:			
Economic Development			
Other	56,550	56,469	81
Excess of Revenues Under Expenditures	(7,910)	(7,805)	105
Other Financing Sources:			
Transfers In	10,000	10,000	0
Net Change in Fund Balance	2,090	2,195	105
Fund Balance at Beginning of Year	1,519	1,519	0
Fund Balance at End of Year	<u>\$3,609</u>	<u>\$3,714</u>	<u>\$105</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, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$120,120	\$120,130	\$10
Intergovernmental	12,600	12,592	(8)
Total Revenues	<u>132,720</u>	<u>132,722</u>	<u>2</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	375,400	365,466	9,934
Fire Department			
Personal Services	<u>140,201</u>	<u>114,969</u>	<u>25,232</u>
Total Security of Persons and Property	<u>515,601</u>	<u>480,435</u>	<u>35,166</u>
Debt Service:			
Principal Retirement	2,000	2,000	0
Interest and Fiscal Charges	<u>2,300</u>	<u>2,300</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>519,901</u>	<u>484,735</u>	<u>35,166</u>
Excess of Revenues Under Expenditures	(387,181)	(352,013)	35,168
Other Financing Sources:			
Transfers In	<u>387,140</u>	<u>325,000</u>	<u>(62,140)</u>
Net Change in Fund Balance	(41)	(27,013)	(26,972)
Fund Balance at Beginning of Year	<u>33,123</u>	<u>33,123</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$33,082</u></u>	<u><u>\$6,110</u></u>	<u><u>(\$26,972)</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**BOND RETIREMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Revenues:			
Expenditures:			
Debt Service:			
Principal Retirement	400,000	400,000	0
Interest and Fiscal Charges	<u>171,500</u>	<u>159,025</u>	<u>12,475</u>
Total Expenditures	<u>571,500</u>	<u>559,025</u>	<u>12,475</u>
Excess of Revenues Under Expenditures	(571,500)	(559,025)	12,475
Other Financing Sources:			
Transfers In	<u>530,000</u>	<u>530,000</u>	<u>0</u>
Net Change in Fund Balance	(41,500)	(29,025)	12,475
Fund Balance at Beginning of Year	<u>135,108</u>	<u>135,108</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$93,608</u></u>	<u><u>\$106,083</u></u>	<u><u>\$12,475</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**SPECIAL ASSESSMENT BOND FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$318,861	\$318,861	\$0
Expenditures:			
Debt Service:			
Principal Retirement	245,000	245,000	0
Interest and Fiscal Charges	25,000	21,595	3,405
Total Expenditures	270,000	266,595	3,405
Net Change in Fund Balance	48,861	52,266	3,405
Fund Balance at Beginning of Year	140,405	140,405	0
Fund Balance at End of Year	\$189,266	\$192,671	\$3,405

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ISSUE TWO FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$161,715	\$49,215	(\$112,500)
Expenditures:			
Capital Outlay			
Other	<u>413,715</u>	<u>413,605</u>	<u>110</u>
Excess of Revenues Under Expenditures	(252,000)	(364,390)	(112,390)
Other Financing Sources:			
Transfers In	<u>100,000</u>	<u>150,000</u>	<u>50,000</u>
Net Change in Fund Balance	(152,000)	(214,390)	(62,390)
Fund Balance at Beginning of Year	<u>497,490</u>	<u>497,490</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$345,490</u></u>	<u><u>\$283,100</u></u>	<u><u>(\$62,390)</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ODOT PROJECT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Intergovernmental	\$741,000	\$538,028	(\$202,972)
Expenditures:			
Capital Outlay			
Other	<u>1,068,430</u>	<u>868,035</u>	<u>200,395</u>
Excess of Revenues Under Expenditures	(327,430)	(330,007)	(2,577)
Other Financing Sources:			
Transfers In	<u>200,000</u>	<u>200,000</u>	<u>0</u>
Net Change in Fund Balance	(127,430)	(130,007)	(2,577)
Fund Balance at Beginning of Year	787,612	787,612	0
Prior Year Encumbrances Appropriated	<u>5,430</u>	<u>5,430</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$665,612</u></u>	<u><u>\$663,035</u></u>	<u><u>(\$2,577)</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**PROPERTY ACQUISITION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	Final Budget	Actual	Variance With Final Budget
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	<u>207,000</u>	<u>11,318</u>	<u>195,682</u>
Excess of Revenues Under Expenditures	(207,000)	(11,318)	195,682
Other Financing Sources:			
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	(57,000)	138,682	195,682
Fund Balance at Beginning of Year	<u>540,412</u>	<u>540,412</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$483,412</u></u>	<u><u>\$679,094</u></u>	<u><u>\$195,682</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**F.C. DIAL TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Interest	\$50,000	\$50,000	\$0
Expenditures:			
Capital Outlay			
Other	<u>50,000</u>	<u>24,950</u>	<u>25,050</u>
Net Change in Fund Balance	0	25,050	25,050
Fund Balance at Beginning of Year	<u>2,959</u>	<u>2,959</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,959</u></u>	<u><u>\$28,009</u></u>	<u><u>\$25,050</u></u>

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# *Statistical Section*

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## *STATISTICAL TABLES*

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

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	124-135
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
Revenue Capacity	136-137
These schedules contain information to help the reader assess the City’s most significant local revenue source, the income tax.	
Debt Capacity	138-144
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Demographic and Economic Information	145-147
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	
Operating Information	148-153
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2008	2009	2010	2011
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$40,600,904	\$40,499,186	\$40,076,220	\$39,349,974
<b>Restricted For:</b>				
Debt Service	2,813,950	2,609,134	2,186,575	1,593,584
Capital Outlay	299,798	479,323	1,072,744	1,165,427
Fire Protection	1,078,765	907,226	386,580	494,090
Transportation	369,520	747,319	896,504	1,050,712
Other Purposes	845,165	925,090	727,799	621,613
Leisure Time Activities Expendable	20,957	240,340	276,950	266,190
Leisure Time Activities Nonexpendable	1,003,387	1,002,296	1,077,699	1,126,400
Unrestricted	2,348,013	1,615,731	3,467,921	4,464,786
<i>Total Governmental Activities Net Position</i>	<u>49,380,459</u>	<u>49,025,645</u>	<u>50,168,992</u>	<u>50,132,776</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	15,491,196	16,509,392	16,980,657	16,772,997
<b>Restricted For:</b>				
Debt Service	610,290	620,446	566,309	615,677
Revenue Bonds Replacement and Improvement	217,630	232,630	247,630	262,630
Unrestricted	2,434,615	2,015,800	2,396,518	3,042,701
<i>Total Business-Type Activities</i>	<u>18,753,731</u>	<u>19,378,268</u>	<u>20,191,114</u>	<u>20,694,005</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	56,092,100	57,008,578	57,056,877	56,122,971
Restricted	7,259,462	7,763,804	7,438,790	7,196,323
Unrestricted	4,782,628	3,631,531	5,864,439	7,507,487
<i>Total Primary Government Net Position</i>	<u>\$68,134,190</u>	<u>\$68,403,913</u>	<u>\$70,360,106</u>	<u>\$70,826,781</u>

**Note:** The City reported the impact of GASB Statement No. 68 in 2014.

2012	2013	2014	2015	2016	2017
\$39,750,554	\$39,365,157	\$39,594,071	\$39,854,845	\$40,191,340	\$40,644,424
1,349,506	1,061,246	751,216	466,684	194,323	216,697
1,766,673	1,049,228	1,584,069	1,512,898	1,906,135	1,844,814
302,684	561,889	988,131	1,521,593	1,970,539	2,409,448
1,140,087	1,140,136	1,209,777	1,111,673	1,108,766	1,063,412
668,427	662,162	745,528	870,216	910,172	1,014,447
247,845	127,025	335,947	363,454	605,177	537,849
1,162,406	1,391,796	1,506,708	1,360,832	1,279,396	1,403,446
6,426,853	8,128,201	1,358,946	1,240,722	997,246	1,685,779
<u>52,815,035</u>	<u>53,486,840</u>	<u>48,074,393</u>	<u>48,302,917</u>	<u>49,163,094</u>	<u>50,820,316</u>
16,862,816	17,650,787	17,408,300	18,014,569	18,125,979	18,407,077
617,060	617,111	570,861	586,603	590,651	586,318
277,630	377,630	477,630	577,630	677,630	927,630
3,026,717	2,342,465	1,989,846	2,327,024	2,833,316	2,490,917
<u>20,784,223</u>	<u>20,987,993</u>	<u>20,446,637</u>	<u>21,505,826</u>	<u>22,227,576</u>	<u>22,411,942</u>
56,613,370	57,015,944	57,002,371	57,869,414	58,317,319	59,051,501
7,532,318	6,988,223	8,169,867	8,371,583	9,242,789	10,004,061
9,453,570	10,470,666	3,348,792	3,567,746	3,830,562	4,176,696
<u>\$73,599,258</u>	<u>\$74,474,833</u>	<u>\$68,521,030</u>	<u>\$69,808,743</u>	<u>\$71,390,670</u>	<u>\$73,232,258</u>

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

	2008	2009	2010	2011
<b>Program Revenues:</b>				
Charges for Services and Sales:				
General Government	\$709,146	\$615,128	\$889,757	\$672,936
Security of Persons and Property:				
Police	9,660	17,283	104,619	18,541
Fire	97,292	30,224	68,603	69,060
Other	104,500	108,680	114,114	131,211
Public Health and Welfare	42,422	105,353	12,805	4,884
Leisure Time Activities	0	0	0	0
Transportation	867	1,606	433	765
Operating Grants, Contributions and Interest	1,414,446	1,433,860	1,388,880	1,082,600
Capital Grants, Contributions and Interest	2,871,175	1,410,224	1,027,095	1,076,702
<i>Total Governmental Activities Program Revenues</i>	<u>5,249,508</u>	<u>3,722,358</u>	<u>3,606,306</u>	<u>3,056,699</u>
Business-Type Activities:				
Charges for Services:				
Water	2,391,732	2,514,213	2,485,178	2,609,827
Sewer	2,546,969	2,596,582	2,944,427	3,198,842
Trash	649,671	673,260	700,817	711,350
Stormwater Utility	457,602	421,920	476,739	496,374
Operating Grants, Contributions and Interest	0	0	0	0
Capital Grants, Contributions and Interest	0	635,971	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>	<u>7,016,393</u>
<i>Total Primary Government Program Revenues</i>	<u>11,295,482</u>	<u>10,564,304</u>	<u>10,213,467</u>	<u>10,073,092</u>
<b>Expenses:</b>				
Governmental Activities:				
Current:				
General Government	2,107,127	2,298,636	2,400,627	1,965,549
Security of Persons and Property	5,004,072	5,108,503	4,861,552	5,277,083
Public Health and Welfare	59,846	11,810	7,199	13,361
Leisure Time Activities	353,315	308,359	276,892	321,029
Economic Development	84,517	44,630	44,666	43,926
Basic Utility Services	80,111	84,331	84,329	101,873
Transportation	2,173,257	2,825,088	2,277,099	3,154,060
Interest and Fiscal Charges	523,872	494,341	461,532	460,542
<i>Total Governmental Activities Expenses</i>	<u>10,386,117</u>	<u>11,175,698</u>	<u>10,413,896</u>	<u>11,337,423</u>
Business-Type Activities:				
Water	1,948,802	2,067,302	1,832,887	2,115,087
Sewer	2,240,853	3,032,843	2,731,399	2,907,671
Trash	654,623	684,648	684,848	731,408
Stormwater Utility	674,377	578,995	700,850	664,908
<i>Total Business-Type Activities Expenses</i>	<u>5,518,655</u>	<u>6,363,788</u>	<u>5,949,984</u>	<u>6,419,074</u>
<b>Net (Expense)/Revenue:</b>				
Governmental Activities	(5,136,609)	(7,453,340)	(6,807,590)	(8,280,724)
Business-Type Activities	527,319	478,158	657,177	597,319
<i>Total Primary Government Net Expense</i>	<u>(\$4,609,290)</u>	<u>(\$6,975,182)</u>	<u>(\$6,150,413)</u>	<u>(\$7,683,405)</u>

2012	2013	2014	2015 (1)	2016	2017
\$794,169	\$289,851	\$532,555	\$464,392	\$827,299	\$816,288
8,787	388,207	440,377	428,749	366,674	533,566
50,253	348,778	548,905	552,753	552,665	465,504
137,793	140,549	144,766	149,023	148,965	151,899
12,026	9,496	11,847	8,759	9,261	10,724
0	0	0	19,305	15,720	17,316
663	1,256	1,764	550	2,196	12,871
848,632	1,030,371	1,024,216	925,943	859,323	842,790
796,103	124,668	331,344	876,492	868	793,884
<u>2,648,426</u>	<u>2,333,176</u>	<u>3,035,774</u>	<u>3,425,966</u>	<u>2,782,971</u>	<u>3,644,842</u>
2,509,825	2,527,385	2,566,139	2,628,095	2,785,464	2,672,773
2,510,827	2,403,048	2,474,765	2,669,288	2,499,263	2,412,378
736,048	746,766	762,790	747,963	770,084	793,821
470,519	455,305	484,006	513,732	567,527	579,193
0	105,072	0	0	0	0
0	0	0	432,086	0	0
<u>6,227,219</u>	<u>6,237,576</u>	<u>6,287,700</u>	<u>6,991,164</u>	<u>6,622,338</u>	<u>6,458,165</u>
<u>8,875,645</u>	<u>8,570,752</u>	<u>9,323,474</u>	<u>10,417,130</u>	<u>9,405,309</u>	<u>10,103,007</u>
2,474,033	2,421,208	2,474,594	2,729,627	2,844,525	2,971,030
5,660,608	6,173,685	6,301,359	6,407,213	6,077,154	6,661,747
8,567	11,250	27,356	31,824	27,006	13,369
326,993	316,393	339,652	306,096	407,527	377,392
44,414	51,449	51,449	54,124	57,487	56,469
101,875	97,090	105,532	87,531	68,611	59,840
2,225,466	3,524,995	1,866,068	3,614,786	3,031,901	3,266,332
329,589	279,948	258,996	231,397	203,307	179,092
<u>11,171,545</u>	<u>12,876,018</u>	<u>11,425,006</u>	<u>13,462,598</u>	<u>12,717,518</u>	<u>13,585,271</u>
1,935,129	1,924,148	1,989,322	1,805,446	1,691,652	1,661,217
2,576,395	2,522,418	2,484,895	2,532,207	2,264,959	2,702,896
712,050	811,545	852,135	749,283	777,811	801,469
791,053	656,697	777,287	772,918	1,054,550	1,013,580
<u>6,014,627</u>	<u>5,914,808</u>	<u>6,103,639</u>	<u>5,859,854</u>	<u>5,788,972</u>	<u>6,179,162</u>
(8,523,119)	(10,542,842)	(8,389,232)	(10,036,632)	(9,934,547)	(9,940,429)
212,592	322,768	184,061	1,131,310	833,366	279,003
<u>(\$8,310,527)</u>	<u>(\$10,220,074)</u>	<u>(\$8,205,171)</u>	<u>(\$8,905,322)</u>	<u>(\$9,101,181)</u>	<u>(\$9,661,426)</u>

(continued)

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

	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$472,445	\$420,843	\$385,893	\$381,481
Fire	534,375	492,312	480,797	560,031
Other Purposes	134,236	129,542	131,048	158,099
Income Taxes	5,322,030	4,822,556	5,900,995	5,902,578
Other Local Taxes Levied for General Purposes	124,412	160,540	176,828	186,011
Payments in Lieu of Taxes	0	207,659	150,507	192,413
Grants and Entitlements not Restricted to Specific Programs	502,780	596,149	614,411	574,395
Gain on Sale of Capital Assets	0	0	0	0
Unrestricted Interest	213,422	56,486	55,726	44,891
Contributions and Donations	0	0	1,886	11
Other	310,224	307,846	191,376	124,598
Transfers	(420,598)	(95,407)	(138,530)	120,000
<i>Total Governmental Activities</i>	<u>7,193,326</u>	<u>7,098,526</u>	<u>7,950,937</u>	<u>8,244,508</u>
Business-Type Activities:				
Unrestricted Interest	10,423	0	2,509	0
Other	14,930	50,972	14,630	25,572
Transfers	420,598	95,407	138,530	(120,000)
<i>Total Business-Type Activities</i>	<u>445,951</u>	<u>146,379</u>	<u>155,669</u>	<u>(94,428)</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>7,639,277</u>	<u>7,244,905</u>	<u>8,106,606</u>	<u>8,150,080</u>
<b>Change in Net Position</b>				
Governmental Activities	2,056,717	(354,814)	1,143,347	(36,216)
Business-Type Activities	973,270	624,537	812,846	502,891
<b>Prior Year Restatement of Net Position</b>	<u>377,620</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Changes in Net Position</i>	<u>\$3,407,607</u>	<u>\$269,723</u>	<u>\$1,956,193</u>	<u>\$466,675</u>

(1) Expenses are first impacted by the implementation of GASB Statement No. 68 in 2015.



2012	2013	2014	2015 (1)	2016	2017
\$402,435	\$382,168	\$394,024	\$410,545	\$419,946	\$419,772
534,509	1,236,803	1,209,420	1,224,778	1,243,468	1,245,046
154,252	166,527	174,732	177,381	164,114	164,029
9,079,755	8,091,731	6,764,284	7,665,010	7,844,529	8,304,978
185,820	191,449	184,737	208,667	174,175	183,308
203,459	199,588	107,787	0	0	0
284,897	553,230	211,427	232,675	287,718	214,524
0	0	0	0	0	133,883
56,470	77,465	94,468	25,681	300,759	489,784
0	0	0	0	0	1,050
159,958	185,686	100,436	190,419	230,015	311,277
143,823	130,000	78,300	130,000	130,000	130,000
<u>11,205,378</u>	<u>11,214,647</u>	<u>9,319,615</u>	<u>10,265,156</u>	<u>10,794,724</u>	<u>11,597,651</u>
0	0	0	0	0	578
21,449	11,002	84,460	57,879	18,384	34,785
(143,823)	(130,000)	(78,300)	(130,000)	(130,000)	(130,000)
<u>(122,374)</u>	<u>(118,998)</u>	<u>6,160</u>	<u>(72,121)</u>	<u>(111,616)</u>	<u>(94,637)</u>
<u>11,083,004</u>	<u>11,095,649</u>	<u>9,325,775</u>	<u>10,193,035</u>	<u>10,683,108</u>	<u>11,503,014</u>
2,682,259	671,805	930,383	228,524	860,177	1,657,222
90,218	203,770	190,221	1,059,189	721,750	184,366
0	0	(7,074,407)	0	0	0
<u>\$2,772,477</u>	<u>\$875,575</u>	<u>(\$5,953,803)</u>	<u>\$1,287,713</u>	<u>\$1,581,927</u>	<u>\$1,841,588</u>

**City of Franklin, Ohio**  
 Program Revenues by Function/Program  
 Last Ten Years  
 (accrual basis of accounting)

<b>Function / Program:</b>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities:</b>				
General Government	\$1,010,717	\$815,284	\$1,043,409	\$887,648
Security of Persons and Property:				
Police	168,656	119,548	144,916	46,507
Fire	449,407	393,310	320,132	244,283
Other	104,500	108,680	114,114	131,211
Public Health and Welfare	43,268	236,492	138,210	124,571
Leisure Time Activities	1,138,136	218,292	112,013	92,179
Economic Development	15,637	5,972	10,778	5,864
Transportation	2,319,187	1,824,780	1,722,734	1,524,436
<i>Total Governmental Activities</i>	<u>5,249,508</u>	<u>3,722,358</u>	<u>3,606,306</u>	<u>3,056,699</u>
<b>Business-Type Activities:</b>				
Water	2,391,732	2,884,719	2,485,178	2,609,827
Sewer	2,546,969	2,596,582	2,944,427	3,198,842
Trash	649,671	673,260	700,817	711,350
Stormwater Utility	457,602	687,385	476,739	496,374
<i>Total Business-Type Activities</i>	<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>	<u>7,016,393</u>
<i>Total Primary Government</i>	<u><u>\$11,295,482</u></u>	<u><u>\$10,564,304</u></u>	<u><u>\$10,213,467</u></u>	<u><u>\$10,073,092</u></u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$1,101,565	\$291,939	\$535,907	\$466,079	\$827,667	\$816,288
151,562	511,274	551,717	541,044	485,320	651,919
92,122	593,711	696,268	702,789	796,477	629,989
137,793	140,549	144,766	149,023	148,965	151,899
22,696	15,876	19,288	18,803	14,833	26,565
82,875	124,668	331,344	26,998	19,139	19,655
3,978	9,773	2,390	990	4,670	4,610
<u>1,055,835</u>	<u>645,386</u>	<u>754,094</u>	<u>1,520,240</u>	<u>485,900</u>	<u>1,343,917</u>
<u>2,648,426</u>	<u>2,333,176</u>	<u>3,035,774</u>	<u>3,425,966</u>	<u>2,782,971</u>	<u>3,644,842</u>
2,509,825	2,527,385	2,566,139	2,691,995	2,785,464	2,672,773
2,510,827	2,403,048	2,474,765	2,913,738	2,499,263	2,412,378
736,048	851,838	762,790	747,963	770,084	793,821
<u>470,519</u>	<u>455,305</u>	<u>484,006</u>	<u>637,468</u>	<u>567,527</u>	<u>579,193</u>
<u>6,227,219</u>	<u>6,237,576</u>	<u>6,287,700</u>	<u>6,991,164</u>	<u>6,622,338</u>	<u>6,458,165</u>
<u>\$8,875,645</u>	<u>\$8,570,752</u>	<u>\$9,323,474</u>	<u>\$10,417,130</u>	<u>\$9,405,309</u>	<u>\$10,103,007</u>

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

	2008	2009	2010	2011
<b>General Fund</b>				
Nonspendable	\$0	\$0	\$17,762	\$17,079
Assigned	0	0	78,581	89,926
Unassigned	0	0	3,233,617	3,900,839
Reserved	54,806	6,114	0	0
Unreserved	1,905,918	1,369,098	0	0
<i>Total General Fund</i>	<u>1,960,724</u>	<u>1,375,212</u>	<u>3,329,960</u>	<u>4,007,844</u>
<b>All Other Governmental Funds</b>				
Nonspendable	0	0	1,271,686	1,328,086
Restricted	0	0	3,002,848	3,137,877
Committed	0	0	40,844	51,662
Assigned	0	0	102,479	56,043
Unassigned (Deficit)	0	0	(33,692)	(181,080)
Reserved	1,078,834	1,032,305	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,033,024	2,179,954	0	0
Debt Service Fund	557,424	623,678	0	0
Capital Projects Funds	48,781	181,392	0	0
Permanent Fund	0	240,340	0	0
<i>Total All Other Governmental Funds</i>	<u>3,718,063</u>	<u>4,257,669</u>	<u>4,384,165</u>	<u>4,392,588</u>
<i>Total Governmental Funds</i>	<u><u>\$5,678,787</u></u>	<u><u>\$5,632,881</u></u>	<u><u>\$7,714,125</u></u>	<u><u>\$8,400,432</u></u>

The City implemented GASB Statement No. 54 in 2011.

2012	2013	2014	2015	2016	2017
\$20,301	\$24,599	\$34,432	\$31,649	\$25,962	\$38,208
115,154	152,330	593,718	1,355,540	147,990	1,038,597
5,045,729	6,471,899	6,176,518	5,284,020	6,841,186	7,049,388
0	0	0	0	0	0
0	0	0	0	0	0
5,181,184	6,648,828	6,804,668	6,671,209	7,015,138	8,126,193
1,341,689	1,510,720	1,801,205	1,570,745	1,721,427	1,528,866
3,194,444	3,425,266	4,542,443	5,071,075	5,985,872	6,546,886
69,140	79,913	67,495	97,237	116,886	426,980
27,637	157,536	151,532	155,532	135,107	106,082
(439,720)	(49,858)	(36,690)	(24,154)	(4,205)	(38,139)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,193,190	5,123,577	6,525,985	6,870,435	7,955,087	8,570,675
\$9,374,374	\$11,772,405	\$13,330,653	\$13,541,644	\$14,970,225	\$16,696,868

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

	2008	2009	2010	2011
<b>Revenues:</b>				
Property Taxes	\$1,146,837	\$1,038,798	\$1,011,884	\$1,084,876
Other Local Taxes	125,956	153,622	172,307	227,839
Income Taxes	5,513,546	4,937,793	5,844,404	5,973,040
Payments in Lieu of Taxes	0	207,659	150,507	192,413
Special Assessments	367,129	392,219	431,696	361,487
Charges for Services	285,640	257,271	387,196	114,030
Fines, Licenses and Permits	508,971	504,197	676,215	665,920
Intergovernmental	3,539,564	2,418,831	2,979,788	2,347,841
Interest	509,905	270,155	315,503	338,252
Rent	0	0	0	0
Contributions and Donations	1,138,136	186,659	1,886	3,011
Other	310,224	389,460	204,505	146,344
<i>Total Revenues</i>	<u>13,445,908</u>	<u>10,756,664</u>	<u>12,175,891</u>	<u>11,455,053</u>
<b>Expenditures:</b>				
Current:				
General Government	2,361,988	2,313,715	2,451,752	1,933,507
Security of Persons and Property	4,950,296	4,944,740	4,833,128	5,172,755
Public Health and Welfare	59,846	11,810	7,199	13,361
Leisure Time Activities	299,801	275,250	273,552	293,418
Economic Development	84,517	44,630	44,666	43,926
Transportation	894,171	1,348,543	1,115,056	1,013,128
Capital Outlay	2,115,784	678,476	326,111	1,167,232
Debt Service:				
Principal Retirement	631,369	583,428	619,490	646,554
Interest and Fiscal Charges	548,796	500,670	461,803	464,365
Current Refunding	65,000	322,500	100,000	140,500
<i>Total Expenditures</i>	<u>12,011,568</u>	<u>11,023,762</u>	<u>10,232,757</u>	<u>10,888,746</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,434,340</u>	<u>(267,098)</u>	<u>1,943,134</u>	<u>566,307</u>
<b>Other Financing Sources (Uses):</b>				
Bond Anticipation Notes Issued	710,000	387,500	287,500	147,000
Refunding Bonds Issued	0	0	0	0
Current Refunding	(710,000)	(387,500)	(287,500)	(147,000)
Transfers In	2,573,987	3,037,723	1,294,945	2,363,996
Inception of Capital Lease	0	0	0	0
Premium on Debt Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Proceeds from Sale of Capital Assets	18,919	0	0	0
Transfers Out	(2,299,182)	(2,816,531)	(1,156,835)	(2,243,996)
<i>Total Other Financing Sources (Uses)</i>	<u>293,724</u>	<u>221,192</u>	<u>138,110</u>	<u>120,000</u>
<i>Net Change in Fund Balances</i>	<u>\$1,728,064</u>	<u>(\$45,906)</u>	<u>\$2,081,244</u>	<u>\$686,307</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	12.7%	13.4%	12.2%	12.2%

2012	2013	2014	2015	2016	2017
\$1,083,889	\$1,780,029	\$1,765,711	\$1,841,533	\$1,804,502	\$1,830,316
152,896	191,711	185,344	211,815	177,276	182,259
8,125,750	8,106,000	7,305,812	7,619,746	7,805,163	8,281,543
203,459	199,588	107,787	0	0	0
397,406	423,490	469,089	432,571	440,067	232,980
79,297	389,831	790,782	727,576	843,302	806,525
786,601	645,207	745,001	738,997	931,538	1,045,969
1,598,314	1,842,515	1,243,956	1,792,798	1,227,704	1,597,689
206,927	202,133	425,812	25,681	300,759	478,101
0	0	0	5,475	3,225	4,200
13,151	3,302	3,352	9,380	3,539	3,389
159,958	185,686	100,436	190,419	229,895	311,277
<u>12,807,648</u>	<u>13,969,492</u>	<u>13,143,082</u>	<u>13,595,991</u>	<u>13,766,970</u>	<u>14,774,248</u>
2,177,554	2,369,068	2,423,409	2,748,434	2,718,417	2,861,518
5,398,829	6,176,635	6,266,741	6,282,006	6,629,946	6,202,273
8,567	11,250	27,356	31,824	27,006	13,369
293,064	290,506	315,950	423,556	417,100	479,788
44,414	51,449	51,449	54,124	57,487	56,469
1,150,966	1,253,886	1,068,905	1,275,227	1,338,692	1,455,240
2,049,678	612,417	550,529	1,755,113	511,634	1,524,859
642,621	650,295	694,161	716,973	722,881	700,497
337,951	285,955	264,634	237,478	209,404	185,387
147,000	0	0	0	0	0
<u>12,250,644</u>	<u>11,701,461</u>	<u>11,663,134</u>	<u>13,524,735</u>	<u>12,632,567</u>	<u>13,479,400</u>
<u>557,004</u>	<u>2,268,031</u>	<u>1,479,948</u>	<u>71,256</u>	<u>1,134,403</u>	<u>1,294,848</u>
0	0	0	0	0	0
5,630,000	0	0	0	0	0
0	0	0	0	0	0
3,330,421	2,806,611	3,234,442	3,361,173	3,655,824	3,210,104
179,138	0	0	0	164,178	0
402,706	0	0	0	0	0
(5,938,729)	0	0	0	0	0
0	0	0	9,735	0	301,795
<u>(3,186,598)</u>	<u>(2,676,611)</u>	<u>(3,156,142)</u>	<u>(3,231,173)</u>	<u>(3,525,824)</u>	<u>(3,080,104)</u>
<u>416,938</u>	<u>130,000</u>	<u>78,300</u>	<u>139,735</u>	<u>294,178</u>	<u>431,795</u>
<u>\$973,942</u>	<u>\$2,398,031</u>	<u>\$1,558,248</u>	<u>\$210,991</u>	<u>\$1,428,581</u>	<u>\$1,726,643</u>
10.5%	8.7%	8.9%	8.5%	8.7%	7.8%

*City of Franklin, Ohio*  
Income Tax Revenue by Payer Type  
Last Ten Years

Year	Individual						Business Accounts		Total
	Withholding	Percentage of Total	Non-Withholding	Percentage of Total	Total Individual	Percentage of Total	Business Accounts	Percentage of Total	
2008	\$3,685,640	71%	\$467,194	9%	\$4,152,834	80%	\$1,038,209	20%	\$5,191,043
2009	3,424,015	71%	578,706	12%	4,002,721	83%	819,835	17%	4,822,556
2010	4,162,302	71%	683,824	12%	4,846,126	82%	1,054,869	18%	5,900,995
2011	4,308,882	73%	590,258	10%	4,899,140	83%	1,003,438	17%	5,902,578
2012	6,355,829	70%	998,773	11%	7,354,602	81%	1,725,153	19%	9,079,755
2013	5,258,669	65%	879,859	11%	6,138,528	76%	1,953,203	24%	8,091,731
2014	5,270,728	72%	859,745	12%	6,130,473	84%	1,158,847	16%	7,289,320
2015	5,642,638	75%	911,342	12%	6,553,980	87%	965,070	13%	7,519,050
2016	5,814,443	74%	897,829	11%	6,712,272	85%	1,173,898	15%	7,886,170
2017	5,762,265	70%	1,060,379	13%	6,822,644	83%	1,350,973	17%	8,173,617

Source: City Income Tax Department

For years 2002 - 2010, the City levied a municipal income tax of 1.5 percent. From January 1, 2011, to June 30, 2011, the tax rate was also 1.5 percent. However, on July 1, 2011, a voter approved tax rate increase occurred. The percent for the remainder of 2011 was two percent. For 2012-2017, the percent has remained at two percent.



*City of Franklin, Ohio*  
Principal Income Taxpayers - Withholding Accounts  
2017 and 2008

Range of Withholding Amount	2017		2008	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	9	30.40%	5	21.79%
\$55,001 - 100,000	9	11.40	9	17.15
Total	18	41.80	14	38.94
All Others	932	58.20	931	61.06
Total Withholding Accounts	950	100.00%	945	100.00%

Source: City Income Tax Department

Note: Due to confidentiality issues, the names of the 10 largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenues.

**City of Franklin, Ohio**  
 Computation of All Direct and Overlapping Governmental Activities Debt  
 December 31, 2017

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin	Amount Applicable to the City of Franklin
<b>Direct</b>			
City of Franklin			
General Obligation Bonds	\$4,000,047	100.00%	\$4,000,047
Capital Leases	54,717	100.00	54,717
Special Assessment Bonds	170,000	100.00	170,000
Total Direct Debt	<u>4,224,764</u>		<u>4,224,764</u>
<b>Overlapping Subdivisions</b>			
Warren County			
General Obligation Bonds	7,579,162	3.72	281,945
Special Assessment Bonds	6,508,405	3.72	242,113
OPWC Loan	1,097,092	3.72	40,812
State 166 Loan	916,765	3.72	34,104
Franklin City School District			
General Obligation Bonds	1,869,712	52.77	986,647
Energy Conservation Bonds	511,469	52.77	269,902
Carlisle Local School District			
Capital Leases	109,777	0.11	121
Warren County Career Center			
Energy Conservation Notes	450,000	5.55	24,975
Capital Leases	39,573	5.55	2,196
Total Overlapping Debt	<u>19,081,955</u>		<u>1,882,815</u>
Grand Total	<u><u>\$23,306,719</u></u>		<u><u>\$6,107,579</u></u>

Source: Ohio Municipal Advisory Council

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt, of each overlapping government.

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

Collection Year	General Obligation Bonded Debt (1)	Estimated Actual Value of Taxable Property (2) (3)	Population (4)	Ratio of General Obligation Bonded Debt to Estimated Actual Value	General Obligation Bonded Debt Per Capita
2008	\$6,816,560	\$626,097,500	12,622	1.09%	\$540.05
2009	6,547,456	581,548,775	12,104	1.13%	540.93
2010	6,263,352	583,076,975	13,200	1.07%	474.50
2011	5,964,248	598,616,860	11,771	1.00%	506.69
2012	5,984,282	579,321,740	11,896	1.03%	503.05
2013	5,617,435	590,609,400	11,819	0.95%	475.29
2014	5,230,588	571,917,389	11,829	0.91%	442.18
2015	4,833,741	596,436,123	11,829	0.81%	408.63
2016	4,426,894	635,487,085	11,829	0.70%	374.24
2017	4,000,047	643,031,257	11,780	0.62%	339.56

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

(2) Warren County Auditor

(3) Although the bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

(4) U.S. Census Bureau and the City of Franklin

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

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

Year	Governmental Activities				Business-Type Activities		
	General Obligation Bonds	Special Assessment Bonds	Notes Payable	Capital Leases	Mortgage Revenue Bonds	OWDA Loans	Notes Payable
2008	\$6,816,560	\$2,733,000	\$775,000	\$0	\$5,485,321	\$3,067,762	\$1,225,000
2009	6,547,456	2,421,000	710,000	0	5,118,614	2,991,797	1,090,000
2010	6,263,352	2,088,000	387,500	0	4,736,907	2,923,288	895,000
2011	5,964,248	1,743,000	287,500	0	4,340,200	2,783,537	695,000
2012	5,984,282	1,507,000	137,500	179,138	3,944,265	2,598,675	445,000
2013	5,617,435	1,259,000	0	118,533	3,510,640	2,402,315	0
2014	5,230,588	985,000	0	60,134	3,062,015	2,193,717	0
2015	4,833,741	700,000	0	0	2,593,390	1,972,092	0
2016	4,426,894	415,000	0	108,214	2,104,765	1,736,598	0
2017	4,000,047	170,000	0	54,717	1,601,140	1,486,337	0

Sources:

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

Total Outstanding Debt	Population (1)	Personal Income (2)	Ratio of Debt to Personal Income	Debt Per Capita
\$20,102,643	12,622	\$273,114,836	7.36	\$1,593
18,878,867	12,104	267,406,385	6.49	1,560
17,294,047	13,200	291,614,400	5.94	1,310
15,813,485	11,771	291,614,400	7.05	1,343
14,795,860	11,896	212,117,576	6.98	1,244
12,907,923	11,819	240,634,840	5.36	1,092
11,531,454	11,829	211,857,390	5.44	975
10,099,223	11,829	257,470,014	3.92	854
8,791,471	11,829	266,956,872	3.29	743
7,312,241	11,780	277,277,640	2.64	621

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

	2008	2009	2010	2011
Total Assessed Property Value	<u>\$219,771,600</u>	<u>\$219,559,180</u>	<u>\$209,315,445</u>	<u>\$204,700,314</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>23,076,018</u>	<u>23,053,714</u>	<u>21,978,122</u>	<u>21,493,533</u>
Debt Outstanding:				
General Obligation Bonds	6,830,000	6,560,000	6,275,000	5,975,000
Mortgage Revenue Bonds	5,460,000	5,095,000	4,715,000	4,320,000
Special Assessment Bonds	2,733,000	2,421,000	2,088,000	1,743,000
Bond Anticipation Notes	2,000,000	1,800,000	1,282,500	982,500
OWDA Loans	<u>3,067,762</u>	<u>2,991,797</u>	<u>2,923,288</u>	<u>2,783,537</u>
Total Gross Indebtedness	20,090,762	18,867,797	17,283,788	15,804,037
Less:				
Mortgage Revenue Bonds	(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)
Special Assessment Bonds	(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)
Bond Anticipation Notes	(1,225,000)	(1,090,000)	(895,000)	(695,000)
OWDA Loans	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>
Total Net Debt Applicable to Debt Limit	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$15,471,018</u>	<u>\$15,783,714</u>	<u>\$15,315,622</u>	<u>\$15,231,033</u>
Legal Debt Margin as a Percentage of the Debt Limit	67.04%	68.46%	69.69%	70.86%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$12,087,438</u>	<u>\$12,075,755</u>	<u>\$11,512,349</u>	<u>\$11,258,517</u>
Total Gross Indebtedness	20,090,762	18,867,797	17,283,788	15,804,037
Less:				
Mortgage Revenue Bonds	(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)
Special Assessment Bonds	(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)
Bond Anticipation Notes	(1,225,000)	(1,090,000)	(895,000)	(695,000)
OWDA Loans	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>
Net Debt Within 5 ½ % Limitations	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$4,482,438</u>	<u>\$4,805,755</u>	<u>\$4,849,849</u>	<u>\$4,996,017</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	37.08%	39.80%	42.13%	44.38%

Source: City Financial Records

2012	2013	2014	2015	2016	2017
<u>\$209,515,900</u>	<u>\$206,713,290</u>	<u>\$218,280,760</u>	<u>\$221,549,310</u>	<u>\$222,420,480</u>	<u>\$225,060,940</u>
21,999,170	21,704,895	22,919,480	23,262,678	23,354,150	23,631,399
5,595,000	5,255,000	4,895,000	4,525,000	4,145,000	3,745,000
3,905,000	3,475,000	3,030,000	2,565,000	2,080,000	1,580,000
1,507,000	1,259,000	985,000	700,000	415,000	170,000
582,500	0	0	0	0	0
<u>2,598,675</u>	<u>2,402,315</u>	<u>2,193,717</u>	<u>1,972,092</u>	<u>1,736,598</u>	<u>1,486,337</u>
14,188,175	12,391,315	11,103,717	9,762,092	8,376,598	6,981,337
(3,905,000)	(3,475,000)	(3,030,000)	(2,565,000)	(2,080,000)	(1,580,000)
(1,507,000)	(1,259,000)	(985,000)	(700,000)	(415,000)	(170,000)
(445,000)	0	0	0	0	0
<u>(2,598,675)</u>	<u>(2,402,315)</u>	<u>(2,193,717)</u>	<u>(1,972,092)</u>	<u>(1,736,598)</u>	<u>(1,486,337)</u>
<u>5,732,500</u>	<u>5,255,000</u>	<u>4,895,000</u>	<u>4,525,000</u>	<u>4,145,000</u>	<u>3,745,000</u>
<u>\$16,266,670</u>	<u>\$16,449,895</u>	<u>\$18,024,480</u>	<u>\$18,737,678</u>	<u>\$19,209,150</u>	<u>\$19,886,399</u>
73.94%	75.79%	78.64%	80.55%	82.25%	84.15%
<u>\$11,523,375</u>	<u>\$11,369,231</u>	<u>\$12,005,442</u>	<u>\$12,185,212</u>	<u>\$12,233,126</u>	<u>\$12,378,352</u>
14,188,175	12,391,315	11,103,717	9,762,092	8,376,598	6,981,337
(3,905,000)	(3,475,000)	(3,030,000)	(2,565,000)	(2,080,000)	(1,580,000)
(1,507,000)	(1,259,000)	(985,000)	(700,000)	(415,000)	(170,000)
(445,000)	0	0	0	0	0
<u>(2,598,675)</u>	<u>(2,402,315)</u>	<u>(2,193,717)</u>	<u>(1,972,092)</u>	<u>(1,736,598)</u>	<u>(1,486,337)</u>
<u>5,732,500</u>	<u>5,255,000</u>	<u>4,895,000</u>	<u>4,525,000</u>	<u>4,145,000</u>	<u>3,745,000</u>
<u>\$5,790,875</u>	<u>\$6,114,231</u>	<u>\$7,110,442</u>	<u>\$7,660,212</u>	<u>\$8,088,126</u>	<u>\$8,633,352</u>
50.25%	53.78%	59.23%	62.86%	66.12%	69.75%

**City of Franklin, Ohio**  
Pledged Revenue Coverage  
Last Ten Years

Year	Water Service Charges and Interest	Direct Operating Expenses (1)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2008	\$2,391,732	\$1,371,576	\$1,020,156	\$460,266	\$379,841	1.21
2009	2,514,213	1,433,729	1,080,484	526,963	420,605	1.14
2010	2,487,687	1,421,635	1,066,052	570,624	377,330	1.12
2011	2,609,827	1,569,800	1,040,027	534,751	361,554	1.16
2012	2,509,825	1,378,664	1,131,161	599,862	285,837	1.28
2013	2,527,385	1,389,393	1,137,992	626,360	355,972	1.16
2014	2,566,139	1,299,153	1,266,986	653,598	314,718	1.31
2015	2,628,095	1,342,448	1,285,647	686,625	260,782	1.36
2016	2,785,464	1,273,534	1,511,930	720,494	182,532	1.67
2017	2,673,351	1,256,630	1,416,721	750,261	153,112	1.57

(1) Direct operating expenses do not include depreciation expense.



**City of Franklin, Ohio**  
Demographic and Economic Statistics  
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Per Capita Income (3)	School Enrollment (4)	Unemployment Rate (5) Warren County
2008	12,622	\$273,114,836	\$21,638	2,927	8.5
2009	12,104	267,406,385	22,092	3,030	9.3
2010	13,200	291,614,400	22,092	3,030	8.4
2011	11,771	225,261,627	19,137	2,911	6.7
2012	11,896	212,117,576	17,831	3,038	6.3
2013	11,819	240,634,840	20,360	2,944	6.1
2014	11,829	211,857,390	17,910	3,071	4.4
2015	11,829	257,470,014	21,766	2,993	4.8
2016	11,829	266,956,872	22,568	2,862	4.5
2017	11,780	277,277,640	23,538	2,975	3.6

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

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*City of Franklin, Ohio*

Principal Employers

2017 and 2008

**2017**

Employer	Number of Employees	Rank	Percentage of Total Employment
Staffmark	566	1	5.34%
CBS Personnel	541	2	5.11
Valued Relations	510	3	4.81
Franklin City School District	459	4	4.33
Faurecia Exhaust	442	5	4.17
Wal-Mart	440	6	4.15
Minute Men	377	7	3.56
Burrows Paper Company	336	8	3.17
Kelly Services	293	9	2.77
City of Franklin	214	10	2.02
Total	4,178		39.43
All Other Employers (1)	6,417		60.57
Total Employment within the City	10,595		100.00%

**2008**

Employer	Number of Employees	Rank	Percentage of Total Employment
Patrick Staffing	1,038	1	6.24%
Franklin City School District	745	2	4.48
Burrow Paper Company	547	3	3.30
AP Automotive	461	4	2.77
Newark Group	280	5	1.68
Ample Industries	254	6	1.52
ADE of Cincinnati Dayton	236	7	1.42
Franklin Ridge Nursing Home	216	8	1.30
Interstate Uniform	211	9	1.27
Atlas Roofing	209	10	1.26
Total	4,197		25.24
All Other Employers	12,428		74.76
Total Employment within the City	16,625		100.00%

Source: City of Franklin Tax Department

(1) 2016's information was used due to 2017's information being unavailable

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

Function/Program	2008		2009		2010		2011	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	18	28	21	28	20	28	20	28
Security of Persons and Property	41	74	29	63	27	60	29	62
Leisure Time Activities	2	52	2	71	2	52	2	52
Basic Utility Services	18	27	19	25	19	25	18	25
<i>Total Number of Employees</i>	<u>79</u>	<u>181</u>	<u>71</u>	<u>187</u>	<u>68</u>	<u>165</u>	<u>69</u>	<u>167</u>

Source: City Payroll Records

2012		2013		2014		2015		2016		2017	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
19	26	19	25	21	26	22	26	24	29	21	25
38	63	38	81	38	92	36	88	34	75	37	77
2	58	2	49	2	50	2	57	2	54	2	55
17	26	17	26	17	22	19	28	18	23	19	24
<u>76</u>	<u>173</u>	<u>76</u>	<u>181</u>	<u>78</u>	<u>190</u>	<u>79</u>	<u>199</u>	<u>78</u>	<u>181</u>	<u>79</u>	<u>181</u>

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

Function/Program	2008	2009	2010	2011
<b>General Government:</b>				
Government Center	1	1	1	1
<b>Security of Persons and Property:</b>				
Number of Police Stations	1	1	1	1
Number of Fire/EMS Stations	1	1	1	1
<b>Leisure Time Activities:</b>				
Number of Parks	6	6	6	6
Number of Swimming Pools	1	1	1	1
Number of Libraries	1	1	1	1
<b>Basic Utility Services:</b>				
Miles of Water Mains	48	49	49	49
Miles of Sanitary Sewers	44.00	46.00	46.00	46.00
Water Treatment Facility	1	1	1	1
<b>Transportation:</b>				
Miles of Streets	110.00	109.00	109.00	109.00
Number of Street Lights	929	929	929	929

Source: City Capital Assets Records

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
6	6	6	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
49	49	49	49	49	49
46.00	46.00	46.00	46.05	46.05	46.05
1	1	1	1	1	1
109.00	109.00	109.00	109.34	109.34	109.34
929	937	937	946	946	946

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

Function/Program	2008	2009	2010	2011
General Government:				
Active Income Tax Accounts	7,468	7,276	6,974	7,027
Individual	5,551	5,430	5,409	5,528
Business	972	867	842	768
Withholding	945	979	663	731
Clerk of Courts:				
Traffic Court Cases	6,180	6,014	8,273	8,052
Civil Court Cases	965	632	601	659
Small Claims Court Cases	99	98	49	42
Security of Persons and Property:				
Police Calls	21,645	24,655	25,202	24,810
Physical Arrests	1,357	1,190	2,189	2,003
Citations	1,958	1,809	767	895

Source: Department reports



2012	2013	2014	2015	2016	2017
7,454	7,683	8,133	7,786	8,117	7,294
5,508	5,759	6,019	5,943	6,208	5,297
847	855	947	940	963	942
1,099	1,069	1,167	903	946	1,055
7,170	6,322	7,506	6,837	7,665	9,533
626	524	551	543	592	635
37	41	33	25	37	25
23,759	23,543	23,143	24,091	23,656	24,513
2,226	2,192	1,727	1,491	1,429	1,943
1,654	1,708	1,104	998	749	998

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# Dave Yost • Auditor of State

**CITY OF FRANKLIN**

**WARREN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 10, 2018**