



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF FRANKLIN
WARREN COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2018, 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 13, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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.



Keith Faber
Auditor of State

Columbus, Ohio

June 13, 2019

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018



City of Franklin
Franklin, Ohio 45005

Introductory Section

City of Franklin, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2018

Issued by:
Finance Department

Cindy Ryan
Finance Director

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2018

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CITY OF FRANKLIN

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

June 13, 2019

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, 2018, 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, 2018. 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 Plan Risk Management, Inc. 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 30th of the current year. Council is required to adopt a final budget by no later than April 1st. Upon presentation by the City Manager of a proposed budget document to Council, Council calls and publicizes a public hearing. Council will subsequently adopt such budget, as it may have been amended, as the City's annual budget effective for the fiscal year beginning January 1. All funds, except agency funds, are legally required to be budgeted and appropriated. The legal level of control in the adopted budget has been established by Council at the 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 2019 is again looking up for the City of Franklin. City 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.

The City's investment into bringing EMS into the Fire Department continues to be a great benefit to the safety and welfare of our Citizens. The City has always put the health and safety of its citizens first in all their policy-making decisions. The lack of qualified Fire and EMS personnel nationwide is a concern for all Cities. The City has been proactive in attracting and retaining Fire and EMS Personnel by increasing paid volunteers salaries and offering Health Insurance to be competitive with other departments locally and State wide.

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.

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. We are excited about the prospects that are interested in one of our 200,000 square foot buildings sitting on over 42 vacant acres. We are hoping to announce in the coming months of a new company that will bring jobs and income tax to the City.

With the support of City Council and staff, the Forever Franklin Initiative was established by concerned citizens and business owners to help revitalize our downtown. Forever Franklin will work with City staff to help grow our downtown.

This year will be the start of phase 1 of a 3 phase process of replacing traffic signals in our downtown area. Not only will this make our streets safer, but it will be the start of bringing fiber optic and wi-fi to our downtown area.

City Council and staff continues to invest in the infrastructure of water, sewer, stormwater and streets. All this work improves our neighborhoods, commercial districts and industrial areas to make Franklin a great place to live work and play.

ECONOMIC DEVELOPMENT

Economic Development remains a Council and staff priority. 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 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 Shaker Industrial Park, with 120 acres of land. These commercial and industrial sites 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. All these sites are fiber ready making them very attractive to companies needing to stay on the leading edge of technology.

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 (75 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 Keith Faber'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, 2017. 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,



Cindy Ryan
Director of Finance

*City of Franklin, Ohio
List of Principal Officials
As of December 31, 2018*

OFFICE HELD

NAME OF OFFICIAL

City Council:

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

Administration:

City Manager	Sonny Lewis
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Finance Department:

Finance Director	Cindy Ryan
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

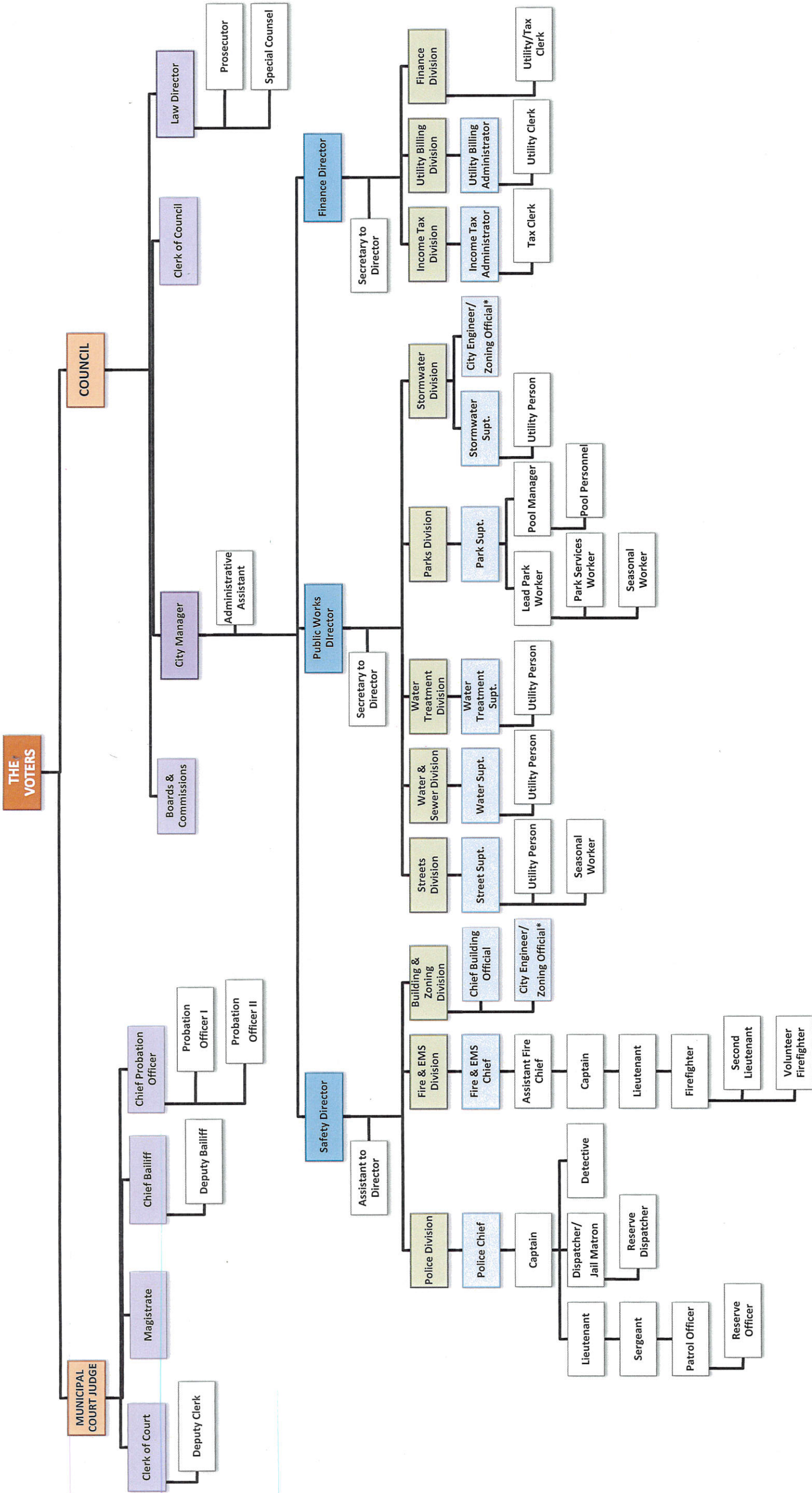
Safety Department:

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

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, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Member 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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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 and other post-employment benefit liabilities and pension and other post-employment benefit 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 13, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 13, 2019

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2018
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) of the City of Franklin's financial performance provides an overview of the City's financial activities for the year ended December 31, 2018. 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 decreased \$437,362 and net position of business-type activities increased \$71,174, resulting in a total decrease in net position of \$366,188.
- General revenues and transfers of governmental activities accounted for \$11,352,850 of all governmental revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions and interest accounted for \$3,064,778 of total governmental revenues and transfers of \$14,417,628.
- The City had \$14,854,990 in expenses related to governmental activities; only \$3,064,778 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 \$234,718. The Water Fund reflected operating income of \$790,343 while the Sewer, Trash, and Stormwater Utility Funds reflected operating losses of \$263,358, \$15 and \$292,252, 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 2018 compared to 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
		Restated		Restated		Restated
	2018	2017	2018	2017	2018	2017
Assets:						
Current and Other Assets	\$22,951,873	\$21,525,904	\$5,764,814	\$5,630,489	\$28,716,687	\$27,156,393
Nondepreciable Capital Assets	19,707,470	19,607,518	1,152,875	1,096,939	20,860,345	20,704,457
Depreciable Capital Assets, Net	24,201,288	25,012,014	19,763,401	20,386,433	43,964,689	45,398,447
Total Assets	66,860,631	66,145,436	26,681,090	27,113,861	93,541,721	93,259,297
Deferred Outflows of Resources:						
Deferred Charge on Refunding	206,691	229,656	9,264	11,182	215,955	240,838
Pension	1,941,498	2,626,418	265,472	587,163	2,206,970	3,213,581
OPEB	1,030,036	36,813	57,800	9,482	1,087,836	46,295
Total Deferred Outflows of Resources	3,178,225	2,892,887	332,536	607,827	3,510,761	3,500,714
Liabilities:						
Current and Other Liabilities	537,119	796,662	582,192	451,218	1,119,311	1,247,880
Long-Term Liabilities:						
Due Within One Year	844,643	715,184	583,025	833,924	1,427,668	1,549,108
Due in More Than One Year:						
Net Pension Liability	9,010,062	9,953,881	1,052,000	1,498,782	10,062,062	11,452,663
Net OPEB Liability	7,671,649	6,225,091	700,552	643,108	8,372,201	6,868,199
Other Amounts	4,308,537	4,282,164	1,922,393	2,459,979	6,230,930	6,742,143
Total Liabilities	22,372,010	21,972,982	4,840,162	5,887,011	27,212,172	27,859,993
Deferred Inflows of Resources:						
Property Taxes	2,064,000	1,978,500	0	0	2,064,000	1,978,500
Pension	1,205,729	454,803	271,788	56,361	1,477,517	511,164
OPEB	202,441	0	52,186	0	254,627	0
Total Deferred Inflows of Resources	3,472,170	2,433,303	323,974	56,361	3,796,144	2,489,664
Net Position:						
Net Investment in Capital Assets	40,444,418	40,644,424	18,631,808	18,407,077	59,076,226	59,051,501
Restricted	6,496,321	8,490,113	1,739,383	1,513,948	8,235,704	10,004,061
Unrestricted	(2,746,063)	(4,502,499)	1,478,299	1,857,291	(1,267,764)	(2,645,208)
Total Net Position	\$44,194,676	\$44,632,038	\$21,849,490	\$21,778,316	\$66,044,166	\$66,410,354

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018, and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27.” For fiscal year 2018, the City adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$73,232,258 to \$66,410,354.

Unrestricted governmental net position increased \$1,756,436 and restricted governmental net position decreased \$1,993,792 due to a change in net position restrictions as three capital project funds were primarily supported by transfers from the General Fund. Current and other assets increased \$1,425,969 from the prior year primarily due to an increase in cash and cash equivalents as a result of revenues outpacing expenses and an effort by management to control expenses.

Total Assets of Business-type Activities decreased \$432,771. This decrease is due to current year depreciation exceeding current year additions for depreciable capital assets. Total Liabilities decreased \$1,046,849 mainly due to the City making annual debt payments and a reduction in net pension liability. Total net position increased \$71,174 due to the retirement of debt related to capitalized assets.

Table 2 shows the changes in net position for the years ended December 31, 2018, and December 31, 2017.

*Table 2
Changes in Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$2,208,433	\$2,008,168	\$6,478,889	\$6,458,165	\$8,687,322	\$8,466,333
Operating Grants, Contributions and Interest	856,345	842,790	0	0	856,345	842,790
Capital Grants, Contributions and Interest	0	793,884	0	0	0	793,884
Total Program Revenues	<u>3,064,778</u>	<u>3,644,842</u>	<u>6,478,889</u>	<u>6,458,165</u>	<u>9,543,667</u>	<u>10,103,007</u>
General Revenues:						
Property Taxes	1,883,453	1,828,847	0	0	1,883,453	1,828,847
Income Taxes	8,346,175	8,304,978	0	0	8,346,175	8,304,978
Other Local Taxes	177,101	183,308	0	0	177,101	183,308
Grants and Entitlements	240,029	214,524	0	0	240,029	214,524
Gain on Sale of Capital Assets	0	133,883	0	0	0	133,883
Unrestricted Interest	252,730	489,784	7,594	578	260,324	490,362
Contributions and Donations	2,450	1,050	0	0	2,450	1,050
Other	308,984	311,277	84,979	34,785	393,963	346,062
Total General Revenues	<u>11,210,922</u>	<u>11,467,651</u>	<u>92,573</u>	<u>35,363</u>	<u>11,303,495</u>	<u>11,503,014</u>
Total Revenues	<u>\$14,275,700</u>	<u>\$15,112,493</u>	<u>\$6,571,462</u>	<u>\$6,493,528</u>	<u>\$20,847,162</u>	<u>\$21,606,021</u>

(Continued)

Table 2
Changes in Net Position
(Continued)

	Governmental		Business-Type		Total	
	2018	2017	2018	2017	2018	2017
Program Expenses:						
General Government	\$3,109,064	\$2,971,030	\$0	\$0	\$3,109,064	\$2,971,030
Security of Persons and Property:						
Police	4,619,871	4,068,429	0	0	4,619,871	4,068,429
Fire	2,573,584	2,269,827	0	0	2,573,584	2,269,827
Other	365,542	323,491	0	0	365,542	323,491
Public Health and Welfare	8,042	13,369	0	0	8,042	13,369
Leisure Time Activities	483,546	377,392	0	0	483,546	377,392
Economic Development	56,022	56,469	0	0	56,022	56,469
Basic Utility Services	59,840	59,840	0	0	59,840	59,840
Transportation	3,429,614	3,266,332	0	0	3,429,614	3,266,332
Interest and Fiscal Charges	149,865	179,092	0	0	149,865	179,092
Water	0	0	1,892,400	1,661,217	1,892,400	1,661,217
Sewer	0	0	2,771,880	2,702,896	2,771,880	2,702,896
Trash	0	0	816,988	801,469	816,988	801,469
Stormwater Utility	0	0	877,092	1,013,580	877,092	1,013,580
Total Expenses	<u>14,854,990</u>	<u>13,585,271</u>	<u>6,358,360</u>	<u>6,179,162</u>	<u>21,213,350</u>	<u>19,764,433</u>
Change in Net Position						
Before Transfers	(579,290)	1,527,222	213,102	314,366	(366,188)	1,841,588
Transfers	<u>141,928</u>	<u>130,000</u>	<u>(141,928)</u>	<u>(130,000)</u>	<u>0</u>	<u>0</u>
Change in Net Position	(437,362)	1,657,222	71,174	184,366	(366,188)	1,841,588
Beginning Net Position						
- Restated See Note 3	<u>44,632,038</u>	<u>N/A</u>	<u>21,778,316</u>	<u>N/A</u>	<u>66,410,354</u>	<u>N/A</u>
Ending Net Position	<u>\$44,194,676</u>	<u>\$44,632,038</u>	<u>\$21,849,490</u>	<u>\$21,778,316</u>	<u>\$66,044,166</u>	<u>\$66,410,354</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$46,295 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$731,698. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental	Business-Type	Total
	Activities	Activities	
Total 2018 program expenses under GASB 75	\$14,854,990	\$6,358,360	\$21,213,350
OPEB expense under GASB 75	(669,879)	(61,819)	(731,698)
2018 contractually required contribution	14,103	507	14,610
Adjusted 2018 program expenses	<u>14,199,214</u>	<u>6,297,048</u>	<u>20,496,262</u>
Total 2017 program expenses under GASB 45	<u>13,585,271</u>	<u>6,179,162</u>	<u>19,764,433</u>
Increase in program expenses not related to OPEB	<u>\$613,943</u>	<u>\$117,886</u>	<u>731,829</u>

Total governmental activities program revenue decreased \$580,064 from the prior year primarily due to capital grants contributions and interest revenue related to the completion of a major construction project during 2017. General revenues decreased \$256,729 mainly due to the decrease in unrestricted interest and there was no gain on the sale of capital assets for 2018.

Governmental program expenses as a percentage of total governmental expenses for 2018 are expressed as follows:

General Government	20.93%
Security of Persons and Property:	
Police	31.10
Fire	17.32
Other	2.46
Public Health and Welfare	0.05
Leisure Time Activities	3.26
Economic Development	0.38
Basic Utility Services	0.40
Transportation	23.09
Interest and Fiscal Charges	1.01
	100.00%

The above chart clearly indicates the City’s major source of expenses, 50.88 percent, is related to the operating of safety forces. Transportation makes up 23.09 percent of the City’s expenses, which decreased by 0.95 percent from the prior year due to completion of the Riley Boulevard Resurfacing project. All other forms of governmental operations represent 26.03 percent of expenditures. A comparison to the prior year demonstrates that expenses were relatively consistent with those in the previous year.

Total Business-Type Activities revenues increased 1.20 percent over the prior year. Expenses increased by 2.90 percent over the prior year. Revenue exceeded expenses and transfers resulting in a \$71,174 or 0.33 percent increase in net position for the year.

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 2018	Net Cost of Services 2018	Total Cost Of Services 2017	Net Cost of Services 2017
General Government	\$3,109,064	\$2,224,334	\$2,971,030	\$2,154,742
Security of Persons and Property:				
Police	4,619,871	3,892,886	4,068,429	3,416,510
Fire	2,573,584	1,969,133	2,269,827	1,639,838
Other	365,542	198,942	323,491	171,592
Public Health and Welfare	8,042	(10,745)	13,369	(13,196)
Leisure Time Activities	483,546	465,262	377,392	357,737
Economic Development	56,022	51,430	56,469	51,859
Basic Utility Services	59,840	59,840	59,840	59,840
Transportation	3,429,614	2,789,265	3,266,332	1,922,415
Interest and Fiscal Charges	149,865	149,865	179,092	179,092
Total Expenses	\$14,854,990	\$11,790,212	\$13,585,271	\$9,940,429

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 15.47 percent of total governmental revenue. Revenues provided by sources other than City residents in the form of operating grants, contributions, and interest comprise another 6.00 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 \$619,201 during 2018 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 \$281,107 during 2018 as a result of 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 increase of \$781.

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 \$267,701 during 2018 primarily due to depreciation expense.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,404,796 and expenditures of \$13,482,851.

The General Fund's balance increased \$678,969 as a result of revenues exceeding expenditures. Revenues increased due to an increase in fines, licenses, and permits and interest revenue. Due to an increase in activity in the Mayor's court, fines, licenses, and permits revenue increased. Interest revenue increased due to the City purchasing more investments than the prior year.

The Fire Levy Fund's balance decreased \$345,256. This was primarily due to a large transfer out to the City's new Fire and EMS Replacement Capital Projects Fund.

The Transportation Fund's balance decreased \$40,556 due to expenditures outpacing revenues related to construction projects and the latest phase of 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 and transfers were \$10,884,270 and \$10,890,870, respectively. This is an immaterial increase of \$6,600. The City's actual revenues and transfers were \$10,756,168 at year-end, which is a \$134,702 decrease over final budgeted revenues.

Original General Fund appropriations were \$7,808,090 while final appropriations were \$8,173,982. The increase in appropriations was due to an increase in other security of persons and property and capital expenses. The City's actual expenditures were \$6,887,847 at year-end, a decrease of \$1,286,135 when compared to the final appropriations. The largest savings contributing to this decrease was within the general government expenditures. The decrease is due to the finance department's open position for 8 months and employee insurance costs were lower than projected, which lowered personal services costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4
Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$19,512,686	\$19,485,033	\$1,095,364	\$1,095,364	\$20,608,050	\$20,580,397
Construction in Progress	194,784	122,485	57,511	1,575	252,295	124,060
Land Improvements	389,226	261,335	9,661	9,737	398,887	271,072
Buildings	4,687,275	4,769,289	68,101	69,614	4,755,376	4,838,903
Equipment	676,675	679,059	509,912	517,168	1,186,587	1,196,227
Vehicles	753,206	676,155	300,994	296,430	1,054,200	972,585
Infrastructure	17,694,906	18,626,176	18,874,733	19,493,484	36,569,639	38,119,660
Total	\$43,908,758	\$44,619,532	\$20,916,276	\$21,483,372	\$64,825,034	\$66,102,904

Total capital assets decreased \$1,277,870, 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 \$4,326,052, including a premium on bonds outstanding of \$228,200 for governmental activities. Business-type activities had debt obligations at year-end consisting of OWDA loans and mortgage revenue bonds in the amount of \$2,292,867, including a premium on bonds in the amount of \$17,515. The City's long-term obligations also included compensated absences and net pension/OPEB liability for governmental and business-type activities.

As of December 31, 2018, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$21,677,389 with an unvoted debt margin of \$9,771,489.

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, 2018

	Governmental Activities	Business-Type Activities	Totals
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$17,937,702	\$4,179,068	\$22,116,770
Cash and Cash Equivalents with Trustee	0	565,296	565,296
Accrued Interest Receivable	22,916	0	22,916
Accounts Receivable	0	933,719	933,719
Intergovernmental Receivable	488,132	0	488,132
Materials and Supplies Inventory	165,717	81,421	247,138
Income Taxes Receivable	1,869,340	0	1,869,340
Property Taxes Receivable	2,175,906	0	2,175,906
Other Local Taxes Receivable	35,447	0	35,447
Special Assessments Receivable	243,054	0	243,054
Net Pension Asset (See Note 12)	13,659	5,310	18,969
Nondepreciable Capital Assets	19,707,470	1,152,875	20,860,345
Depreciable Capital Assets, Net	24,201,288	19,763,401	43,964,689
Total Assets	66,860,631	26,681,090	93,541,721
Deferred Outflows of Resources:			
Deferred Charge on Refunding	206,691	9,264	215,955
Pension	1,941,498	265,472	2,206,970
OPEB	1,030,036	57,800	1,087,836
Total Deferred Outflows of Resources	3,178,225	332,536	3,510,761
Liabilities:			
Accounts Payable	193,079	36,594	229,673
Accrued Wages and Benefits Payable	124,751	32,148	156,899
Intergovernmental Payable	108,654	18,695	127,349
Contracts Payable	99,231	314,981	414,212
Accrued Interest Payable	11,404	27,642	39,046
Refundable Deposits	0	152,132	152,132
Long-Term Liabilities:			
Due Within One Year	844,643	583,025	1,427,668
Due in More Than One Year:			
Net Pension Liability (See Note 12)	9,010,062	1,052,000	10,062,062
Net OPEB Liability (See Note 13)	7,671,649	700,552	8,372,201
Other Amounts	4,308,537	1,922,393	6,230,930
Total Liabilities	22,372,010	4,840,162	27,212,172
Deferred Inflows of Resources:			
Property Taxes	2,064,000	0	2,064,000
Pension	1,205,729	271,788	1,477,517
OPEB	202,441	52,186	254,627
Total Deferred Inflows of Resources	3,472,170	323,974	3,796,144
Net Position:			
Net Investment in Capital Assets	40,444,418	18,631,808	59,076,226
Restricted for:			
Debt Service	182,708	561,753	744,461
Capital Outlay	111,347	0	111,347
Fire Protection	2,015,999	0	2,015,999
Transportation	1,068,768	0	1,068,768
Security of Persons and Property	477,595	0	477,595
Legislative and Executive	713,990	0	713,990
Assessment of Waste Water Treatment	13,322	0	13,322
Revenue Bonds Replacement and Improvement	0	1,177,630	1,177,630
Leisure Time Activities Expendable	576,322	0	576,322
Leisure Time Activities Nonexpendable	1,336,270	0	1,336,270
Unrestricted (Deficit)	(2,746,063)	1,478,299	(1,267,764)
Total Net Position	\$44,194,676	\$21,849,490	\$66,044,166

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest
Governmental Activities:			
General Government	\$3,109,064	\$884,730	\$0
Security of Persons and Property:			
Police	4,619,871	610,393	116,592
Fire	2,573,584	420,574	183,877
Other	365,542	166,600	0
Public Health and Welfare	8,042	12,495	6,292
Leisure Time Activities	483,546	16,398	1,886
Economic Development	56,022	0	4,592
Basic Utility Services	59,840	0	0
Transportation	3,429,614	97,243	543,106
Interest and Fiscal Charges	149,865	0	0
Total Governmental Activities	<u>14,854,990</u>	<u>2,208,433</u>	<u>856,345</u>
Business-Type Activities:			
Water	1,892,400	2,568,554	0
Sewer	2,771,880	2,508,522	0
Trash	816,988	816,973	0
Stormwater Utility	877,092	584,840	0
Total Business-Type Activities	<u>6,358,360</u>	<u>6,478,889</u>	<u>0</u>
Total Activities	<u>\$21,213,350</u>	<u>\$8,687,322</u>	<u>\$856,345</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

Unrestricted Interest

Contributions and Donations

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

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

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$2,224,334)	\$0	(\$2,224,334)
(3,892,886)	0	(3,892,886)
(1,969,133)	0	(1,969,133)
(198,942)	0	(198,942)
10,745	0	10,745
(465,262)	0	(465,262)
(51,430)	0	(51,430)
(59,840)	0	(59,840)
(2,789,265)	0	(2,789,265)
(149,865)	0	(149,865)
<u>(11,790,212)</u>	<u>0</u>	<u>(11,790,212)</u>
0	676,154	676,154
0	(263,358)	(263,358)
0	(15)	(15)
<u>0</u>	<u>(292,252)</u>	<u>(292,252)</u>
<u>0</u>	<u>120,529</u>	<u>120,529</u>
<u>(11,790,212)</u>	<u>120,529</u>	<u>(11,669,683)</u>
431,965	0	431,965
1,282,700	0	1,282,700
168,788	0	168,788
8,346,175	0	8,346,175
177,101	0	177,101
240,029	0	240,029
252,730	7,594	260,324
2,450	0	2,450
308,984	84,979	393,963
141,928	(141,928)	0
<u>11,352,850</u>	<u>(49,355)</u>	<u>11,303,495</u>
(437,362)	71,174	(366,188)
<u>44,632,038</u>	<u>21,778,316</u>	<u>66,410,354</u>
<u>\$44,194,676</u>	<u>\$21,849,490</u>	<u>\$66,044,166</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	Fire Levy Fund	Transportation Fund
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$7,879,339	\$2,176,649	\$708,845
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	383,024	0	0
Materials and Supplies Inventory	9,916	25,039	130,122
Intergovernmental Receivable	104,193	71,063	304,274
Income Taxes Receivable	1,869,340	0	0
Property Taxes Receivable	514,731	1,468,127	0
Other Local Taxes Receivable	35,447	0	0
Special Assessments Receivable	0	0	97,860
Accrued Interest Receivable	22,916	0	0
Total Assets	\$10,818,906	\$3,740,878	\$1,241,101
Liabilities:			
Accounts Payable	\$114,586	\$51,900	\$9,452
Accrued Wages and Benefits Payable	82,443	30,380	7,601
Intergovernmental Payable	46,937	9,806	5,648
Contracts Payable	0	0	96,400
Total Liabilities	243,966	92,086	119,101
Deferred Inflows of Resources:			
Property Taxes	489,000	1,392,000	0
Unavailable Revenue	1,280,778	144,215	348,909
Total Deferred Inflows of Resources	1,769,778	1,536,215	348,909
Fund Balances:			
Nonspendable	49,959	25,039	130,122
Restricted	0	2,087,538	642,969
Committed	0	0	0
Assigned	1,840,310	0	0
Unassigned (Deficit)	6,914,893	0	0
Total Fund Balances	8,805,162	2,112,577	773,091
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$10,818,906	\$3,740,878	\$1,241,101

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$6,789,845	\$17,554,678
0	383,024
640	165,717
8,602	488,132
0	1,869,340
193,048	2,175,906
0	35,447
145,194	243,054
0	22,916
<u>\$7,137,329</u>	<u>\$22,938,214</u>
\$17,141	\$193,079
4,327	124,751
46,263	108,654
2,831	99,231
<u>70,562</u>	<u>525,715</u>
183,000	2,064,000
163,844	1,937,746
<u>346,844</u>	<u>4,001,746</u>
1,336,910	1,542,030
2,591,511	5,322,018
511,169	511,169
2,323,470	4,163,780
(43,137)	6,871,756
<u>6,719,923</u>	<u>18,410,753</u>
<u>\$7,137,329</u>	<u>\$22,938,214</u>

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CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total Governmental Fund Balances \$18,410,753

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	19,512,686	
Construction in Progress	194,784	
Infrastructure	69,691,345	
Other Capital Assets	14,971,518	
Accumulated Depreciation	(60,461,575)	
Total Capital Assets		43,908,758

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	111,906	
Other Local Taxes	30,766	
Income Taxes	1,112,379	
Special Assessments	243,054	
Accounts	2,975	
Intergovernmental	415,762	
Interest	20,904	
Total		1,937,746

In the Statement of Activities, interest is accrued on long-term debt, whereas
in governmental funds, an interest expenditure is reported when due. (11,404)

Deferred outflows of resources represent deferred charges on
refundings which do not provide current financial resources
and, therefore, are not reported in the funds. 206,691

The net pension and net OPEB liabilities are not due and payable
in the current period; therefore, the liabilities and related deferred
inflows/outflows are not reported in governmental funds.

Net Pension Asset	13,659	
Deferred Outflows - Pension	1,941,498	
Deferred Outflows - OPEB	1,030,036	
Net Pension Liability	(9,010,062)	
Net OPEB Liability	(7,671,649)	
Deferred Inflows - Pension	(1,205,729)	
Deferred Inflows - OPEB	(202,441)	
Total		(15,104,688)

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

Premium On Debt Issued	(228,200)	
General Obligation Bonds	(3,325,000)	
Capital leases	(596,940)	
Special Assessment Bonds	(125,000)	
Police and Fire Pension	(50,912)	
Compensated Absences	(827,128)	
Total		(5,153,180)

Net Position of Governmental Activities \$44,194,676

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, 2018

	General Fund	Fire Levy Fund	Transportation Fund
Revenues:			
Property Taxes	\$439,055	\$1,303,598	\$0
Other Local Taxes	63,290	0	110,554
Income Taxes	8,347,632	0	0
Special Assessments	0	0	51,294
Charges for Services	356,722	417,599	0
Fines, Licenses and Permits	820,713	0	1,532
Intergovernmental	251,130	180,486	539,910
Interest	250,273	0	3,702
Rent	0	0	0
Contributions and Donations	2,450	60	0
Other	190,510	82,860	9,356
Total Revenues	<u>10,721,775</u>	<u>1,984,603</u>	<u>716,348</u>
Expenditures:			
Current:			
General Government	2,617,934	0	0
Security of Persons and Property:			
Police	3,562,432	0	0
Fire	0	2,098,637	0
Other	231,951	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	199,500	0	0
Economic Development	0	0	0
Transportation	0	0	1,556,904
Capital Outlay	362,290	0	0
Debt Service:			
Principal Retirement	0	54,717	0
Interest and Fiscal Charges	0	1,247	0
Total Expenditures	<u>6,974,107</u>	<u>2,154,601</u>	<u>1,556,904</u>
Excess of Revenues Over (Under) Expenditures	<u>3,747,668</u>	<u>(169,998)</u>	<u>(840,556)</u>
Other Financing Sources (Uses):			
Transfers In	55,000	500,000	800,000
Inception of Capital Lease	0	0	0
Transfers Out	(3,123,699)	(675,258)	0
Total Other Financing Sources (Uses)	<u>(3,068,699)</u>	<u>(175,258)</u>	<u>800,000</u>
Net Change in Fund Balances	678,969	(345,256)	(40,556)
Fund Balances at Beginning of Year	<u>8,126,193</u>	<u>2,457,833</u>	<u>813,647</u>
Fund Balances at End of Year	<u><u>\$8,805,162</u></u>	<u><u>\$2,112,577</u></u>	<u><u>\$773,091</u></u>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$171,555	\$1,914,208
0	173,844
0	8,347,632
202,813	254,107
10,923	785,244
330,183	1,152,428
243,443	1,214,969
(10,466)	243,509
5,475	5,475
1,886	4,396
26,258	308,984
982,070	14,404,796
194,921	2,812,855
491,289	4,053,721
146,870	2,245,507
143,081	375,032
8,042	8,042
357,436	556,936
56,022	56,022
0	1,556,904
778,428	1,140,718
467,086	521,803
154,064	155,311
2,797,239	13,482,851
(1,815,169)	921,945
2,638,957	3,993,957
596,940	596,940
0	(3,798,957)
3,235,897	791,940
1,420,728	1,713,885
5,299,195	16,696,868
\$6,719,923	\$18,410,753

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$1,713,885

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	1,541,613	
Construction in Progress additions	72,299	
Current Year Depreciation	(2,271,614)	
Excess of depreciation expense over capital outlay		(657,702)

Asset Transferred From Governmental Activities to Enterprise Funds (53,072)

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	(30,755)	
Other Local Taxes	3,257	
Income Taxes	(1,457)	
Special Assessments	8,204	
Charges for Services	2,975	
Intergovernmental	(120,541)	
Interest	9,221	
Total		(129,096)

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

Pension	843,337	
OPEB	14,103	
Total		857,440

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

Pension	(1,321,705)	
OPEB	(669,879)	
Total		(\$1,991,584)

(Continued)

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, 2018
(Continued)

Other financing sources in the governmental funds, such as inception of capital lease, increase long-term liabilities in the statement of net position.		(\$596,940)
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	45,000	
Bond Principal Retirement	420,000	
Police and Fire Pension Principal Retirement	2,086	
Capital lease principal retirement	54,717	
Total Long-Term Debt Repayment	521,803	521,803
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	1,564	
Total	5,446	5,446
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:		
Increase in Compensated Absences		(107,542)
Change in Net Position of Governmental Activities		(\$437,362)

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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$454,000	\$410,000	\$439,055	\$29,055
Other Local Taxes	63,774	70,000	63,045	(6,955)
Income Taxes	8,491,282	8,400,000	8,394,240	(5,760)
Charges for Services	360,846	348,761	356,722	7,961
Fines, Licenses and Permits	827,471	689,650	818,014	128,364
Intergovernmental	240,580	221,700	237,830	16,130
Interest	201,606	130,000	199,302	69,302
Contributions and Donations	2,478	0	2,450	2,450
Other	137,674	66,200	140,951	74,751
Total Revenues	10,779,711	10,336,311	10,651,609	315,298
Expenditures:				
Current:				
General Government	3,770,365	3,620,360	2,679,056	941,304
Security of Persons and Property:				
Police	3,705,825	3,746,129	3,570,974	175,155
Other	9,000	278,632	249,945	28,687
Capital Outlay	322,900	528,861	387,872	140,989
Total Expenditures	7,808,090	8,173,982	6,887,847	1,286,135
Excess of Revenues Over Expenditures	2,971,621	2,162,329	3,763,762	1,601,433
Other Financing Sources (Uses):				
Transfers In	104,559	554,559	104,559	(450,000)
Transfers Out	(4,019,540)	(4,051,140)	(3,325,199)	725,941
Total Other Financing Sources (Uses)	(3,914,981)	(3,496,581)	(3,220,640)	275,941
Net Change in Fund Balance	(943,360)	(1,334,252)	543,122	1,877,374
Fund Balance at Beginning of Year	7,340,834	7,340,834	7,340,834	0
Prior Year Encumbrances Appropriated	145,623	145,623	145,623	0
Fund Balance at End of Year	\$6,543,097	\$6,152,205	\$8,029,579	\$1,877,374

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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$1,347,000	\$1,220,000	\$1,303,598	\$83,598
Charges for Services	385,027	518,000	406,321	(111,679)
Intergovernmental	171,028	142,965	180,486	37,521
Contributions and Donations	57	0	60	60
Other	72,853	95,000	82,860	(12,140)
Total Revenues	1,975,965	1,975,965	1,973,325	(2,640)
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	2,674,240	2,732,546	2,231,461	501,085
Excess of Revenues Under Expenditures	(698,275)	(756,581)	(258,136)	498,445
Other Financing Sources (Uses):				
Transfers In	500,000	500,000	500,000	0
Transfers Out	(705,500)	(705,500)	(675,258)	30,242
Total Other Financing Sources (Uses)	(205,500)	(205,500)	(175,258)	30,242
Net Change in Fund Balance	(903,775)	(962,081)	(433,394)	528,687
Fund Balance at Beginning of Year	2,423,815	2,423,815	2,423,815	0
Prior Year Encumbrances Appropriated	58,306	58,306	58,306	0
Fund Balance at End of Year	\$1,578,346	\$1,520,040	\$2,048,727	\$528,687

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, 2018

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Other Local Taxes	\$147,520	\$113,000	\$110,554	(\$2,446)
Special Assessments	68,445	35,000	51,294	16,294
Fines, Licenses and Permits	2,044	12,000	1,532	(10,468)
Intergovernmental	708,866	523,000	531,237	8,237
Interest	4,940	9,100	3,702	(5,398)
Other	12,485	2,200	9,356	7,156
Total Revenues	944,300	694,300	707,675	13,375
Expenditures:				
Current:				
Transportation	2,072,900	2,147,941	1,712,955	434,986
Excess of Revenues Under Expenditures	(1,128,600)	(1,453,641)	(1,005,280)	448,361
Other Financing Sources:				
Transfers In	800,000	1,050,000	800,000	(250,000)
Net Change in Fund Balance	(328,600)	(403,641)	(205,280)	198,361
Fund Balance at Beginning of Year	700,822	700,822	700,822	0
Prior Year Encumbrances Appropriated	75,041	75,041	75,041	0
Fund Balance at End of Year	<u>\$447,263</u>	<u>\$372,222</u>	<u>\$570,583</u>	<u>\$198,361</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2018

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Total
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,228,063	\$1,011,510	\$174,280	\$370,688	\$2,784,541
Materials and Supplies Inventory	81,421	0	0	0	81,421
Accounts Receivable	250,493	548,558	79,698	54,970	933,719
Restricted Assets:					
Cash and Cash Equivalents with Trustee	253,543	0	0	0	253,543
Total Current Assets	1,813,520	1,560,068	253,978	425,658	4,053,224
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	1,318,461	76,066	0	0	1,394,527
Cash and Cash Equivalents with Trustee	311,753	0	0	0	311,753
Net Pension Asset	2,466	1,518	189	1,137	5,310
Nondepreciable Capital Assets	1,053,642	58,585	0	40,648	1,152,875
Depreciable Capital Assets, Net	8,047,519	3,488,481	595	8,226,806	19,763,401
Total Noncurrent Assets	10,733,841	3,624,650	784	8,268,591	22,627,866
Total Assets	12,547,361	5,184,718	254,762	8,694,249	26,681,090
Deferred Outflows of Resources:					
Deferred Charge on Refunding	9,264	0	0	0	9,264
Pension	122,893	76,016	9,551	57,012	265,472
OPEB	26,835	16,515	2,064	12,386	57,800
Total Deferred Outflows of Resources	158,992	92,531	11,615	69,398	332,536
Liabilities:					
Current Liabilities:					
Accounts Payable	23,868	2,544	1,958	8,224	36,594
Accrued Wages and Benefits Payable	19,829	6,557	706	5,056	32,148
Contracts Payable	0	314,116	0	865	314,981
Intergovernmental Payable	10,143	4,233	548	3,771	18,695
Accrued Interest Payable	27,642	0	0	0	27,642
Compensated Absences Payable	15,049	16,825	1,533	16,889	50,296
Revenue Bonds Payable	250,000	0	0	0	250,000
OWDA Loans Payable	282,729	0	0	0	282,729
Total Current Liabilities	629,260	344,275	4,745	34,805	1,013,085
Long Term Liabilities:					
Compensated Absences Payable	49,499	54,385	7,652	50,719	162,255
Revenue Bonds Payable	822,515	0	0	0	822,515
OWDA Loans Payable	937,623	0	0	0	937,623
Refundable Deposits	76,066	76,066	0	0	152,132
Net Pension Liability	488,428	300,570	37,571	225,431	1,052,000
Net OPEB Liability	325,256	200,159	25,019	150,118	700,552
Total Long Term Liabilities	2,699,387	631,180	70,242	426,268	3,827,077
Total Liabilities	3,328,647	975,455	74,987	461,073	4,840,162
Deferred Inflows of Resources:					
Pension	127,324	71,469	19,394	53,601	271,788
OPEB	24,229	14,910	1,864	11,183	52,186
Total Deferred Inflows of Resources	151,553	86,379	21,258	64,784	323,974
Net Position:					
Net Investment in Capital Assets	6,817,558	3,547,066	595	8,266,589	18,631,808
Restricted for:					
Debt Service	561,753	0	0	0	561,753
Revenue Bonds Replacement and Improvements	1,177,630	0	0	0	1,177,630
Unrestricted	669,212	668,349	169,537	(28,799)	1,478,299
Total Net Position	\$9,226,153	\$4,215,415	\$170,132	\$8,237,790	\$21,849,490

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, 2018

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Total
Operating Revenues:					
Charges for Services	\$2,568,554	\$2,508,522	\$816,973	\$584,840	\$6,478,889
Operating Expenses:					
Personal Services	723,369	436,948	44,184	367,808	1,572,309
Contractual Services	466,306	2,006,539	729,678	25,641	3,228,164
Supplies and Materials	152,187	45,793	1,692	15,467	215,139
Depreciation	293,999	154,329	238	439,106	887,672
Other	142,350	128,271	41,196	29,070	340,887
Total Operating Expenses	1,778,211	2,771,880	816,988	877,092	6,244,171
Operating Income (Loss)	790,343	(263,358)	(15)	(292,252)	234,718
Non-Operating Revenues (Expenses):					
Interest	7,594	0	0	0	7,594
Capital Grants and Contributions	19,036	15,000	0	19,036	53,072
Other Non-Operating Revenues	41,417	37,251	796	5,515	84,979
Interest and Fiscal Charges	(114,189)	0	0	0	(114,189)
Total Non-Operating Revenues (Expenses)	(46,142)	52,251	796	24,551	31,456
Income (Loss) Before Transfers	744,201	(211,107)	781	(267,701)	266,174
Transfers Out	(125,000)	(70,000)	0	0	(195,000)
Change in Net Position	619,201	(281,107)	781	(267,701)	71,174
Net Position at Beginning of Year - Restated (See Note 3)	8,606,952	4,496,522	169,351	8,505,491	21,778,316
Net Position at End of Year	\$9,226,153	\$4,215,415	\$170,132	\$8,237,790	\$21,849,490

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	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	\$2,577,581	\$2,706,960	\$812,376	\$580,673	\$6,677,590
Cash Paid for Employee Services and Benefits	(659,593)	(390,043)	(46,676)	(324,146)	(1,420,458)
Cash Paid to Suppliers for Goods and Services	(655,346)	(1,902,610)	(730,997)	(33,034)	(3,321,987)
Utility Deposits Received	21,743	21,742	0	0	43,485
Utility Deposits Returned	(21,442)	(21,441)	0	0	(42,883)
Other Operating Expenses	(142,350)	(128,271)	(41,196)	(29,070)	(340,887)
Other Non-Operating Revenues	41,417	37,251	796	5,515	84,979
Net Cash Provided by (Used for) Operating Activities	1,162,010	323,588	(5,697)	199,938	1,679,839
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers Out to Other Funds	(125,000)	(70,000)	0	0	(195,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(81,761)	(40,743)	0	(145,000)	(267,504)
Interest Paid on OWDA Loans	(58,864)	0	0	0	(58,864)
Principal Paid on OWDA Loans	(265,985)	0	0	0	(265,985)
Interest Paid on Mortgage Revenue Bonds	(64,168)	0	0	0	(64,168)
Principal Paid on Mortgage Revenue Bonds	(525,000)	0	0	0	(525,000)
Net Cash Used for Capital and Related Financing Activities	(995,778)	(40,743)	0	(145,000)	(1,181,521)
<u>Cash Flows from Investing Activities:</u>					
Interest	7,594	0	0	0	7,594
Net Increase (Decrease) in Cash and Cash Equivalents	48,826	212,845	(5,697)	54,938	310,912
Cash and Cash Equivalents at Beginning of Year	3,062,994	874,731	179,977	315,750	4,433,452
Cash and Cash Equivalents at End of Year	\$3,111,820	\$1,087,576	\$174,280	\$370,688	\$4,744,364

(Continued)

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Totals
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	\$790,343	(\$263,358)	(\$15)	(\$292,252)	\$234,718
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>					
Depreciation Expense	293,999	154,329	238	439,106	887,672
Other Non-Operating Revenues	41,417	37,251	796	5,515	84,979
Change in Assets and Liabilities:					
Increase in Materials and Supplies Inventory	(16,804)	0	0	0	(16,804)
(Increase) Decrease in Accounts Receivable	919	198,438	(4,597)	(4,167)	190,593
Decrease in Deferred Outflows - Pension	94,344	60,382	7,838	45,286	207,850
Decrease in Deferred Outflows - OPEB	16,885	10,391	1,298	7,793	36,367
Decrease in Interfund Receivable	8,108	0	0	0	8,108
Increase (Decrease) in Accounts Payable	(18,421)	(7,027)	373	8,019	(17,056)
Decrease in Accrued Wages and Benefits Payable	(156)	(1,009)	(12)	(124)	(1,301)
Increase (Decrease) in Contracts Payable	(1,575)	156,749	0	865	156,039
Increase (Decrease) in Intergovernmental Payable	473	(207)	48	(488)	(174)
Increase (Decrease) in Compensated Absences Payable	629	(1,429)	625	6,300	6,125
Increase in Net Pension Liability	9,179	5,646	706	4,238	19,769
Increase in Net OPEB Liability	17,638	10,856	1,357	8,141	37,992
Increase in Refundable Deposits Payable	301	301	0	0	602
Decrease in Deferred Inflows - Pension	(69,212)	(33,997)	(13,886)	(25,498)	(142,593)
Decrease in Deferred Inflows - OPEB	(6,057)	(3,728)	(466)	(2,796)	(13,047)
Total Adjustments	371,667	586,946	(5,682)	492,190	1,445,121
Net Cash Provided by (Used for) Operating Activities	<u>\$1,162,010</u>	<u>\$323,588</u>	<u>(\$5,697)</u>	<u>\$199,938</u>	<u>\$1,679,839</u>

Noncash Capital Financing Activities:

During 2018, there was an asset donated from governmental funds to the Water Fund in the amount of \$19,036.

During 2018, there was an asset donated from governmental funds to the Sewer Fund in the amount of \$15,000.

During 2018, there was an asset donated from governmental funds to the Stormwater Utility Fund in the amount of \$19,036.

See accompanying notes to the basic financial statements

***CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2018***

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$89,504
Cash in Segregated Accounts	<u>103,860</u>
Total Assets	<u><u>\$193,364</u></u>
Liabilities:	
Undistributed Monies	\$160,917
Deposits Held and Due to Others	<u>32,447</u>
Total Liabilities	<u><u>\$193,364</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 Plan Risk Management, Inc. (OPRM)

Jointly Governed Organizations:

Warren County General Health District

Warren County Fire Response and Life Safety Council of Governments

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

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:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 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, 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 is recognized in the year for which the taxes are levied or would have been

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. 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 shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 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, accounts receivable, 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 21. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Notes 12 and 13).

Expenses/Expenditures

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, employee retirement benefits, and for the replacement and improvement of capital assets originally acquired with bond proceeds, 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, Negotiable Certificates of Deposits, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Notes, Federal Home Loan Mortgage Corporation Step up Bonds, 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 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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 2018 amounted to \$250,273, which includes \$152,963 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.

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). 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 are depreciated except for land and construction in progress. 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

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

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

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:

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 OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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 2019 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.

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.

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

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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 non-operating 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 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 effect 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.

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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.

Note 3 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For 2018, the City also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the City's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

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	Governmental Activities	Business - Type Activities
Net Position December 31, 2017	\$50,820,316	\$22,411,942
Adjustments:		
Net OPEB Liability	(6,225,091)	(643,108)
Deferred Outflow - Payments Subsequent to Measurement Date	36,813	9,482
Restated Net Position December 31, 2017	<u>\$44,632,038</u>	<u>\$21,778,316</u>

	Water	Sewer	Trash	Stormwater	Total Enterprise
Net Position December 31, 2017	\$8,901,136	\$4,677,557	\$191,981	\$8,641,268	\$22,411,942
Adjustments:					
Net OPEB Liability	(298,586)	(183,745)	(22,968)	(137,809)	(643,108)
Deferred Outflow - Payments Subsequent to Measurement Date	4,402	2,710	338	2,032	9,482
Restated Net Position December 31, 2017	<u>\$8,606,952</u>	<u>\$4,496,522</u>	<u>\$169,351</u>	<u>\$8,505,491</u>	<u>\$21,778,316</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 4 – Accountability

At December 31, 2018, the Police and Fire Pension fund, which is a special revenue fund, is the only fund with a deficit fund balance. For 2018, the deficit fund balance was \$43,137.

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).

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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).
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	\$678,969	(\$345,256)	(\$40,556)
Revenue Accruals	31,444	38,221	(8,673)
Expenditure Accruals	17,799	(26,916)	(17,789)
Encumbrances	(133,039)	(49,944)	(138,262)
Unrecorded Cash - 2017	23,099	28,479	0
Unrecorded Cash - 2018	(75,366)	(77,978)	0
Increase in Fair Value of Investments - 2017	(10,665)	0	0
Increase in Fair Value of Investments - 2018	13,580	0	0
Agency Fund Cash Allocation - 2017	35,260	0	0
Agency Fund Cash Allocation - 2018	(37,959)	0	0
Budget Basis	<u>\$543,122</u>	<u>(\$433,394)</u>	<u>(\$205,280)</u>

Note 6 – Deposits and Investments

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy 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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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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.

Investments

As of December 31, 2018, the City had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturity (in Years)	Moody or S&P Rating	Percentage of Total Investments
Net Asset Value Per Share				
STAROhio	\$4,607,974	Less than One	AAAm	N/A
Fair Value - Level One Inputs				
Common Stock	1,806,235	Less than One	N/A	12.72%
Fair Value - Level Two Inputs				
Negotiable Certificates of Deposits	2,707,828	Less than Five	AA+	19.07%
Federal Home Loan Bank Notes	1,141,111	Less than Three	AA+	8.03%
Federal Home Loan Mortgage Notes	1,099,724	Less than Three	AA+	7.74%
Federal Home Loan Mortgage Corporation Step Up Bonds	249,328	Less than Four	AA+	N/A
United States Treasury Bills	2,590,181	Less than One	A-1+	18.24%
Total Fair Value - Level Two Inputs	7,788,172			
Total Investments	\$14,202,381			

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.

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, 2018. 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.

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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 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes were levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes, which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$9.32 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$217,776,370
Public Utility Personal Property	20,341,620
Totals	<u>\$238,117,990</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, 2018, and for which there was an enforceable legal claim. In governmental

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funds, the portion of the receivable not levied to finance 2018 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 2018, the proceeds were allocated to the General Fund.

Note 9 – Receivables

Receivables at December 31, 2018, 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.

Special assessments expected to be collected in more than one year amount to \$70,738. The City has \$3,015 in delinquent special assessments at December 31, 2018.

A summary of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Local Government Assistance	\$82,189
Homestead and Rollback Exemption	95,719
Charges to Other Governments	5,950
Gasoline Tax	199,335
Motor Vehicle License Tax	47,743
Permissive Motor Vehicle License Tax	57,196
Total Governmental Activities	<u>\$488,132</u>

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Note 10 – Capital Assets

Capital assets activity for the year ended December 31, 2018, was as follows:

	Balance at January 1, 2018	Additions	Deletions	Transfers	Balance at December 31, 2018
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$19,485,033	\$27,653	\$0	\$0	\$19,512,686
Construction in Progress	122,485	72,299	0	0	194,784
Total Capital Assets, Not Being Depreciated	19,607,518	99,952	0	0	19,707,470
Depreciable Capital Assets:					
Land Improvements	1,507,534	161,726	0	0	1,669,260
Buildings	7,212,805	40,967	0	0	7,253,772
Equipment	2,144,784	185,771	0	0	2,330,555
Vehicles	3,547,089	245,216	(21,302)	(53,072)	3,717,931
Infrastructure	68,811,065	880,280	0	0	69,691,345
Total Depreciable Capital Assets	83,223,277	1,513,960	(21,302)	(53,072)	84,662,863
Less Accumulated Depreciation:					
Land Improvements	(1,246,199)	(33,835)	0	0	(1,280,034)
Buildings	(2,443,516)	(122,981)	0	0	(2,566,497)
Equipment	(1,515,855)	(138,025)	0	0	(1,653,880)
Vehicles	(2,820,804)	(165,223)	21,302	0	(2,964,725)
Infrastructure	(50,184,889)	(1,811,550)	0	0	(51,996,439)
Total Accumulated Depreciation	(58,211,263)	(2,271,614)	21,302	0	(60,461,575)
Depreciable Capital Assets, Net	25,012,014	(757,654)	0	(53,072)	24,201,288
Governmental Activities Capital Assets, Net	\$44,619,532	(\$657,702)	\$0	(\$53,072)	\$43,908,758

Depreciation expense was charged to governmental programs as follows:

	Amount
General Government	\$50,397
Security of Persons and Property:	
Police	124,925
Fire	176,773
Leisure Time Activities	32,346
Public Works	59,840
Transportation	1,827,333
Total Depreciation Expense	\$2,271,614

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	Balance at January 1, 2018	Additions	Deletions	Transfers	Balance at December 31, 2018
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$1,095,364	\$0	\$0	\$0	\$1,095,364
Construction in Progress	1,575	55,936	0	0	57,511
Total Capital Assets, Not Being Depreciated	1,096,939	55,936	0	0	1,152,875
Depreciable Capital Assets:					
Land Improvements	12,921	0	0	0	12,921
Buildings	87,073	0	0	0	87,073
Equipment	714,251	35,024	0	0	749,275
Vehicles	624,012	0	0	53,072	677,084
Infrastructure	40,826,813	176,544	0	0	41,003,357
Total Depreciable Capital Assets	42,265,070	211,568	0	53,072	42,529,710
Less Accumulated Depreciation:					
Land Improvements	(3,056)	(204)	0	0	(3,260)
Buildings	(17,587)	(1,385)	0	0	(18,972)
Equipment	(197,083)	(42,280)	0	0	(239,363)
Vehicles	(327,582)	(48,508)	0	0	(376,090)
Infrastructure	(21,333,329)	(795,295)	0	0	(22,128,624)
Total Accumulated Depreciation	(21,878,637)	(887,672)	0	0	(22,766,309)
Depreciable Capital Assets, Net	20,386,433	(676,104)	0	53,072	19,763,401
Business-Type Activities Capital Assets, Net	\$21,483,372	(\$620,168)	\$0	\$53,072	\$20,916,276

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.

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 member’s 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.

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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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent 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 764 members as of December 31, 2017.

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.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 and 2016 (the latest information available).

	2017	2016
Assets	\$14,853,620	\$14,765,712
Liabilities	(9,561,108)	(9,531,503)
Members' Equity	\$5,292,512	\$5,234,209

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

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

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	40,112,796	1,000
Special Property Coverage	2,440,732	1,000
Electronic Equipment Coverage	315,864	1,000
Public Employee Dishonesty Coverage	100,000	1,000

There have been no significant reductions in insurance coverage from the prior year 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.

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Note 12 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB 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/OPEB liability (asset) represent the City’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates 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 and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the tradition and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7,

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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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee *	10.0%
 2018 Actual Contribution Rates	
Employer:	
Pension **	14.0%
Post-employment Health Care Benefits **	0.0
Total Employer	14.0%
Employee	10.0%

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, the City's contractually required contribution was \$442,298 for the traditional plan, \$8,968 for the combined plan and \$6,334 for the member-directed plan. Of these amounts, \$45,755 is reported as an intergovernmental payable for the traditional plan, \$928 for the combined plan, and \$653 for the member-directed plan.

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Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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 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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

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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	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2018 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	<u>12.25%</u>	<u>12.25%</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$513,084 for 2018. Of this amount, \$58,195 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability the City incurred when the State of Ohio established the Statewide pension system for police and fire fighters in 1967. As of December 31, 2018, the specific liability of the City was \$50,912 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 (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) 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 of the City's defined benefit pension plans:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.02394900%	0.01393500%	0.10360700%	
Prior Measurement Date	<u>0.02357200%</u>	<u>0.01409300%</u>	<u>0.09630500%</u>	
Change in Proportionate Share	<u>0.00037700%</u>	<u>(0.00015800%)</u>	<u>0.00730200%</u>	
Proportionate Share of the:				
Net Pension Asset	\$0	\$18,969	\$0	\$18,969
Net Pension Liability	3,703,234	0	6,358,828	10,062,062
Pension Expense	809,838	(12,059)	729,965	1,527,744

2018 pension expense for the member-directed defined contribution plan was \$6,334.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

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	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$3,837	\$0	\$96,499	\$100,336
Changes of assumptions	449,003	1,658	277,088	727,749
Changes in proportion and differences between City contributions and proportionate share of contributions	63,057	77	351,401	414,535
City contributions subsequent to the measurement date	442,298	8,968	513,084	964,350
Total Deferred Outflows of Resources	<u>\$958,195</u>	<u>\$10,703</u>	<u>\$1,238,072</u>	<u>\$2,206,970</u>

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$74,042	\$5,652	\$11,503	\$91,197
Net difference between projected and actual earnings on pension plan investments	806,607	2,993	219,967	1,029,567
Changes in proportion and differences between City contributions and proportionate share of contributions	22,786	0	333,967	356,753
Total Deferred Inflows of Resources	<u>\$903,435</u>	<u>\$8,645</u>	<u>\$565,437</u>	<u>\$1,477,517</u>

\$964,350 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 or increase to the net pension asset in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Year Ending December 31:				
2019	\$357,847	(\$942)	\$143,209	\$500,114
2020	(58,751)	(1,025)	85,378	25,602
2021	(355,187)	(1,695)	(142,455)	(499,337)
2022	(331,447)	(1,626)	(90,526)	(423,599)
2023	0	(574)	130,805	130,231
Thereafter	0	(1,048)	33,140	32,092
Total	<u>(\$387,538)</u>	<u>(\$6,910)</u>	<u>\$159,551</u>	<u>(\$234,897)</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, 2017, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 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 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was 16.82 percent for 2017.

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 2017 and the long-term expected real rates of return:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00%	2.20%
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00%</u>	<u>5.66%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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 (Asset) to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability (asset) 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 (asset) 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:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability (asset)			
OPERS Traditional Plan	\$6,671,712	\$3,703,234	\$1,327,254
OPERS Combined Plan	(10,312)	(18,696)	(24,944)

Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, 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,

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as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68-77	105	87
78 and up	115	120

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60	45
70-79	75	70
80 and up	100	90

For the January 1, 2016, valuation, rates of death were 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 for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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 expected. Various real return premiums over the baseline

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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, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00%	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

For 2017, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2016 was 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 8.00 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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$8,815,005	\$6,358,828	\$4,355,594

Note 13 - Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 75. 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. When funding is approved by OPERS Board of Trustees, 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 2018, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution was \$1,810 for 2018. Of this amount, \$187 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

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 a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium 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. 75.

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 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, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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

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health care benefits. For 2018, 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 contractually required contribution to OP&F was \$12,800 for 2018. Of this amount, \$1,440 is reported as an intergovernmental payable.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02304000%	0.10360700%	
Prior Measurement Date	<u>0.02274000%</u>	<u>0.09630500%</u>	
Change in Proportionate Share	<u>0.00030000%</u>	<u>0.00730200%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$2,501,974	\$5,870,227	\$8,372,201
OPEB Expense	\$220,784	\$510,914	\$731,698

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$1,949	\$0	\$1,949
Changes of assumptions	182,170	572,809	754,979
Changes in proportion and differences between City contributions and proportionate share of contributions	20,500	295,798	316,298
City contributions subsequent to the measurement date	<u>1,810</u>	<u>12,800</u>	<u>14,610</u>
Total Deferred Outflows of Resources	<u>\$206,429</u>	<u>\$881,407</u>	<u>\$1,087,836</u>

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$29,607	\$29,607
Net difference between projected and actual earnings on OPEB plan investments	<u>186,380</u>	<u>38,640</u>	<u>225,020</u>
Total Deferred Inflows of Resources	<u>\$186,380</u>	<u>\$68,247</u>	<u>\$254,627</u>

\$14,610 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2019	\$51,234	\$113,000	\$164,234
2020	51,234	113,000	164,234
2021	(37,634)	113,000	75,366
2022	(46,595)	113,000	66,405
2023	0	122,660	122,660
Thereafter	<u>0</u>	<u>225,700</u>	<u>225,700</u>
Total	<u>\$18,239</u>	<u>\$800,360</u>	<u>\$818,599</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.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care 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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	1.88%
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00%	4.98%

Discount Rate

A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted

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to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$3,323,981	\$2,501,974	\$1,836,979

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$2,393,856	\$2,501,974	\$2,613,658

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Changes between Measurement Date and Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6.0 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate

The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

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

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	<u>1% Decrease (2.24%)</u>	<u>Current Discount Rate (3.24%)</u>	<u>1% Increase (4.24%)</u>
City's proportionate share of the net OPEB liability	\$7,337,855	\$5,870,227	\$4,740,942

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Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
2017	(0.47%)	(2.50%)	4.50%	(0.47%)	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's proportionate share of the net OPEB liability	\$4,560,098	\$5,870,227	\$7,635,838

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City’s NOL is not known.

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, employees hired before June 7, 2005, will be paid a payment up to 150 days of sick leave hours. Upon retirement with at least ten years of service credit, 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.

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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 police employees, who may accrue a maximum of 160 hours or clerical and service employees, who may accrue a maximum of 16 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 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

In 2018, employees had the option of contributing to a Health Savings Account up to \$2,450 for single coverage or \$5,900 for family coverage. The City may contribute a match up to \$1,000 to each employee's 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 2018 totaled \$54,717.

In 2018, the City entered into a capital lease for the purchase of a vehicle. The City did not receive the vehicle as of December 31, 2018, as it was being built. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the five-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 begin in 2019.

The assets acquired through capital leases are as follows:

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	Governmental Activities
Asset: Vehicles	\$761,118
Less: Accumulated Depreciation	(51,306)
Total	\$709,812

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, 2018.

	Governmental Activities
December 31,	
2019	\$133,285
2020	133,285
2021	133,285
2022	133,285
2023	133,284
Total	666,424
Less: Amount Representing Interest	(69,484)
Present Value of Minimum Lease Payments	\$596,940

Note 16 – Long -Term Obligations

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2018 follows:

Types/Issues	Restated Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Due Within One Year
<u>Special Assessment Bonds with Governmental</u>					
<u>Commitment:</u>					
1999 - 5.70% Eastlawn Sewer Line					
Extension \$119,779	\$20,000	\$0	\$10,000	\$10,000	\$10,000
2001 - 5.125% Shotwell Drive					
Phase III \$490,000	150,000	0	35,000	115,000	35,000
Total - Special Assessment Bonds	170,000	0	45,000	125,000	45,000
<u>General Obligation Bonds (Unvoted):</u>					
2012 - 3.00% - 4.00% Various Purpose Refunding					
Bonds \$5,630,000	3,745,000	0	420,000	3,325,000	435,000
Premium on Debt Issue	255,047	0	26,847	228,200	0
Total - General Obligation Bonds	4,000,047	0	446,847	3,553,200	435,000
<u>Net Pension Liability:</u>					
OPERS	3,854,019	0	1,202,785	2,651,234	0
OP&F	6,099,862	258,966	0	6,358,828	0
Total - Net Pension Liability	\$9,953,881	\$258,966	\$1,202,785	\$9,010,062	\$0

(Continued)

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Types/Issues	Restated Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Due Within One Year
<u>Net OPEB Liability:</u>					
OPERS	\$1,653,709	\$147,713	\$0	\$1,801,422	\$0
OP&F	4,571,382	1,298,845	0	5,870,227	0
Total - Net Pension Liability	<u>6,225,091</u>	<u>1,446,558</u>	<u>0</u>	<u>7,671,649</u>	<u>0</u>
<u>Other Long-Term Obligations:</u>					
Compensated Absences	719,586	412,889	305,347	827,128	251,910
2.50% - Police and Fire Pension	52,998	0	2,086	50,912	2,176
Capital Leases Payable	54,717	596,940	54,717	596,940	110,557
Total - Other Long-Term Obligations	<u>827,301</u>	<u>1,009,829</u>	<u>362,150</u>	<u>1,474,980</u>	<u>364,643</u>
Total - All General Long-Term Obligations	<u>\$21,176,320</u>	<u>\$2,715,353</u>	<u>\$2,056,782</u>	<u>\$21,834,891</u>	<u>\$844,643</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.

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	<u>\$545,000</u>

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	<u>\$590,000</u>

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 and OPEB liabilities see Notes 12 and 13.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

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, 2018, \$50,912 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 2018 were as follows:

Types/Issues	Restated Balance January 1, 2018	Increases	Decreases	Balance December 31, 2018	Due Within One Year
OWDA Loans	\$1,486,337	\$0	\$265,985	\$1,220,352	\$282,729
2006 - 4.000% - 4.125% Mortgage Revenue					
Refunding Bonds - \$6,140,000	1,580,000	0	525,000	1,055,000	250,000
Premium on Debt Issue	21,140	0	3,625	17,515	0
Compensated Absences	206,426	86,807	80,682	212,551	50,296
Net Pension Liability - OPERS	1,498,782	0	446,782	1,052,000	0
Net OPEB Liability - OPERS	643,108	57,444	0	700,552	0
Total - Business-Type Activities	<u>\$5,435,793</u>	<u>\$144,251</u>	<u>\$1,322,074</u>	<u>\$4,257,970</u>	<u>\$583,025</u>

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

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

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 \$2,581,846, with principal and interest of \$1,419,334 remaining on the OWDA Loan and \$1,162,512 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$914,017, with \$324,849 paid on the OWDA Loans, and \$589,168 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,091,936.

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 and OPEB liabilities. However, employer pension contributions are made from the following funds: Water, Sewer, Trash, and Stormwater Utility. For additional information related to the net pension and OPEB liabilities see Notes 12 and 13.

As of December 31, 2018, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$21,677,389, with an unvoted debt margin of \$9,771,489.

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Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2018, are:

Governmental Activities				
Year	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
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	0	0	415,000	54,225
2024-2027	0	0	1,135,000	96,512
Totals	<u>\$125,000</u>	<u>\$12,614</u>	<u>\$3,325,000</u>	<u>\$544,237</u>

Business-Type Activities				
Year	OWDA Loans		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
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	74,547	19,148	0	0
2024-2028	422,581	47,924	0	0
Totals	<u>\$1,220,352</u>	<u>\$198,982</u>	<u>\$1,055,000</u>	<u>\$107,512</u>

Revenue Housing Bonds

The City served as the issuer of \$6,955,000 in revenue housing bonds in 1997 and \$4,500,000 in 2007. The proceeds of the \$6,955,000 bonds were used by Emerald Edge/Warren, Limited Partnership and the proceeds of the \$4,500,000 bonds were used by Sound Preservation 202 LP to finance the acquisition, construction and equipping of separate multi-family residential rental housing facilities. The housing revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment. The outstanding balance at December 31, 2018 on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$6,429,000. The outstanding balance at December 31, 2018, on the Sound Preservation 202 LP revenue housing bonds is \$3,155,597.

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.

CITY OF FRANKLIN, OHIO
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	Transfers From				Total
	General	Fire	Water	Sewer	
	Fund	Levy Fund	Fund	Fund	
Transfers to					
General Fund	\$0	\$0	\$50,000	\$5,000	\$55,000
Fire Levy Fund	500,000	0	0	0	500,000
Transportation	800,000	0	0	0	800,000
Nonmajor Governmental Funds	1,823,699	675,258	75,000	65,000	2,638,957
Total	\$3,123,699	\$675,258	\$125,000	\$70,000	\$3,993,957

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 the Water and Sewer Funds to the General Fund were for employee benefits.

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 \$199,793 in 2018. 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, 1 Benjamin Franklin Way, Franklin, Ohio, 45005.

The following is a summary of the financial information for the joint venture for the year ended December 31, 2018, prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	\$424,644
Operating Expenditures	337,617
Excess of Operating Revenues Over Expenditures	87,027
Fund Balance at Beginning of Year	84
Fund Balance at End of Year	\$87,111

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Shared Risk Pool

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 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 \$7,208 during 2018 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 Health District, 416 S. East Street, Lebanon, Ohio 45036.

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 2018 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	\$133,039
Fire Fund	49,944
Transportation Fund	138,262
Nonmajor Governmental Funds	<u>92,837</u>
Total Governmental Funds	<u>\$414,082</u>
	(Continued)

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Proprietary Funds:	
Water Fund	\$65,242
Sewer Fund	4,756
Trash Fund	2,289
Storm Water Fund	20,888
Total Proprietary Funds	93,175
Total	\$507,257

Contractual Commitments

As of December 31, 2018, the City had the following contractual purchase commitments for:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2018
Keyless Door System			
Go Keyless	\$45,931	\$34,519	\$11,412
City Entrance Sign			
Creative Signs	16,500	8,010	8,490
Downtown Signal Management Systems Phase 1			
CT Consultants	122,800	75,849	46,951
Downtown Signal Management Systems Phase 2			
CT Consultants	69,000	47,745	21,255
Downtown Signal Management Systems Phase 3			
CT Consultants	45,000	4,451	40,549
Great Miami River Bike Path Project -			
Brandsetter Carroll, Inc.	32,320	24,210	8,110
Franklin Woods Water Main Replacement Project -			
CT Consultants	45,000	33,278	11,722
Third Street Lift Station			
CT Consultants	21,530	21,085	445
I-75 SB Ramp Culvert Extention			
CT Consultants	11,265	3,148	8,117
Total	\$409,346	\$252,295	\$157,051

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:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

Fund Balances	General Fund	Fire Levy Fund	Transportation Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>					
Inventory	\$9,916	\$25,039	\$130,122	\$640	\$165,717
Unclaimed Monies	40,043	0	0	0	40,043
Leisure Time Activities	0	0	0	1,336,270	1,336,270
<i>Total Nonspendable</i>	49,959	25,039	130,122	1,336,910	1,542,030
<i>Restricted For:</i>					
Debt Service	0	0	0	194,375	194,375
Capital Outlay	0	0	0	705,456	705,456
Fire Protection	0	2,087,538	0	0	2,087,538
Transportation	0	0	642,969	0	642,969
Security of Persons and Property	0	0	0	415,182	415,182
Legislative and Executive Assessment of Wastewater Treatment	0	0	0	8,318	8,318
Leisure Time Activities	0	0	0	576,322	576,322
<i>Total Restricted</i>	0	2,087,538	642,969	2,591,511	5,322,018
<i>Committed To:</i>					
Park Facilities	0	0	0	511,169	511,169
<i>Assigned To:</i>					
Debt Service Payments	0	0	0	83,056	83,056
Future Appropriations	1,732,409	0	0	0	1,732,409
Purchases On Order For:					
Capital Outlay	0	0	0	2,240,414	2,240,414
Personal Services	1,036	0	0	0	1,036
Contractual Services	100,386	0	0	0	100,386
Materials & Supplies	6,479	0	0	0	6,479
<i>Total Assigned</i>	1,840,310	0	0	2,323,470	4,163,780
<i>Unassigned (Deficit)</i>	6,914,893	0	0	(43,137)	6,871,756
Total Fund Balances	\$8,805,162	\$2,112,577	\$773,091	\$6,719,923	\$18,410,753

Note 21 – Contingencies

Federal and State Grants

For the period January 1, 2018, to December 31, 2018, 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, 2018. The City's 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 Five Years (1)

	2018	2017	2016
City's Proportion of the Net Pension Liability	0.02394900%	0.02357200%	0.02366400%
City's Proportionate Share of the Net Pension Liability	\$3,703,234	\$5,352,801	\$4,098,904
City's Covered Payroll	\$3,263,108	\$3,142,750	\$2,945,024
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	113.49%	170.32%	139.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%

(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.

See accompanying notes to the required supplementary information.

2015	2014
0.02287300%	0.02287300%
\$2,758,741	\$2,696,429
\$2,804,208	\$2,860,364
98.38%	94.27%
86.45%	86.36%

City of Franklin, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the
Net Pension Asset
Ohio Public Employees Retirement System - Combined Plan
2018 (1)

	2018
City's Proportion of the Net Pension Liability	0.01393500%
City's Proportionate Share of the Net Pension Asset	\$18,969
City's Covered Payroll	\$57,069
City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See accompanying notes to the required supplementary information.

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.02304000%	0.02274000%
City's Proportionate Share of the Net OPEB Liability	\$2,501,974	\$2,296,817
City's Covered Payroll	\$3,361,352	\$3,238,283
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.43%	70.93%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 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.

See accompanying notes to the required supplementary information.

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 Five Years (1)

	2018	2017	2016
City's Proportion of the Net Pension Liability	0.10360700%	0.09630500%	0.10455000%
City's Proportionate Share of the Net Pension Liability	\$6,358,828	\$6,099,862	\$6,725,775
City's Covered Payroll	\$2,347,911	\$2,216,434	\$2,261,788
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	270.83%	275.21%	297.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%

(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.

See accompanying notes to the required supplementary information.

2015	2014
0.10590010%	0.10590010%
\$5,486,066	\$5,157,667
\$2,209,509	\$2,843,578
248.29%	181.38%
71.71%	73.00%

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.10360700%	0.09630500%
City's Proportionate Share of the Net OPEB Liability	\$5,870,227	\$4,571,382
City's Covered Payroll	\$2,347,911	\$2,216,434
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	250.02%	206.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 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.

See accompanying notes to the required supplementary information.

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City of Franklin, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Six Years (1)(2)

	2018	2017	2016
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$442,298	\$424,204	\$377,130
Contributions in Relation to the Contractually Required Contribution	(442,298)	(424,204)	(377,130)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,159,271	\$3,263,108	\$3,142,750
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net Pension Liability - Combined Plan			
Contractually Required Contribution	\$8,968	\$7,419	\$6,583
Contributions in Relation to the Contractually Required Contribution	(8,968)	(7,419)	(6,583)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$64,057	\$57,069	\$54,858
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>
Net OPEB Liability - OPEB Plan			
Contractually Required Contribution	\$1,810	\$34,849	\$65,579
Contributions in Relation to the Contractually Required Contribution	(1,810)	(34,849)	(65,579)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$3,268,578	\$3,361,352	\$3,238,283
OPEB Contributions as a Percentage of Covered Payroll	<u>0.06%</u>	<u>1.04%</u>	<u>2.03%</u>

(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.

(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented for the OPEB plan.

(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>
\$353,403	\$336,504	\$371,847
<u>(353,403)</u>	<u>(336,504)</u>	<u>(371,847)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,945,024	\$2,804,208	\$2,860,364
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
\$6,430	\$6,155	\$6,347
<u>(6,430)</u>	<u>(6,155)</u>	<u>(6,347)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$53,583	\$51,292	\$48,823
<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>

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

Net Pension Liability	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$513,084	\$467,507	\$440,233	\$453,453
Contributions in Relation to the Contractually Required Contribution	<u>(513,084)</u>	<u>(467,507)</u>	<u>(440,233)</u>	<u>(453,453)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$2,559,919	\$2,347,911	\$2,216,434	\$2,261,788
Contributions as a Percentage of Covered Payroll:	20.04%	19.91%	19.86%	20.05%
Net OPEB Liability				
Contractually Required Contribution	\$12,800	\$11,738	\$11,082	\$11,309
Contributions in Relation to the Contractually Required Contribution	<u>(12,800)</u>	<u>(11,738)</u>	<u>(11,082)</u>	<u>(11,309)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>20.54%</u>	<u>20.41%</u>	<u>20.36%</u>	<u>20.55%</u>

(1) The City's covered payroll is the same for pension and OPEB.

See accompanying notes to the required supplementary information.

2014	2013	2012	2011	2010	2009
\$443,185	\$488,777	\$393,075	\$398,863	\$314,282	\$357,255
<u>(443,185)</u>	<u>(488,777)</u>	<u>(393,075)</u>	<u>(398,863)</u>	<u>(314,282)</u>	<u>(357,255)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,209,509	\$2,843,578	\$2,790,432	\$2,829,624	\$2,319,946	\$2,569,777
20.06%	17.19%	14.09%	14.10%	13.55%	13.90%
\$11,048	\$102,843	\$188,354	\$191,000	\$156,596	\$173,460
<u>(11,048)</u>	<u>(102,843)</u>	<u>(188,354)</u>	<u>(191,000)</u>	<u>(156,596)</u>	<u>(173,460)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>	<u>6.75%</u>
<u>20.56%</u>	<u>20.81%</u>	<u>20.84%</u>	<u>20.85%</u>	<u>20.30%</u>	<u>20.65%</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 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:

	2017	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 beginning in 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.

Changes in Assumptions – OP&F Pension

Amounts reported for 2018 incorporate changes in assumptions used by OP&F in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below:

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increased based on the lesser of the increase in CPI and 3 percent

CITY OF FRANKLIN, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2018

Amounts reported for 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105	87
78 and up	115	120

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60	45
70-79	75	70
80 and up	100	90

Amounts reported for 2017 and prior use valuation, rates of death were 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.

Changes in Assumptions – OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions – OP&F OPEB

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

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 and forfeitures 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. This fund had only budgeted amounts with no activity.

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 assigned 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 assigned for the purchase of Franklin Yards and monies received through the Ohio Department of Development for the renovation 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 2018. Therefore, no budgetary statement is presented.

Fire and EMS Replacement Fund

To account for and report monies assigned for the purpose of accumulating resources for the acquisition, construction or improvement of the City's Fire & EMS Division of Safety Department.

(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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,651,121	\$277,431	\$2,948,701	\$1,912,592	\$6,789,845
Materials and Supplies Inventory	640	0	0	0	640
Intergovernmental Receivable	8,602	0	0	0	8,602
Property Taxes Receivable	193,048	0	0	0	193,048
Special Assessments Receivable	135,887	9,307	0	0	145,194
Total Assets	\$1,989,298	\$286,738	\$2,948,701	\$1,912,592	\$7,137,329
Liabilities:					
Accounts Payable	\$17,141	\$0	\$0	\$0	\$17,141
Accrued Wages and Benefits Payable	4,327	0	0	0	4,327
Intergovernmental Payable	46,263	0	0	0	46,263
Contracts Payable	0	0	2,831	0	2,831
Total Liabilities	67,731	0	2,831	0	70,562
Deferred Inflows of Resources:					
Property Taxes	183,000	0	0	0	183,000
Unavailable Revenue	154,537	9,307	0	0	163,844
Total Deferred Inflows of Resources	337,537	9,307	0	0	346,844
Fund Balances:					
Nonspendable	640	0	0	1,336,270	1,336,910
Restricted	1,115,358	194,375	705,456	576,322	2,591,511
Committed	511,169	0	0	0	511,169
Assigned	0	83,056	2,240,414	0	2,323,470
Unassigned (Deficit)	(43,137)	0	0	0	(43,137)
Total Fund Balances	1,584,030	277,431	2,945,870	1,912,592	6,719,923
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$1,989,298	\$286,738	\$2,948,701	\$1,912,592	\$7,137,329

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$171,555	\$0	\$0	\$0	\$171,555
Special Assessments	155,523	47,290	0	0	202,813
Charges for Services	10,923	0	0	0	10,923
Fines, Licenses and Permits	330,183	0	0	0	330,183
Intergovernmental	130,943	0	112,500	0	243,443
Interest	0	8,238	0	(18,704)	(10,466)
Rent	5,475	0	0	0	5,475
Contributions and Donations	1,886	0	0	0	1,886
Other	26,258	0	0	0	26,258
Total Revenues	<u>832,746</u>	<u>55,528</u>	<u>112,500</u>	<u>(18,704)</u>	<u>982,070</u>
Expenditures:					
Current:					
General Government	194,921	0	0	0	194,921
Security of Persons and Property:					
Police	491,289	0	0	0	491,289
Fire	146,870	0	0	0	146,870
Other	143,081	0	0	0	143,081
Public Health and Welfare	8,042	0	0	0	8,042
Leisure Time Activities	357,436	0	0	0	357,436
Economic Development	56,022	0	0	0	56,022
Capital Outlay	22,545	0	745,884	9,999	778,428
Debt Service:					
Principal Retirement	2,086	465,000	0	0	467,086
Interest and Fiscal Charges	2,214	151,850	0	0	154,064
Total Expenditures	<u>1,424,506</u>	<u>616,850</u>	<u>745,884</u>	<u>9,999</u>	<u>2,797,239</u>
Excess of Revenues Under Expenditures	<u>(591,760)</u>	<u>(561,322)</u>	<u>(633,384)</u>	<u>(28,703)</u>	<u>(1,815,169)</u>
Other Financing Sources:					
Transfers In	848,957	540,000	1,250,000	0	2,638,957
Inception of Capital Lease	0	0	596,940	0	596,940
Total Other Financing Sources	<u>848,957</u>	<u>540,000</u>	<u>1,846,940</u>	<u>0</u>	<u>3,235,897</u>
Net Change in Fund Balances	257,197	(21,322)	1,213,556	(28,703)	1,420,728
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$1,584,030</u>	<u>\$277,431</u>	<u>\$2,945,870</u>	<u>\$1,912,592</u>	<u>\$6,719,923</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2018

	E-911 Fund	Court Fund	Drug Law Enforcement Fund	Recreation Fund	Indigent Drivers Fund
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$167,460	\$693,515	\$65,053	\$518,857	\$64,254
Materials and Supplies Inventory	0	0	0	640	0
Intergovernmental Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
Total Assets	<u>\$167,460</u>	<u>\$693,515</u>	<u>\$65,053</u>	<u>\$519,497</u>	<u>\$64,254</u>
Liabilities:					
Accounts Payable	\$0	\$853	\$300	\$3,123	\$0
Accrued Wages and Benefits Payable	1,200	673	0	2,454	0
Intergovernmental Payable	884	131	0	2,111	0
Total Liabilities	<u>2,084</u>	<u>1,657</u>	<u>300</u>	<u>7,688</u>	<u>0</u>
Deferred Inflows of Resources:					
Property Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Nonspendable	0	0	0	640	0
Restricted	165,376	691,858	64,753	0	64,254
Committed	0	0	0	511,169	0
Unassigned (Deficit)	0	0	0	0	0
Total Fund Balances (Deficit)	<u>165,376</u>	<u>691,858</u>	<u>64,753</u>	<u>511,809</u>	<u>64,254</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$167,460</u>	<u>\$693,515</u>	<u>\$65,053</u>	<u>\$519,497</u>	<u>\$64,254</u>

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
\$24,122	\$22,132	\$87,410	\$8,318	\$0	\$1,651,121
0	0	0	0	0	640
0	0	0	2,308	6,294	8,602
0	0	0	51,696	141,352	193,048
0	0	135,887	0	0	135,887
<u>\$24,122</u>	<u>\$22,132</u>	<u>\$223,297</u>	<u>\$62,322</u>	<u>\$147,646</u>	<u>\$1,989,298</u>
\$912	\$0	\$11,953	\$0	\$0	\$17,141
0	0	0	0	0	4,327
0	0	0	0	43,137	46,263
<u>912</u>	<u>0</u>	<u>11,953</u>	<u>0</u>	<u>43,137</u>	<u>67,731</u>
0	0	0	49,000	134,000	183,000
0	0	135,887	5,004	13,646	154,537
0	0	135,887	54,004	147,646	337,537
0	0	0	0	0	640
23,210	22,132	75,457	8,318	0	1,115,358
0	0	0	0	0	511,169
0	0	0	0	(43,137)	(43,137)
<u>23,210</u>	<u>22,132</u>	<u>75,457</u>	<u>8,318</u>	<u>(43,137)</u>	<u>1,584,030</u>
<u>\$24,122</u>	<u>\$22,132</u>	<u>\$223,297</u>	<u>\$62,322</u>	<u>\$147,646</u>	<u>\$1,989,298</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, 2018

	E-911 Fund	Court Fund	Drug Law Enforcement Fund	Recreation Fund
Revenues:				
Property Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Charges for Services	0	0	0	10,923
Fines, Licenses and Permits	0	307,018	3,286	0
Intergovernmental	107,510	0	0	0
Rent	0	0	0	5,475
Contributions and Donations	0	0	0	1,886
Other	1,574	0	17,053	5,813
Total Revenues	<u>109,084</u>	<u>307,018</u>	<u>20,339</u>	<u>24,097</u>
Expenditures:				
Current:				
General Government	0	194,921	0	0
Security of Persons and Property:				
Police	97,029	381	6,064	0
Fire	0	0	0	0
Other	0	0	0	0
Public Health and Welfare	0	0	3,000	0
Leisure Time Activities	0	0	0	357,436
Economic Development	0	0	0	0
Capital Outlay	0	0	0	22,545
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	<u>97,029</u>	<u>195,302</u>	<u>9,064</u>	<u>379,981</u>
Excess of Revenues Over (Under) Expenditures	12,055	111,716	11,275	(355,884)
Other Financing Sources:				
Transfers In	<u>0</u>	<u>0</u>	<u>0</u>	<u>440,000</u>
Net Change in Fund Balances	12,055	111,716	11,275	84,116
Fund Balances (Deficit) at Beginning of Year	<u>153,321</u>	<u>580,142</u>	<u>53,478</u>	<u>427,693</u>
Fund Balances (Deficit) at End of Year	<u><u>\$165,376</u></u>	<u><u>\$691,858</u></u>	<u><u>\$64,753</u></u>	<u><u>\$511,809</u></u>

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	\$46,027	\$125,528	\$171,555
0	0	0	155,523	0	0	155,523
0	0	0	0	0	0	10,923
3,467	9,028	7,384	0	0	0	330,183
2,257	4,035	0	0	4,599	12,542	130,943
0	0	0	0	0	0	5,475
0	0	0	0	0	0	1,886
0	1,818	0	0	0	0	26,258
<u>5,724</u>	<u>14,881</u>	<u>7,384</u>	<u>155,523</u>	<u>50,626</u>	<u>138,070</u>	<u>832,746</u>
0	0	0	0	0	0	194,921
0	0	0	0	0	387,815	491,289
0	0	0	0	0	146,870	146,870
0	0	0	143,081	0	0	143,081
0	5,042	0	0	0	0	8,042
0	0	0	0	0	0	357,436
0	0	0	0	56,022	0	56,022
0	0	0	0	0	0	22,545
0	0	0	0	0	2,086	2,086
0	0	0	0	0	2,214	2,214
<u>0</u>	<u>5,042</u>	<u>0</u>	<u>143,081</u>	<u>56,022</u>	<u>538,985</u>	<u>1,424,506</u>
5,724	9,839	7,384	12,442	(5,396)	(400,915)	(591,760)
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,040</u>	<u>10,000</u>	<u>395,917</u>	<u>848,957</u>
5,724	9,839	7,384	15,482	4,604	(4,998)	257,197
<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>
<u>\$64,254</u>	<u>\$23,210</u>	<u>\$22,132</u>	<u>\$75,457</u>	<u>\$8,318</u>	<u>(\$43,137)</u>	<u>\$1,584,030</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2018

	Bond Retirement Fund	Special Assessment Bond Fund	Total Nonmajor Debt Service Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$83,056	\$194,375	\$277,431
Special Assessments Receivable	<u> 0</u>	<u> 9,307</u>	<u> 9,307</u>
 Total Assets	 <u><u> \$83,056</u></u>	 <u><u> \$203,682</u></u>	 <u><u> \$286,738</u></u>
 Liabilities:	 <u> \$0</u>	 <u> \$0</u>	 <u> \$0</u>
 Deferred Inflows of Resources:			
Unavailable Revenue	<u> 0</u>	<u> 9,307</u>	<u> 9,307</u>
 Fund Balances:			
Restricted	0	194,375	194,375
Assigned	<u> 83,056</u>	<u> 0</u>	<u> 83,056</u>
 Total Fund Balances	 <u> 83,056</u>	 <u> 194,375</u>	 <u> 277,431</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u><u> \$83,056</u></u>	 <u><u> \$203,682</u></u>	 <u><u> \$286,738</u></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, 2018

	Bond Retirement Fund	Special Assessment Bond Fund	Total Nonmajor Debt Service Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Special Assessments	\$0	\$47,290	\$47,290
Interest	0	8,238	8,238
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	0	55,528	55,528
	<u> </u>	<u> </u>	<u> </u>
Expenditures:			
Debt Service:			
Principal Retirement	420,000	45,000	465,000
Interest and Fiscal Charges	143,026	8,824	151,850
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	563,026	53,824	616,850
	<u> </u>	<u> </u>	<u> </u>
Excess of Revenues Over (Under) Expenditures	(563,026)	1,704	(561,322)
	<u> </u>	<u> </u>	<u> </u>
Other Financing Sources:			
Transfers In	540,000	0	540,000
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	(23,026)	1,704	(21,322)
	<u> </u>	<u> </u>	<u> </u>
Fund Balances at Beginning of Year	106,082	192,671	298,753
	<u> </u>	<u> </u>	<u> </u>
Fund Balances at End of Year	<u> </u> \$83,056	<u> </u> \$194,375	<u> </u> \$277,431

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
DECEMBER 31, 2018

	Issue Two Fund	ODOT Project Fund	Property Acquisition Fund	Tax Increment Financing Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$621,554	\$912,924	\$801,439	\$83,902
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Contracts Payable	\$0	\$2,831	\$0	\$0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Restricted	621,554	0	0	83,902
Assigned	0	910,093	801,439	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	621,554	910,093	801,439	83,902
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$621,554	\$912,924	\$801,439	\$83,902
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Fire and EMS Replacement Fund	Total Nonmajor Capital Projects Funds
<u>\$528,882</u>	<u>\$2,948,701</u>
<u>\$0</u>	<u>\$2,831</u>
0	705,456
<u>528,882</u>	<u>2,240,414</u>
<u>528,882</u>	<u>2,945,870</u>
<u>\$528,882</u>	<u>\$2,948,701</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, 2018

	Issue Two Fund	ODOT Project Fund	Property Acquisition Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$112,500	\$0	\$0
Expenditures:			
Capital Outlay	<u>4,447</u>	<u>38,724</u>	<u>34,655</u>
Excess of Revenues Over (Under) Expenditures	<u>108,053</u>	<u>(38,724)</u>	<u>(34,655)</u>
Other Financing Sources:			
Transfers In	250,000	250,000	150,000
Inception of Capital Lease	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources	<u>250,000</u>	<u>250,000</u>	<u>150,000</u>
Net Change in Fund Balances	358,053	211,276	115,345
Fund Balances at Beginning of Year	<u>263,501</u>	<u>698,817</u>	<u>686,094</u>
Fund Balances at End of Year	<u><u>\$621,554</u></u>	<u><u>\$910,093</u></u>	<u><u>\$801,439</u></u>

Tax Increment Financing Fund	Fire and EMS Replacement Fund	Total Nonmajor Capital Projects Funds
\$0	\$0	\$112,500
<u>0</u>	<u>668,058</u>	<u>745,884</u>
<u>0</u>	<u>(668,058)</u>	<u>(633,384)</u>
0	600,000	1,250,000
<u>0</u>	<u>596,940</u>	<u>596,940</u>
<u>0</u>	<u>1,196,940</u>	<u>1,846,940</u>
0	528,882	1,213,556
<u>83,902</u>	<u>0</u>	<u>1,732,314</u>
<u><u>\$83,902</u></u>	<u><u>\$528,882</u></u>	<u><u>\$2,945,870</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, 2018

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018
MUNICIPAL COURT FUND				
Assets:				
Cash in Segregated Accounts	\$82,461	\$103,860	\$82,461	\$103,860
Liabilities:				
Undistributed Monies	\$60,655	\$71,413	\$60,655	\$71,413
Deposits Held and Due to Others	21,806	32,447	21,806	32,447
Total Liabilities	\$82,461	\$103,860	\$82,461	\$103,860
JOINT RECREATION FUND				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$84	\$424,644	\$337,616	\$87,112
Liabilities:				
Undistributed Monies	\$84	\$424,644	\$337,616	\$87,112
BUILDING STANDARDS FEE FUND				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$306	\$4,363	\$2,277	\$2,392
Liabilities:				
Undistributed Monies	\$306	\$4,363	\$2,277	\$2,392
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$390	\$429,007	\$339,893	\$89,504
Cash in Segregated Accounts	82,461	103,860	82,461	103,860
Total Assets	\$82,851	\$532,867	\$422,354	\$193,364
Liabilities:				
Undistributed Monies	\$61,045	\$500,420	\$400,548	\$160,917
Deposits Held and Due to Others	21,806	32,447	21,806	32,447
Total Liabilities	\$82,851	\$532,867	\$422,354	\$193,364

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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$410,000	\$439,055	\$29,055
Other Local Taxes	70,000	63,045	(6,955)
Income Taxes	8,400,000	8,394,240	(5,760)
Charges for Services	348,761	356,722	7,961
Fines, Licenses and Permits	689,650	818,014	128,364
Intergovernmental	221,700	237,830	16,130
Interest	130,000	199,302	69,302
Contributions and Donations	0	2,450	2,450
Other	66,200	140,951	74,751
Total Revenues	10,336,311	10,651,609	315,298
Expenditures:			
Current:			
General Government			
Clerk and Council			
Personal Services	183,957	170,193	13,764
Other	90,390	55,409	34,981
Total Clerk and Council	274,347	225,602	48,745
Municipal Court			
Personal Services	756,429	679,218	77,211
Capital Outlay	15,000	11,999	3,001
Other	239,275	171,333	67,942
Total Municipal Court	1,010,704	862,550	148,154
Probation			
Personal Services	236,425	206,785	29,640
Other	13,350	5,551	7,799
Total Probation	249,775	212,336	37,439
Mayor's and Administrative Office			
Personal Services	237,413	206,482	30,931
Other	5,401	4,055	1,346
Total Mayor's and Administrative Office	\$242,814	\$210,537	\$32,277

(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, 2018
(Continued)

	Final Budget	Actual	Variance With Final Budget
Clerk Treasurer			
Personal Services	\$701,693	\$257,035	\$444,658
Other	76,126	61,948	14,178
Total Clerk Treasurer	777,819	318,983	458,836
Income Tax Administration			
Personal Services	163,727	119,974	43,753
Other	241,496	208,957	32,539
Total Income Tax Administration	405,223	328,931	76,292
Solicitor			
Personal Services	34,720	33,669	1,051
Other	229,387	168,981	60,406
Total Solicitor	264,107	202,650	61,457
Civil Service Commission			
Other	14,050	10,771	3,279
Planning Commission			
Other	8,200	7,535	665
Building and Grounds			
Personal Services	60,507	56,878	3,629
Capital Outlay	27,576	20,936	6,640
Other	156,638	126,327	30,311
Total Building and Grounds	244,721	204,141	40,580
Special Appropriations			
Other	\$115,100	\$82,005	\$33,095

(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, 2018
(Continued)

	Final Budget	Actual	Variance With Final Budget
Economic Development			
Other	\$13,500	\$13,015	\$485
Total General Government	3,620,360	2,679,056	941,304
Security of Persons and Property:			
Police Law Enforcement			
Personal Services	3,236,718	3,090,384	146,334
Capital Outlay	8,156	8,156	0
Other	501,255	472,434	28,821
Total Police Law Enforcement	3,746,129	3,570,974	175,155
Other			
Personal Services	131,263	121,225	10,038
Other	147,369	128,720	18,649
Total Other	278,632	249,945	28,687
Total Security of Persons and Property	4,024,761	3,820,919	203,842
Capital Outlay			
Other	528,861	387,872	140,989
Total Expenditures	8,173,982	6,887,847	1,286,135
Excess of Revenues Over Expenditures	2,162,329	3,763,762	1,601,433
Other Financing Sources (Uses):			
Transfers In	554,559	104,559	(450,000)
Transfers Out	(4,051,140)	(3,325,199)	725,941
Total Other Financing Sources (Uses)	(3,496,581)	(3,220,640)	275,941
Net Change in Fund Balance	(1,334,252)	543,122	1,877,374
Fund Balance at Beginning of Year	7,340,834	7,340,834	0
Prior Year Encumbrances Appropriated	145,623	145,623	0
Fund Balance at End of Year	\$6,152,205	\$8,029,579	\$1,877,374

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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$1,220,000	\$1,303,598	\$83,598
Charges for Services	518,000	406,321	(111,679)
Intergovernmental	142,965	180,486	37,521
Contributions and Donations	0	60	60
Other	95,000	82,860	(12,140)
Total Revenues	<u>1,975,965</u>	<u>1,973,325</u>	<u>(2,640)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	2,006,055	1,639,339	366,716
Capital Outlay	91,300	89,203	2,097
Other	635,191	502,919	132,272
Total Expenditures	<u>2,732,546</u>	<u>2,231,461</u>	<u>501,085</u>
Excess of Revenues Under Expenditures	<u>(756,581)</u>	<u>(258,136)</u>	<u>498,445</u>
Other Financing Sources (Uses):			
Transfers In	500,000	500,000	0
Transfers Out	<u>(705,500)</u>	<u>(675,258)</u>	<u>30,242</u>
Total Other Financing Sources (Uses)	<u>(205,500)</u>	<u>(175,258)</u>	<u>30,242</u>
Net Change in Fund Balance	(962,081)	(433,394)	528,687
Fund Balance at Beginning of Year	2,423,815	2,423,815	0
Prior Year Encumbrances Appropriated	<u>58,306</u>	<u>58,306</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,520,040</u></u>	<u><u>\$2,048,727</u></u>	<u><u>\$528,687</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other Local Taxes	\$113,000	\$110,554	(\$2,446)
Special Assessments	35,000	51,294	16,294
Fines, Licenses and Permits	12,000	1,532	(10,468)
Intergovernmental	523,000	531,237	8,237
Interest	9,100	3,702	(5,398)
Other	2,200	9,356	7,156
Total Revenues	694,300	707,675	13,375
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	551,033	505,292	45,741
Capital Outlay	1,103,251	808,748	294,503
Other	420,657	332,676	87,981
Total Street Maintenance and Repair	2,074,941	1,646,716	428,225
State Highway Maintenance			
Capital Outlay	1,900	0	1,900
Other	71,100	66,239	4,861
Total State Highway Maintenance	73,000	66,239	6,761
Total Expenditures	2,147,941	1,712,955	434,986
Excess of Revenues Under Expenditures	(1,453,641)	(1,005,280)	448,361
Other Financing Sources:			
Transfers In	1,050,000	800,000	(250,000)
Net Change in Fund Balance	(403,641)	(205,280)	198,361
Fund Balance at Beginning of Year	700,822	700,822	0
Prior Year Encumbrances Appropriated	75,041	75,041	0
Fund Balance at End of Year	\$372,222	\$570,583	\$198,361

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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,738,500	\$2,575,770	(\$162,730)
Other	23,000	41,417	18,417
Deposits Received	22,000	21,743	(257)
Total Revenues	<u>2,783,500</u>	<u>2,638,930</u>	<u>(144,570)</u>
Expenses:			
Personal Services	713,538	659,728	53,810
Contractual Services	566,749	412,832	153,917
Supplies and Materials	252,333	180,222	72,111
Other	142,401	142,350	51
Deposit Refunds	22,730	21,442	1,288
Capital Outlay	1,044,316	209,161	835,155
Debt Service:			
Principal Retirement	790,985	790,985	0
Interest and Fiscal Charges	157,015	89,069	67,946
Total Expenses	<u>3,690,067</u>	<u>2,505,789</u>	<u>1,184,278</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(906,567)	133,141	1,039,708
Transfers In	275,000	0	(275,000)
Transfers Out	(375,000)	(125,000)	250,000
Net Change in Fund Equity	(1,006,567)	8,141	1,014,708
Fund Equity at Beginning of Year	2,460,045	2,460,045	0
Prior Year Encumbrances Appropriated	10,873	10,873	0
Fund Equity at End of Year	<u>\$1,464,351</u>	<u>\$2,479,059</u>	<u>\$1,014,708</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,428,000	\$2,705,866	\$277,866
Deposits Received	22,500	21,742	(758)
Other	1,000	37,251	36,251
Total Revenues	<u>2,451,500</u>	<u>2,764,859</u>	<u>313,359</u>
Expenses:			
Personal Services	445,177	390,154	55,023
Contractual Services	1,988,905	1,851,099	137,806
Supplies and Materials	58,750	44,275	14,475
Deposit Refunds	23,300	21,441	1,859
Other	129,673	128,271	1,402
Capital Outlay	66,580	52,624	13,956
Total Expenses	<u>2,712,385</u>	<u>2,487,864</u>	<u>224,521</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(260,885)	276,995	537,880
Transfers In	35,000	0	(35,000)
Transfers Out	<u>(80,000)</u>	<u>(70,000)</u>	<u>10,000</u>
Net Change in Fund Equity	(305,885)	206,995	512,880
Fund Equity at Beginning of Year	868,713	868,713	0
Prior Year Encumbrances Appropriated	<u>5,657</u>	<u>5,657</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$568,485</u></u>	<u><u>\$1,081,365</u></u>	<u><u>\$512,880</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$794,000	\$812,078	\$18,078
Other	200	796	596
	<u>794,200</u>	<u>812,874</u>	<u>18,674</u>
Total Revenues	<u>794,200</u>	<u>812,874</u>	<u>18,674</u>
Expenses:			
Personal Services	49,749	46,685	3,064
Contractual Services	748,135	731,585	16,550
Supplies and Materials	3,685	1,692	1,993
Other	43,771	41,196	2,575
	<u>845,340</u>	<u>821,158</u>	<u>24,182</u>
Total Expenses	<u>845,340</u>	<u>821,158</u>	<u>24,182</u>
Net Change in Fund Equity	(51,140)	(8,284)	42,856
Fund Equity at Beginning of Year	178,057	178,057	0
Prior Year Encumbrances Appropriated	<u>1,615</u>	<u>1,615</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$128,532</u></u>	<u><u>\$171,388</u></u>	<u><u>\$42,856</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$575,000	\$580,496	\$5,496
Intergovernmental	175,000	0	(175,000)
Other	600	5,515	4,915
Total Revenues	<u>750,600</u>	<u>586,011</u>	<u>(164,589)</u>
Expenses:			
Personal Services	361,256	324,264	36,992
Contractual Services	71,385	59,435	11,950
Supplies and Materials	17,175	9,261	7,914
Other	30,069	29,070	999
Capital Outlay	338,235	130,108	208,127
Total Expenses	<u>818,120</u>	<u>552,138</u>	<u>265,982</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(67,520)	33,873	101,393
Transfers In	50,000	0	(50,000)
Transfers Out	(25,000)	0	25,000
Net Change in Fund Equity	(42,520)	33,873	76,393
Fund Equity at Beginning of Year	310,601	310,601	0
Prior Year Encumbrances Appropriated	5,051	5,051	0
Fund Equity at End of Year	<u>\$273,132</u>	<u>\$349,525</u>	<u>\$76,393</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$108,800	\$107,510	(\$1,290)
Other	200	1,574	1,374
Total Revenues	<u>109,000</u>	<u>109,084</u>	<u>84</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	99,286	92,364	6,922
Other	6,000	5,671	329
Total Expenditures	<u>105,286</u>	<u>98,035</u>	<u>7,251</u>
Net Change in Fund Balance	3,714	11,049	7,335
Fund Balance at Beginning of Year	156,304	156,304	0
Prior Year Encumbrances Appropriated	<u>86</u>	<u>86</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$160,104</u></u>	<u><u>\$167,439</u></u>	<u><u>\$7,335</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$313,100	\$307,706	(\$5,394)
Expenditures:			
Current:			
General Government			
Municipal Court			
Personal Services	62,150	57,494	4,656
Other	360,300	138,694	221,606
Total General Government	422,450	196,188	226,262
Capital Outlay			
Other	20,000	0	20,000
Total Expenditures	442,450	196,188	246,262
Net Change in Fund Balance	(129,350)	111,518	240,868
Fund Balance at Beginning of Year	535,750	535,750	0
Prior Year Encumbrances Appropriated	27,500	27,500	0
Fund Balance at End of Year	\$433,900	\$674,768	\$240,868

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, 2018

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$33,768	\$0	(\$33,768)
Expenditures:			
Current:			
Security of Persons and Property			
Fire Department			
Capital Outlay	<u>35,456</u>	<u>0</u>	<u>35,456</u>
Excess of Revenues Under Expenditures	(1,688)	0	1,688
Other Financing Sources:			
Transfers In	<u>2,000</u>	<u>0</u>	<u>(2,000)</u>
Net Change in Fund Balance	312	0	312
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$312</u></u>	<u><u>\$0</u></u>	<u><u>(\$312)</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$3,100	\$2,843	(\$257)
Other	22,000	17,053	(4,947)
	<u>25,100</u>	<u>19,896</u>	<u>(5,204)</u>
Total Revenues			
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	17,000	5,789	11,211
Public Health and Welfare			
Personal Services	3,000	0	3,000
Other	3,000	3,000	0
Total Public Health and Welfare	<u>6,000</u>	<u>3,000</u>	<u>3,000</u>
Total Expenditures	<u>23,000</u>	<u>8,789</u>	<u>14,211</u>
Net Change in Fund Balance	2,100	11,107	9,007
Fund Balance at Beginning of Year	<u>53,423</u>	<u>53,423</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$55,523</u></u>	<u><u>\$64,530</u></u>	<u><u>\$9,007</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
RECREATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$13,000	\$10,923	(\$2,077)
Rent	4,000	5,475	1,475
Contributions and Donations	2,300	1,886	(414)
Other	2,500	5,813	\$3,313
Total Revenues	<u>21,800</u>	<u>24,097</u>	<u>2,297</u>
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	244,657	233,944	10,713
Other	185,305	148,765	36,540
Total Leisure Time Activities	<u>429,962</u>	<u>382,709</u>	<u>47,253</u>
Capital Outlay			
Other	78,700	22,545	56,155
Total Expenditures	<u>508,662</u>	<u>405,254</u>	<u>103,408</u>
Excess of Revenues Under Expenditures	(486,862)	(381,157)	105,705
Other Financing Sources:			
Transfers In	440,000	440,000	0
Net Change in Fund Balance	(46,862)	58,843	105,705
Fund Balance at Beginning of Year	434,858	434,858	0
Prior Year Encumbrances Appropriated	122	122	0
Fund Balance at End of Year	<u><u>\$388,118</u></u>	<u><u>\$493,823</u></u>	<u><u>\$105,705</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,300	\$3,442	\$2,142
Intergovernmental	4,000	2,257	(1,743)
Total Revenues	5,300	5,699	399
Expenditures:			
Current:			
Public Health and Welfare			
Other	27,000	0	27,000
Net Change in Fund Balance	(21,700)	5,699	27,399
Fund Balance at Beginning of Year	58,455	58,455	0
Fund Balance at End of Year	\$36,755	\$64,154	\$27,399

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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$8,500	\$9,050	\$550
Intergovernmental	6,000	4,035	(1,965)
Other	500	1,818	1,318
	<hr/>	<hr/>	<hr/>
Total Revenues	15,000	14,903	(97)
Expenditures:			
Current:			
Public Health and Welfare			
Other	20,250	5,034	15,216
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(5,250)	9,869	15,119
Fund Balance at Beginning of Year	13,732	13,732	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$8,482</u>	<u>\$23,601</u>	<u>\$15,119</u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
IN-HOUSE MONITORING FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$7,000	\$7,469	\$469
Expenditures:			
Current:			
General Government			
Municipal Court			
Other	14,000	0	14,000
Net Change in Fund Balance	(7,000)	7,469	14,469
Fund Balance at Beginning of Year	14,130	14,130	0
Fund Balance at End of Year	<u>\$7,130</u>	<u>\$21,599</u>	<u>\$14,469</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$151,900	\$155,523	\$3,623
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	170,000	143,083	26,917
Excess of Revenues Over (Under) Expenditures	(18,100)	12,440	30,540
Other Financing Sources:			
Transfers In	3,100	3,040	(60)
Net Change in Fund Balance	(15,000)	15,480	30,480
Fund Balance at Beginning of Year	71,930	71,930	0
Fund Balance at End of Year	<u>\$56,930</u>	<u>\$87,410</u>	<u>\$30,480</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$43,000	\$46,027	\$3,027
Intergovernmental	4,500	4,599	99
Total Revenues	47,500	50,626	3,126
Expenditures:			
Current:			
Economic Development			
Other	59,650	56,022	3,628
Excess of Revenues Under Expenditures	(12,150)	(5,396)	6,754
Other Financing Sources:			
Transfers In	10,000	10,000	0
Net Change in Fund Balance	(2,150)	4,604	6,754
Fund Balance at Beginning of Year	3,714	3,714	0
Fund Balance at End of Year	<u>\$1,564</u>	<u>\$8,318</u>	<u>\$6,754</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$117,600	\$125,528	\$7,928
Intergovernmental	12,400	12,542	142
Total Revenues	<u>130,000</u>	<u>138,070</u>	<u>8,070</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	394,900	390,328	4,572
Fire Department			
Personal Services	<u>166,801</u>	<u>145,469</u>	<u>21,332</u>
Total Security of Persons and Property	<u>561,701</u>	<u>535,797</u>	<u>25,904</u>
Debt Service:			
Principal Retirement	2,086	2,086	0
Interest and Fiscal Charges	<u>2,214</u>	<u>2,214</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>566,001</u>	<u>540,097</u>	<u>25,904</u>
Excess of Revenues Under Expenditures	(436,001)	(402,027)	33,974
Other Financing Sources:			
Transfers In	<u>435,500</u>	<u>395,917</u>	<u>(39,583)</u>
Net Change in Fund Balance	(501)	(6,110)	(5,609)
Fund Balance at Beginning of Year	<u>6,110</u>	<u>6,110</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,609</u></u>	<u><u>\$0</u></u>	<u><u>(\$5,609)</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, 2018

	Final Budget	Actual	Variance With Final Budget
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Revenues:			
Expenditures:			
Debt Service:			
Principal Retirement	420,000	420,000	0
Interest and Fiscal Charges	<u>151,500</u>	<u>143,026</u>	<u>8,474</u>
Total Expenditures	<u>571,500</u>	<u>563,026</u>	<u>8,474</u>
Excess of Revenues Under Expenditures	(571,500)	(563,026)	8,474
Other Financing Sources:			
Transfers In	<u>540,000</u>	<u>540,000</u>	<u>0</u>
Net Change in Fund Balance	(31,500)	(23,026)	8,474
Fund Balance at Beginning of Year	<u>106,083</u>	<u>106,083</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$74,583</u></u>	<u><u>\$83,057</u></u>	<u><u>\$8,474</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, 2018

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$57,000	\$55,528	(\$1,472)
Expenditures:			
Debt Service:			
Principal Retirement	45,000	45,000	0
Interest and Fiscal Charges	12,000	8,824	3,176
Total Expenditures	57,000	53,824	3,176
Net Change in Fund Balance	0	1,704	1,704
Fund Balance at Beginning of Year	192,671	192,671	0
Fund Balance at End of Year	\$192,671	\$194,375	\$1,704

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, 2018

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$112,500	\$112,500	\$0
Expenditures:			
Capital Outlay			
Other	<u>316,856</u>	<u>306,402</u>	<u>10,454</u>
Excess of Revenues Under Expenditures	(204,356)	(193,902)	10,454
Other Financing Sources:			
Transfers In	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Net Change in Fund Balance	45,644	56,098	10,454
Fund Balance at Beginning of Year	283,100	283,100	0
Prior Year Encumbrances Appropriated	<u>282,356</u>	<u>282,356</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$611,100</u></u>	<u><u>\$621,554</u></u>	<u><u>\$10,454</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, 2018

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	<u>210,556</u>	<u>101,420</u>	<u>109,136</u>
Excess of Revenues Under Expenditures	(210,556)	(101,420)	109,136
Other Financing Sources:			
Transfers In	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Net Change in Fund Balance	39,444	148,580	109,136
Fund Balance at Beginning of Year	663,035	663,035	0
Prior Year Encumbrances Appropriated	<u>40,556</u>	<u>40,556</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$743,035</u></u>	<u><u>\$852,171</u></u>	<u><u>\$109,136</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	<u>222,000</u>	<u>41,655</u>	<u>180,345</u>
Excess of Revenues Under Expenditures	(222,000)	(41,655)	180,345
Other Financing Sources:			
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	(72,000)	108,345	180,345
Fund Balance at Beginning of Year	679,094	679,094	0
Prior Year Encumbrances Appropriated	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$614,094</u></u>	<u><u>\$794,439</u></u>	<u><u>\$180,345</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
FIRE AND EMS REPLACEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$150,000	\$0	(\$150,000)
Expenditures:			
Capital Outlay			
Other	<u>639,956</u>	<u>71,118</u>	<u>568,838</u>
Excess of Revenues Under Expenditures	(489,956)	(71,118)	418,838
Other Financing Sources:			
Transfers In	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Net Change in Fund Balance	110,044	528,882	418,838
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$110,044</u></u>	<u><u>\$528,882</u></u>	<u><u>\$418,838</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Interest	\$0	\$2,500	\$2,500
Expenditures:			
Capital Outlay			
Other	<u>25,000</u>	<u>9,999</u>	<u>15,001</u>
Net Change in Fund Balance	(25,000)	(7,499)	17,501
Fund Balance at Beginning of Year	<u>28,009</u>	<u>28,009</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$3,009</u></u>	<u><u>\$20,510</u></u>	<u><u>\$17,501</u></u>

Statistical Section

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	142-153
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	154-155
These schedules contain information to help the reader assess the City’s most significant local revenue source, the income tax.	
Debt Capacity	156-162
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	163-165
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	166-171
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)

	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$40,499,186	\$40,076,220	\$39,349,974	\$39,750,554
Restricted For:				
Debt Service	2,609,134	2,186,575	1,593,584	1,349,506
Capital Outlay	479,323	1,072,744	1,165,427	1,766,673
Fire Protection	907,226	386,580	494,090	302,684
Transportation	747,319	896,504	1,050,712	1,140,087
Other Purposes	925,090	727,799	621,613	668,427
Leisure Time Activities Expendable	240,340	276,950	266,190	247,845
Leisure Time Activities Nonexpendable	1,002,296	1,077,699	1,126,400	1,162,406
Unrestricted	1,615,731	3,467,921	4,464,786	6,426,853
<i>Total Governmental Activities Net Position</i>	<u>49,025,645</u>	<u>50,168,992</u>	<u>50,132,776</u>	<u>52,815,035</u>
Business-Type Activities:				
Net Investment in Capital Assets	16,509,392	16,980,657	16,772,997	16,862,816
Restricted For:				
Debt Service	620,446	566,309	615,677	617,060
Revenue Bonds Replacement and Improvement	232,630	247,630	262,630	277,630
Unrestricted	2,015,800	2,396,518	3,042,701	3,026,717
<i>Total Business-Type Activities</i>	<u>19,378,268</u>	<u>20,191,114</u>	<u>20,694,005</u>	<u>20,784,223</u>
Primary Government:				
Net Investment in Capital Assets	57,008,578	57,056,877	56,122,971	56,613,370
Restricted	7,763,804	7,438,790	7,196,323	7,532,318
Unrestricted	3,631,531	5,864,439	7,507,487	9,453,570
<i>Total Primary Government Net Position</i>	<u>\$68,403,913</u>	<u>\$70,360,106</u>	<u>\$70,826,781</u>	<u>\$73,599,258</u>

Note: The City reported the impact of GASB Statement No. 68 in 2014.
The City reported the impact of GASB Statement No. 75 in 2017.

2013	2014	2015	2016	Restated 2017	2018
\$39,365,157	\$39,594,071	\$39,854,845	\$40,191,340	\$40,644,424	\$40,444,418
1,061,246	751,216	466,684	194,323	216,697	182,708
1,049,228	1,584,069	1,512,898	1,906,135	1,844,814	111,347
561,889	988,131	1,521,593	1,970,539	2,409,448	2,015,999
1,140,136	1,209,777	1,111,673	1,108,766	1,063,412	1,068,768
662,162	745,528	870,216	910,172	1,014,447	1,204,907
127,025	335,947	363,454	605,177	537,849	576,322
1,391,796	1,506,708	1,360,832	1,279,396	1,403,446	1,336,270
8,128,201	1,358,946	1,240,722	997,246	(4,502,499)	(2,746,063)
53,486,840	48,074,393	48,302,917	49,163,094	44,632,038	44,194,676
17,650,787	17,408,300	18,014,569	18,125,979	18,407,077	18,631,808
617,111	570,861	586,603	590,651	586,318	561,753
377,630	477,630	577,630	677,630	927,630	1,177,630
2,342,465	1,989,846	2,327,024	2,833,316	1,857,291	1,478,299
20,987,993	20,446,637	21,505,826	22,227,576	21,778,316	21,849,490
57,015,944	57,002,371	57,869,414	58,317,319	59,051,501	59,076,226
6,988,223	8,169,867	8,371,583	9,242,789	10,004,061	8,235,704
10,470,666	3,348,792	3,567,746	3,830,562	(2,645,208)	(1,267,764)
\$74,474,833	\$68,521,030	\$69,808,743	\$71,390,670	\$66,410,354	\$66,044,166

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

	2009	2010	2011	2012
Program Revenues:				
Charges for Services and Sales:				
General Government	\$615,128	\$889,757	\$672,936	\$794,169
Security of Persons and Property:				
Police	17,283	104,619	18,541	8,787
Fire	30,224	68,603	69,060	50,253
Other	108,680	114,114	131,211	137,793
Public Health and Welfare	105,353	12,805	4,884	12,026
Leisure Time Activities	0	0	0	0
Transportation	1,606	433	765	663
Operating Grants, Contributions and Interest	1,433,860	1,388,880	1,082,600	848,632
Capital Grants, Contributions and Interest	1,410,224	1,027,095	1,076,702	796,103
<i>Total Governmental Activities Program Revenues</i>	<u>3,722,358</u>	<u>3,606,306</u>	<u>3,056,699</u>	<u>2,648,426</u>
Business-Type Activities:				
Charges for Services:				
Water	2,514,213	2,485,178	2,609,827	2,509,825
Sewer	2,596,582	2,944,427	3,198,842	2,510,827
Trash	673,260	700,817	711,350	736,048
Stormwater Utility	421,920	476,739	496,374	470,519
Operating Grants, Contributions and Interest	0	0	0	0
Capital Grants, Contributions and Interest	635,971	0	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>6,841,946</u>	<u>6,607,161</u>	<u>7,016,393</u>	<u>6,227,219</u>
<i>Total Primary Government Program Revenues</i>	<u>10,564,304</u>	<u>10,213,467</u>	<u>10,073,092</u>	<u>8,875,645</u>
Expenses:				
Governmental Activities:				
Current:				
General Government	2,298,636	2,400,627	1,965,549	2,474,033
Security of Persons and Property	5,108,503	4,861,552	5,277,083	5,660,608
Public Health and Welfare	11,810	7,199	13,361	8,567
Leisure Time Activities	308,359	276,892	321,029	326,993
Economic Development	44,630	44,666	43,926	44,414
Basic Utility Services	84,331	84,329	101,873	101,875
Transportation	2,825,088	2,277,099	3,154,060	2,225,466
Interest and Fiscal Charges	494,341	461,532	460,542	329,589
<i>Total Governmental Activities Expenses</i>	<u>11,175,698</u>	<u>10,413,896</u>	<u>11,337,423</u>	<u>11,171,545</u>
Business-Type Activities:				
Water	2,067,302	1,832,887	2,115,087	1,935,129
Sewer	3,032,843	2,731,399	2,907,671	2,576,395
Trash	684,648	684,848	731,408	712,050
Stormwater Utility	578,995	700,850	664,908	791,053
<i>Total Business-Type Activities Expenses</i>	<u>6,363,788</u>	<u>5,949,984</u>	<u>6,419,074</u>	<u>6,014,627</u>
Net (Expense)/Revenue:				
Governmental Activities	(7,453,340)	(6,807,590)	(8,280,724)	(8,523,119)
Business-Type Activities	478,158	657,177	597,319	212,592
<i>Total Primary Government Net Expense</i>	<u>(\$6,975,182)</u>	<u>(\$6,150,413)</u>	<u>(\$7,683,405)</u>	<u>(\$8,310,527)</u>

2013	2014	2015 (1)	2016	2017	2018 (2)
\$289,851	\$532,555	\$464,392	\$827,299	\$816,288	\$884,730
388,207	440,377	428,749	366,674	533,566	610,393
348,778	548,905	552,753	552,665	465,504	420,574
140,549	144,766	149,023	148,965	151,899	166,600
9,496	11,847	8,759	9,261	10,724	12,495
0	0	19,305	15,720	17,316	16,398
1,256	1,764	550	2,196	12,871	97,243
1,030,371	1,024,216	925,943	859,323	842,790	856,345
124,668	331,344	876,492	868	793,884	0
2,333,176	3,035,774	3,425,966	2,782,971	3,644,842	3,064,778
2,527,385	2,566,139	2,628,095	2,785,464	2,672,773	2,568,554
2,403,048	2,474,765	2,669,288	2,499,263	2,412,378	2,508,522
746,766	762,790	747,963	770,084	793,821	816,973
455,305	484,006	513,732	567,527	579,193	584,840
105,072	0	0	0	0	0
0	0	432,086	0	0	0
6,237,576	6,287,700	6,991,164	6,622,338	6,458,165	6,478,889
8,570,752	9,323,474	10,417,130	9,405,309	10,103,007	9,543,667
2,421,208	2,474,594	2,729,627	2,844,525	2,971,030	3,109,064
6,173,685	6,301,359	6,407,213	6,077,154	6,661,747	7,558,997
11,250	27,356	31,824	27,006	13,369	8,042
316,393	339,652	306,096	407,527	377,392	483,546
51,449	51,449	54,124	57,487	56,469	56,022
97,090	105,532	87,531	68,611	59,840	59,840
3,524,995	1,866,068	3,614,786	3,031,901	3,266,332	3,429,614
279,948	258,996	231,397	203,307	179,092	149,865
12,876,018	11,425,006	13,462,598	12,717,518	13,585,271	14,854,990
1,924,148	1,989,322	1,805,446	1,691,652	1,661,217	1,892,400
2,522,418	2,484,895	2,532,207	2,264,959	2,702,896	2,771,880
811,545	852,135	749,283	777,811	801,469	816,988
656,697	777,287	772,918	1,054,550	1,013,580	877,092
5,914,808	6,103,639	5,859,854	5,788,972	6,179,162	6,358,360
(10,542,842)	(8,389,232)	(10,036,632)	(9,934,547)	(9,940,429)	(11,790,212)
322,768	184,061	1,131,310	833,366	279,003	120,529
(\$10,220,074)	(\$8,205,171)	(\$8,905,322)	(\$9,101,181)	(\$9,661,426)	(\$11,669,683)

(Continued)

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

	2009	2010	2011	2012
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$420,843	\$385,893	\$381,481	\$402,435
Fire	492,312	480,797	560,031	534,509
Other Purposes	129,542	131,048	158,099	154,252
Income Taxes	4,822,556	5,900,995	5,902,578	9,079,755
Other Local Taxes Levied for General Purposes	160,540	176,828	186,011	185,820
Payments in Lieu of Taxes	207,659	150,507	192,413	203,459
Grants and Entitlements not Restricted to Specific Programs	596,149	614,411	574,395	284,897
Gain on Sale of Capital Assets	0	0	0	0
Unrestricted Interest	56,486	55,726	44,891	56,470
Contributions and Donations	0	1,886	11	0
Other	307,846	191,376	124,598	159,958
Transfers	(95,407)	(138,530)	120,000	143,823
<i>Total Governmental Activities</i>	<u>7,098,526</u>	<u>7,950,937</u>	<u>8,244,508</u>	<u>11,205,378</u>
Business-Type Activities:				
Unrestricted Interest	0	2,509	0	0
Other	50,972	14,630	25,572	21,449
Transfers	95,407	138,530	(120,000)	(143,823)
<i>Total Business-Type Activities</i>	<u>146,379</u>	<u>155,669</u>	<u>(94,428)</u>	<u>(122,374)</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>7,244,905</u>	<u>8,106,606</u>	<u>8,150,080</u>	<u>11,083,004</u>
Change in Net Position				
Governmental Activities	(354,814)	1,143,347	(36,216)	2,682,259
Business-Type Activities	624,537	812,846	502,891	90,218
Prior Year Restatement of Net Position	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Changes in Net Position</i>	<u><u>\$269,723</u></u>	<u><u>\$1,956,193</u></u>	<u><u>\$466,675</u></u>	<u><u>\$2,772,477</u></u>

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

(2) Expenses are first impacted by the implementation of GASB Statement No. 75 in 2018.

2013	2014	2015 (1)	2016	2017	2018 (2)
\$382,168	\$394,024	\$410,545	\$419,946	\$419,772	\$431,965
1,236,803	1,209,420	1,224,778	1,243,468	1,245,046	1,282,700
166,527	174,732	177,381	164,114	164,029	168,788
8,091,731	6,764,284	7,665,010	7,844,529	8,304,978	8,346,175
191,449	184,737	208,667	174,175	183,308	177,101
199,588	107,787	0	0	0	0
553,230	211,427	232,675	287,718	214,524	240,029
0	0	0	0	133,883	0
77,465	94,468	25,681	300,759	489,784	252,730
0	0	0	0	1,050	2,450
185,686	100,436	190,419	230,015	311,277	308,984
130,000	78,300	130,000	130,000	130,000	141,928
<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>	<u>11,352,850</u>
0	0	0	0	578	7,594
11,002	84,460	57,879	18,384	34,785	84,979
<u>(130,000)</u>	<u>(78,300)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>(141,928)</u>
<u>(118,998)</u>	<u>6,160</u>	<u>(72,121)</u>	<u>(111,616)</u>	<u>(94,637)</u>	<u>(49,355)</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>	<u>11,303,495</u>
671,805	930,383	228,524	860,177	1,657,222	(437,362)
203,770	190,221	1,059,189	721,750	184,366	71,174
0	(7,074,407)	0	0	(6,821,904)	0
<u>\$875,575</u>	<u>(\$5,953,803)</u>	<u>\$1,287,713</u>	<u>\$1,581,927</u>	<u>(\$4,980,316)</u>	<u>(\$366,188)</u>

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

Function / Program:	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities:				
General Government	\$815,284	\$1,043,409	\$887,648	\$1,101,565
Security of Persons and Property:				
Police	119,548	144,916	46,507	151,562
Fire	393,310	320,132	244,283	92,122
Other	108,680	114,114	131,211	137,793
Public Health and Welfare	236,492	138,210	124,571	22,696
Leisure Time Activities	218,292	112,013	92,179	82,875
Economic Development	5,972	10,778	5,864	3,978
Transportation	1,824,780	1,722,734	1,524,436	1,055,835
<i>Total Governmental Activities</i>	<u>3,722,358</u>	<u>3,606,306</u>	<u>3,056,699</u>	<u>2,648,426</u>
Business-Type Activities:				
Water	2,884,719	2,485,178	2,609,827	2,509,825
Sewer	2,596,582	2,944,427	3,198,842	2,510,827
Trash	673,260	700,817	711,350	736,048
Stormwater Utility	687,385	476,739	496,374	470,519
<i>Total Business-Type Activities</i>	<u>6,841,946</u>	<u>6,607,161</u>	<u>7,016,393</u>	<u>6,227,219</u>
<i>Total Primary Government</i>	<u><u>\$10,564,304</u></u>	<u><u>\$10,213,467</u></u>	<u><u>\$10,073,092</u></u>	<u><u>\$8,875,645</u></u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$291,939	\$535,907	\$466,079	\$827,667	\$816,288	\$884,730
511,274	551,717	541,044	485,320	651,919	726,985
593,711	696,268	702,789	796,477	629,989	604,451
140,549	144,766	149,023	148,965	151,899	166,600
15,876	19,288	18,803	14,833	26,565	18,787
124,668	331,344	26,998	19,139	19,655	18,284
9,773	2,390	990	4,670	4,610	4,592
645,386	754,094	1,520,240	485,900	1,343,917	640,349
<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>	<u>3,064,778</u>
2,527,385	2,566,139	2,691,995	2,785,464	2,672,773	2,568,554
2,403,048	2,474,765	2,913,738	2,499,263	2,412,378	2,508,522
851,838	762,790	747,963	770,084	793,821	816,973
455,305	484,006	637,468	567,527	579,193	584,840
<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>6,478,889</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>	<u>\$9,543,667</u>

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

	2009	2010	2011	2012
General Fund				
Nonspendable	\$0	\$17,762	\$17,079	\$20,301
Assigned	0	78,581	89,926	115,154
Unassigned	0	3,233,617	3,900,839	5,045,729
Reserved	6,114	0	0	0
Unreserved	1,369,098	0	0	0
Total General Fund	1,375,212	3,329,960	4,007,844	5,181,184
All Other Governmental Funds				
Nonspendable	0	1,271,686	1,328,086	1,341,689
Restricted	0	3,002,848	3,137,877	3,194,444
Committed	0	40,844	51,662	69,140
Assigned	0	102,479	56,043	27,637
Unassigned (Deficit)	0	(33,692)	(181,080)	(439,720)
Reserved	1,032,305	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,179,954	0	0	0
Debt Service Fund	623,678	0	0	0
Capital Projects Funds	181,392	0	0	0
Permanent Fund	240,340	0	0	0
Total All Other Governmental Funds	4,257,669	4,384,165	4,392,588	4,193,190
Total Governmental Funds	\$5,632,881	\$7,714,125	\$8,400,432	\$9,374,374

The City implemented GASB Statement No. 54 in 2011.

2013	2014	2015	2016	2017	2018
\$24,599	\$34,432	\$31,649	\$25,962	\$38,208	\$49,959
152,330	593,718	1,355,540	147,990	1,038,597	1,840,310
6,471,899	6,176,518	5,284,020	6,841,186	7,049,388	6,914,893
0	0	0	0	0	0
0	0	0	0	0	0
6,648,828	6,804,668	6,671,209	7,015,138	8,126,193	8,805,162
1,510,720	1,801,205	1,570,745	1,721,427	1,528,866	1,492,071
3,425,266	4,542,443	5,071,075	5,985,872	6,546,886	5,322,018
79,913	67,495	97,237	116,886	426,980	511,169
157,536	151,532	155,532	135,107	106,082	2,323,470
(49,858)	(36,690)	(24,154)	(4,205)	(38,139)	(43,137)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,123,577	6,525,985	6,870,435	7,955,087	8,570,675	9,605,591
\$11,772,405	\$13,330,653	\$13,541,644	\$14,970,225	\$16,696,868	\$18,410,753

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

	2009	2010	2011	2012
Revenues:				
Property Taxes	\$1,038,798	\$1,011,884	\$1,084,876	\$1,083,889
Other Local Taxes	153,622	172,307	227,839	152,896
Income Taxes	4,937,793	5,844,404	5,973,040	8,125,750
Payments in Lieu of Taxes	207,659	150,507	192,413	203,459
Special Assessments	392,219	431,696	361,487	397,406
Charges for Services	257,271	387,196	114,030	79,297
Fines, Licenses and Permits	504,197	676,215	665,920	786,601
Intergovernmental	2,418,831	2,979,788	2,347,841	1,598,314
Interest	270,155	315,503	338,252	206,927
Rent	0	0	0	0
Contributions and Donations	186,659	1,886	3,011	13,151
Other	389,460	204,505	146,344	159,958
<i>Total Revenues</i>	<u>10,756,664</u>	<u>12,175,891</u>	<u>11,455,053</u>	<u>12,807,648</u>
Expenditures:				
Current:				
General Government	2,313,715	2,451,752	1,933,507	2,177,554
Security of Persons and Property	4,944,740	4,833,128	5,172,755	5,398,829
Public Health and Welfare	11,810	7,199	13,361	8,567
Leisure Time Activities	275,250	273,552	293,418	293,064
Economic Development	44,630	44,666	43,926	44,414
Transportation	1,348,543	1,115,056	1,013,128	1,150,966
Capital Outlay	678,476	326,111	1,167,232	2,049,678
Debt Service:				
Principal Retirement	583,428	619,490	646,554	642,621
Interest and Fiscal Charges	500,670	461,803	464,365	337,951
Current Refunding	322,500	100,000	140,500	147,000
<i>Total Expenditures</i>	<u>11,023,762</u>	<u>10,232,757</u>	<u>10,888,746</u>	<u>12,250,644</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(267,098)</u>	<u>1,943,134</u>	<u>566,307</u>	<u>557,004</u>
Other Financing Sources (Uses):				
Bond Anticipation Notes Issued	387,500	287,500	147,000	0
Refunding Bonds Issued	0	0	0	5,630,000
Current Refunding	(387,500)	(287,500)	(147,000)	0
Transfers In	3,037,723	1,294,945	2,363,996	3,330,421
Inception of Capital Lease	0	0	0	179,138
Premium on Debt Issued	0	0	0	402,706
Payment to Refunded Bond Escrow Agent	0	0	0	(5,938,729)
Proceeds from Sale of Capital Assets	0	0	0	0
Transfers Out	(2,816,531)	(1,156,835)	(2,243,996)	(3,186,598)
<i>Total Other Financing Sources (Uses)</i>	<u>221,192</u>	<u>138,110</u>	<u>120,000</u>	<u>416,938</u>
<i>Net Change in Fund Balances</i>	<u>(\$45,906)</u>	<u>\$2,081,244</u>	<u>\$686,307</u>	<u>\$973,942</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	13.4%	12.2%	12.2%	10.5%

2013	2014	2015	2016	2017	2018
\$1,780,029	\$1,765,711	\$1,841,533	\$1,804,502	\$1,830,316	\$1,914,208
191,711	185,344	211,815	177,276	182,259	173,844
8,106,000	7,305,812	7,619,746	7,805,163	8,281,543	8,347,632
199,588	107,787	0	0	0	0
423,490	469,089	432,571	440,067	232,980	254,107
389,831	790,782	727,576	843,302	806,525	785,244
645,207	745,001	738,997	931,538	1,045,969	1,152,428
1,842,515	1,243,956	1,792,798	1,227,704	1,597,689	1,214,969
202,133	425,812	25,681	300,759	478,101	243,509
0	0	5,475	3,225	4,200	5,475
3,302	3,352	9,380	3,539	3,389	4,396
185,686	100,436	190,419	229,895	311,277	308,984
<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>	<u>14,404,796</u>
2,369,068	2,423,409	2,748,434	2,718,417	2,861,518	2,812,855
6,176,635	6,266,741	6,282,006	6,629,946	6,202,273	6,674,260
11,250	27,356	31,824	27,006	13,369	8,042
290,506	315,950	423,556	417,100	479,788	556,936
51,449	51,449	54,124	57,487	56,469	56,022
1,253,886	1,068,905	1,275,227	1,338,692	1,455,240	1,556,904
612,417	550,529	1,755,113	511,634	1,524,859	1,140,718
650,295	694,161	716,973	722,881	700,497	521,803
285,955	264,634	237,478	209,404	185,387	155,311
0	0	0	0	0	0
<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>13,482,851</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>	<u>921,945</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2,806,611	3,234,442	3,361,173	3,655,824	3,210,104	3,993,957
0	0	0	164,178	0	596,940
0	0	0	0	0	0
0	0	0	0	0	0
0	0	9,735	0	301,795	0
<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>(3,798,957)</u>
<u>130,000</u>	<u>78,300</u>	<u>139,735</u>	<u>294,178</u>	<u>431,795</u>	<u>791,940</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>	<u>\$1,713,885</u>
8.7%	8.9%	8.5%	8.7%	7.8%	5.7%

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	
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
2018	5,971,365	71%	1,042,071	13%	7,013,436	84%	1,382,554	16%	8,395,990

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 2012-2018, the percent has remained at two percent.

City of Franklin, Ohio
Principal Income Taxpayers - Withholding Accounts
2018 and 2009

Range of Withholding Amount	2018		2009	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	9	28.25%	5	23.91%
\$55,001 - 100,000	8	11.44	7	16.95
Total	17	39.69	12	40.86
All Others	1,053	60.31	967	59.14
Total Withholding Accounts	1,070	100.00%	979	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, 2018

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin	Amount Applicable to the City of Franklin
Direct			
City of Franklin			
General Obligation Bonds	\$3,553,200	100.00%	\$3,553,200
Capital Leases	596,940	100.00	596,940
Special Assessment Bonds	125,000	100.00	125,000
Total Direct Debt	<u>4,275,140</u>		<u>4,275,140</u>
Overlapping Subdivisions			
Warren County			
General Obligation Bonds	6,385,135	3.72	237,527
Special Assessment Bonds	5,632,634	3.72	209,534
OPWC Loan	984,376	3.72	36,619
State 166 Loan	71,936	3.72	2,676
Franklin City School District			
General Obligation Bonds	1,773,200	52.77	935,718
Energy Conservation Bonds	447,536	52.77	236,165
Carlisle Local School District			
General Obligation Bonds	20,245,000	0.11	22,270
Truck Purchase Note	21,623	0.11	24
Capital Leases	69,347	0.11	76
Warren County Career Center			
Energy Conservation Notes	375,000	5.55	20,813
Capital Leases	22,273	5.55	1,236
Total Overlapping Debt	<u>36,028,060</u>		<u>1,702,657</u>
Grand Total	<u><u>\$40,303,200</u></u>		<u><u>\$5,977,797</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
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
2018	3,553,200	680,337,114	11,735	0.52%	302.79

(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
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
2018	3,553,200	125,000	0	596,940	1,072,515	1,220,352	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
\$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
6,568,007	11,735	315,589,355	2.08	560

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

	2009	2010	2011	2012
Total Assessed Property Value	<u>\$219,559,180</u>	<u>\$209,315,445</u>	<u>\$204,700,314</u>	<u>\$209,515,900</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>23,053,714</u>	<u>21,978,122</u>	<u>21,493,533</u>	<u>21,999,170</u>
Debt Outstanding:				
General Obligation Bonds	6,560,000	6,275,000	5,975,000	5,595,000
Mortgage Revenue Bonds	5,095,000	4,715,000	4,320,000	3,905,000
Special Assessment Bonds	2,421,000	2,088,000	1,743,000	1,507,000
Bond Anticipation Notes	1,800,000	1,282,500	982,500	582,500
OWDA Loans	<u>2,991,797</u>	<u>2,923,288</u>	<u>2,783,537</u>	<u>2,598,675</u>
Total Gross Indebtedness	18,867,797	17,283,788	15,804,037	14,188,175
Less:				
Mortgage Revenue Bonds	(5,095,000)	(4,715,000)	(4,320,000)	(3,905,000)
Special Assessment Bonds	(2,421,000)	(2,088,000)	(1,743,000)	(1,507,000)
Bond Anticipation Notes	(1,090,000)	(895,000)	(695,000)	(445,000)
OWDA Loans	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>	<u>(2,598,675)</u>
Total Net Debt Applicable to Debt Limit	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>	<u>5,732,500</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$15,783,714</u>	<u>\$15,315,622</u>	<u>\$15,231,033</u>	<u>\$16,266,670</u>
Legal Debt Margin as a Percentage of the Debt Limit	68.46%	69.69%	70.86%	73.94%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$12,075,755</u>	<u>\$11,512,349</u>	<u>\$11,258,517</u>	<u>\$11,523,375</u>
Total Gross Indebtedness	18,867,797	17,283,788	15,804,037	14,188,175
Less:				
Mortgage Revenue Bonds	(5,095,000)	(4,715,000)	(4,320,000)	(3,905,000)
Special Assessment Bonds	(2,421,000)	(2,088,000)	(1,743,000)	(1,507,000)
Bond Anticipation Notes	(1,090,000)	(895,000)	(695,000)	(445,000)
OWDA Loans	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>	<u>(2,598,675)</u>
Net Debt Within 5 ½ % Limitations	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>	<u>5,732,500</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$4,805,755</u>	<u>\$4,849,849</u>	<u>\$4,996,017</u>	<u>\$5,790,875</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	39.80%	42.13%	44.38%	50.25%

Source: City Financial Records

2013	2014	2015	2016	2017	2018
<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>	<u>\$238,117,990</u>
<u>21,704,895</u>	<u>22,919,480</u>	<u>23,262,678</u>	<u>23,354,150</u>	<u>23,631,399</u>	<u>25,002,389</u>
5,255,000	4,895,000	4,525,000	4,145,000	3,745,000	3,325,000
3,475,000	3,030,000	2,565,000	2,080,000	1,580,000	1,055,000
1,259,000	985,000	700,000	415,000	170,000	125,000
0	0	0	0	0	0
<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>1,220,352</u>
12,391,315	11,103,717	9,762,092	8,376,598	6,981,337	5,725,352
(3,475,000)	(3,030,000)	(2,565,000)	(2,080,000)	(1,580,000)	(1,055,000)
(1,259,000)	(985,000)	(700,000)	(415,000)	(170,000)	(125,000)
0	0	0	0	0	0
<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>(1,220,352)</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>3,325,000</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>	<u>\$21,677,389</u>
75.79%	78.64%	80.55%	82.25%	84.15%	86.70%
<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>	<u>\$13,096,489</u>
12,391,315	11,103,717	9,762,092	8,376,598	6,981,337	5,725,352
(3,475,000)	(3,030,000)	(2,565,000)	(2,080,000)	(1,580,000)	(1,055,000)
(1,259,000)	(985,000)	(700,000)	(415,000)	(170,000)	(125,000)
0	0	0	0	0	0
<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>(1,220,352)</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>3,325,000</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>	<u>\$9,771,489</u>
53.78%	59.23%	62.86%	66.12%	69.75%	74.61%

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	
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
2018	2,576,148	1,484,212	1,091,936	790,985	123,032	1.19

(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
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
2018	11,735	315,589,355	26,893	3,000	3.9

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

2018 and 2009

2018

Employer	Number of Employees	Rank	Percentage of Total Employment
Staffmark	824	1	5.72%
Faurecia Exhaust	510	2	3.54
Burrows Paper Company	487	3	3.38
Midwest Investors Group	481	4	3.34
Wal-Mart	480	5	3.33
Franklin City School District	452	6	3.14
Valued Relations	438	7	3.04
Minute Men	284	8	1.97
Kettering Medical Center	261	9	1.81
City of Franklin	227	10	1.58
Total	4,444		30.85
All Other Employers	<u>9,956</u>		<u>69.15</u>
Total Employment within the City	<u>14,400</u>		<u>100.00%</u>

2009

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

Source: City of Franklin Tax Department

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

<u>Function/Program</u>	<u>2009</u>		<u>2010</u>		<u>2011</u>		<u>2012</u>	
	<u>Full-Time</u>	<u>All</u>	<u>Full-Time</u>	<u>All</u>	<u>Full-Time</u>	<u>All</u>	<u>Full-Time</u>	<u>All</u>
General Government	21	28	20	28	20	28	19	26
Security of Persons and Property	29	63	27	60	29	62	38	63
Leisure Time Activities	2	71	2	52	2	52	2	58
Basic Utility Services	19	25	19	25	18	25	17	26
<i>Total Number of Employees</i>	<u>71</u>	<u>187</u>	<u>68</u>	<u>165</u>	<u>69</u>	<u>167</u>	<u>76</u>	<u>173</u>

Source: City Payroll Records

2013		2014		2015		2016		2017		2018	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
19	25	21	26	22	26	24	29	21	25	22	31
38	81	38	92	36	88	34	75	37	77	39	83
2	49	2	50	2	57	2	54	2	55	2	59
17	26	17	22	19	28	18	23	19	24	19	25
<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>	<u>82</u>	<u>198</u>

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

Function/Program	2009	2010	2011	2012
General Government:				
Government Center	1	1	1	1
Security of Persons and Property:				
Number of Police Stations	1	1	1	1
Number of Fire/EMS Stations	1	1	1	1
Leisure Time Activities:				
Number of Parks	6	6	6	6
Number of Swimming Pools	1	1	1	1
Number of Libraries	1	1	1	1
Basic Utility Services:				
Miles of Water Mains	65	65	65	65
Miles of Sanitary Sewers	63.50	63.50	63.50	63.50
Water Treatment Facility	1	1	1	1
Transportation:				
Miles of Streets	109.00	109.00	109.00	109.00
Number of Street Lights	929	929	929	929

Source: City Capital Assets Records

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</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
65	65	65	65	65	65
63.50	63.50	63.50	63.50	63.50	63.50
1	1	1	1	1	1
109.00	109.00	109.34	109.34	109.34	109.34
937	937	946	946	946	946

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

Function/Program	2009	2010	2011	2012
General Government:				
Active Income Tax Accounts	7,276	6,974	7,027	7,454
Individual	5,430	5,409	5,528	5,508
Business	867	842	768	847
Withholding	979	663	731	1,099
Clerk of Courts:				
Traffic Court Cases	6,014	8,273	8,052	7,170
Civil Court Cases	632	601	659	626
Small Claims Court Cases	98	49	42	37
Security of Persons and Property:				
Police Calls	24,655	25,202	24,810	23,759
Physical Arrests	1,190	2,189	2,003	2,226
Citations	1,809	767	895	1,654

Source: Department reports

2013	2014	2015	2016	2017	2018
7,683	8,133	7,786	8,117	7,294	7,665
5,759	6,019	5,943	6,208	5,297	5,595
855	947	940	963	942	892
1,069	1,167	903	946	1,055	1,178
6,322	7,506	6,837	7,665	9,533	8,876
524	551	543	592	635	667
41	33	25	37	25	56
23,543	23,143	24,091	23,656	24,513	24,140
2,192	1,727	1,491	1,429	1,943	1,808
1,708	1,104	998	749	998	891

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OHIO AUDITOR OF STATE
KEITH FABER



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 23, 2019**