



Dave Yost • Auditor of State

CITY OF FRANKLIN
WARREN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	Under Separate Cover
Comprehensive Annual Financial Report	Under Separate Cover
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
Schedule of Findings.....	3

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, (the City) as of and for the year ended December 31, 2016, 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 14, 2017.

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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding number 2016-001 to be a significant deficiency.

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*.

Entity's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

June 14, 2017

**CITY OF FRANKLIN
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016**

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

FINDING NUMBER 2016-001

Significant Deficiency

The City Municipal Court has various outside bank accounts that are reported on the financial statements as Cash in Segregated Accounts.

The Court bank balance was reported on the financial statements, instead of the reconciled book balance of these accounts. The financial statements did not reflect disbursements recorded in the Court's accounting system that had not cleared the bank at year end.

Failure to review Court reconciliations resulted in Cash in Segregated Accounts reported for the Agency funds on the City's financial statements to be overstated by \$111,285.

An adjustment was posted to the City's accompanying financial statements to correct this error.

We recommend that the City review the court reconciliations for accuracy and report Cash in Segregated Accounts at the carrying value on the financial statements.

Officials' Response:

The City will correct the issue for future billings.

This page intentionally left blank.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2016



City of Franklin
Franklin, Ohio 45005

This page intentionally left blank.

Introductory Section

This Page Intentionally Left Blank

City of Franklin, Ohio

Comprehensive Annual Financial Report

For the Year Ended December 31, 2016

Issued by:
Finance Department

Karen Ervin
Finance Director

This page intentionally left blank.

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016

Table of Contents

INTRODUCTORY SECTION

Title Page	i
Table of Contents	ii
Letter of Transmittal	vi
List of Principal Officials.....	x
Organizational Chart.....	xi
GFOA Certificate of Achievement	xii

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis)	
General Fund.....	24
Fire Levy Fund.....	25
Transportation Fund.....	26
Statement of Fund Net Position – Enterprise Funds	27
Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Funds	28

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016
(Continued)

Statement of Cash Flows – Enterprise Funds	29
Statement of Fiduciary Assets and Liabilities – Agency Funds	30
Notes to the Basic Financial Statements	31
 Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability – OPERS – Traditional Plan – Last Three Years.....	73
Schedule of the City’s Proportionate Share of the Net Pension Liability – OP&F – Last Three Years	74
Schedule of City Contributions – OPERS – Traditional Plan – Last Four Years	75
Schedule of City Contributions – OP&F – Last Ten Years	76
 Combining Financial Statements:	
Combining Statements – Nonmajor Governmental Funds:	
Nonmajor Fund Descriptions	79
Combining Balance Sheet – Nonmajor Governmental Funds	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	83
Combining Balance Sheet – Nonmajor Special Revenue Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	86
Combining Balance Sheet – Nonmajor Debt Service Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	89
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	91
Combining Statements – Agency Funds:	
Agency Fund Descriptions.....	92

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016
(Continued)

Combining Statement of Changes in Assets and Liabilities – Agency Funds	93
---	----

Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes
in Fund Balance/Fund Equity – Budget and Actual (Budget Basis):

Major Funds:

General Fund.....	94
Fire Levy Fund.....	97
Transportation Fund.....	98
Water Fund.....	99
Sewer Fund	100
Trash Fund	101
Stormwater Utility Fund	102

Nonmajor Funds:

E-911 Fund.....	103
Court Fund	104
FEMA Fund	105
Drug Law Enforcement Fund	106
Recreation Fund	107
Indigent Drivers Fund	108
Indigent Drivers Alcohol Monitoring Fund	109
In-House Monitoring Fund	110
Street Lighting Fund	111
Miami Conservancy District Fund.....	112
Police and Fire Pension Fund.....	113
Bond Retirement Fund.....	114
Special Assessment Bond Fund	115
Issue Two Fund.....	116
ODOT Project Fund.....	117
Property Acquisition Fund.....	118
Tax Increment Financing Fund.....	119
F.C. Dial Trust Fund	120

STATISTICAL SECTION

Statistical Tables Descriptions.....	121
Net Position by Component – Last Ten Years.....	122
Changes in Net Position – Last Ten Years	124
Program Revenues by Function/Program – Last Ten Years	128
Fund Balances – Governmental Funds – Last Ten Years	130
Changes in Fund Balances – Governmental Funds – Last Ten Years	132
Income Tax Revenue by Payer Type – Last Ten Years.....	134
Principal Income Taxpayers – Withholding Accounts – 2016 and 2007.....	135
Computation of All Direct and Overlapping Governmental Activities Debt – December 31, 2016	136
Ratio of General Obligation Bonded Debt to Estimated Actual Value and General Obligation Bonded Debt Per Capita – Last Ten Years	137
Ratio of Outstanding Debt by Type to Total Personal Income and Debt Per Capita – Last Ten Years ...	138

City of Franklin, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2016
(Continued)

Computation of Legal Debt Margin – Last Ten Years	140
Pledged Revenue Coverage – Last Ten Years	142
Demographic and Economic Statistics – Last Ten Years	143
Principal Employers – 2016 and 2007	145
City Government Employees by Function/Program – Last Ten Years.....	146
Capital Assets Statistics by Function/Program – Last Ten Years	148
Operating Indicators by Function/Program – Last Ten Years	150

CITY OF FRANKLIN

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

June 14, 2017

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, 2016, 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, 2016. The Independent Accountants’ Report is located at the front of the financial section of this report.

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

FORMATION OF THE CITY

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

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

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

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

PROFILE OF THE GOVERNMENT AND REPORTING ENTITY

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

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

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

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

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

At the beginning of each year, Council adopts a temporary budget, which will give them an extension until March 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 2017 is again looking up for the City of Franklin. Franklin's Council and Staff are excited about the future of our City. We are continuing to balance quality of life programs along with Economic Development projects to ensure our City continues to grow in all aspects.

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

LOCAL ECONOMY

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

Franklin Yards, established in 2009 as a rail trans loading facility continues to prove what a great asset it is to the City of Franklin and its surrounding communities in Warren and Butler County. Faced with an abandoned shingle facility, City staff and Council needed to be creative to find another use for the property. Using input from area businesses who were looking to rail as a cost-saving measure for transportation expenses, the City partnered with Warren County Port Authority, R. Good Logistics, and Norfolk Southern to establish a rail hub to facilitate the delivery of raw materials and the shipment of finished goods to and from their intended markets. The venture is doing well and is having a positive impact on the local economy. In fact, the facility is at full capacity and in need of expansion.

In 2016, City Council and Staff continued to put approximately \$500,000 worth of work in neighborhoods and parks during the year. Paving various City streets and replacing damaged or missing curbs is improving our neighborhoods' appearance, and citizens can take pride in where they live. The City also instituted a sidewalk repair program, which encourages citizens to take an early morning run or walk without fear of tripping hazards. We will continue this effort each year to make our neighborhoods safer.

ECONOMIC DEVELOPMENT

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

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

Two of the City's major business parks come with build-to-suit options to meet any company's needs. Heritage Business Park is next to the I-75/SR73 interchange and has an upscale image. The lots are flexible and can be combined or reduced to meet most companies' specific needs. This Park has immediate access to I-75 and is 25 minutes from I-70 and 47 minutes from I-71. The Dayton International Airport is only 30 minutes away, and the Cincinnati International Airport can be reached in 51 minutes from the Park. Franklin

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

FINANCIAL PLANNING AND POLICIES

The cash fund balance in the General Fund (65 percent of the total General Fund revenues) exceeds the policy guidelines set by Council for budgetary and planning purposes. (i.e., between 10 and 20 percent of total General Fund revenues.)

OTHER INFORMATION

Independent Audit

An audit team from Auditor of State Dave Yost' office has performed this year's audit. The results of the audit are presented in the Independent Accountants' 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, 2015. 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,



Karen R. Ervin
Finance Director

*City of Franklin, Ohio
List of Principal Officials
As of December 31, 2016*

OFFICE HELD

NAME OF OFFICIAL

City Council:

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

Administration:

City Manager	Sonny Lewis
--------------	-------------

Finance Department:

Finance Director	Karen Ervin
Income Tax Administrator	Jennie Loxley
Utility Billing Administrator	Wanda Howell

Law Department:

Law Director	Donnette Fisher
City Prosecutor	Steve Runge

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

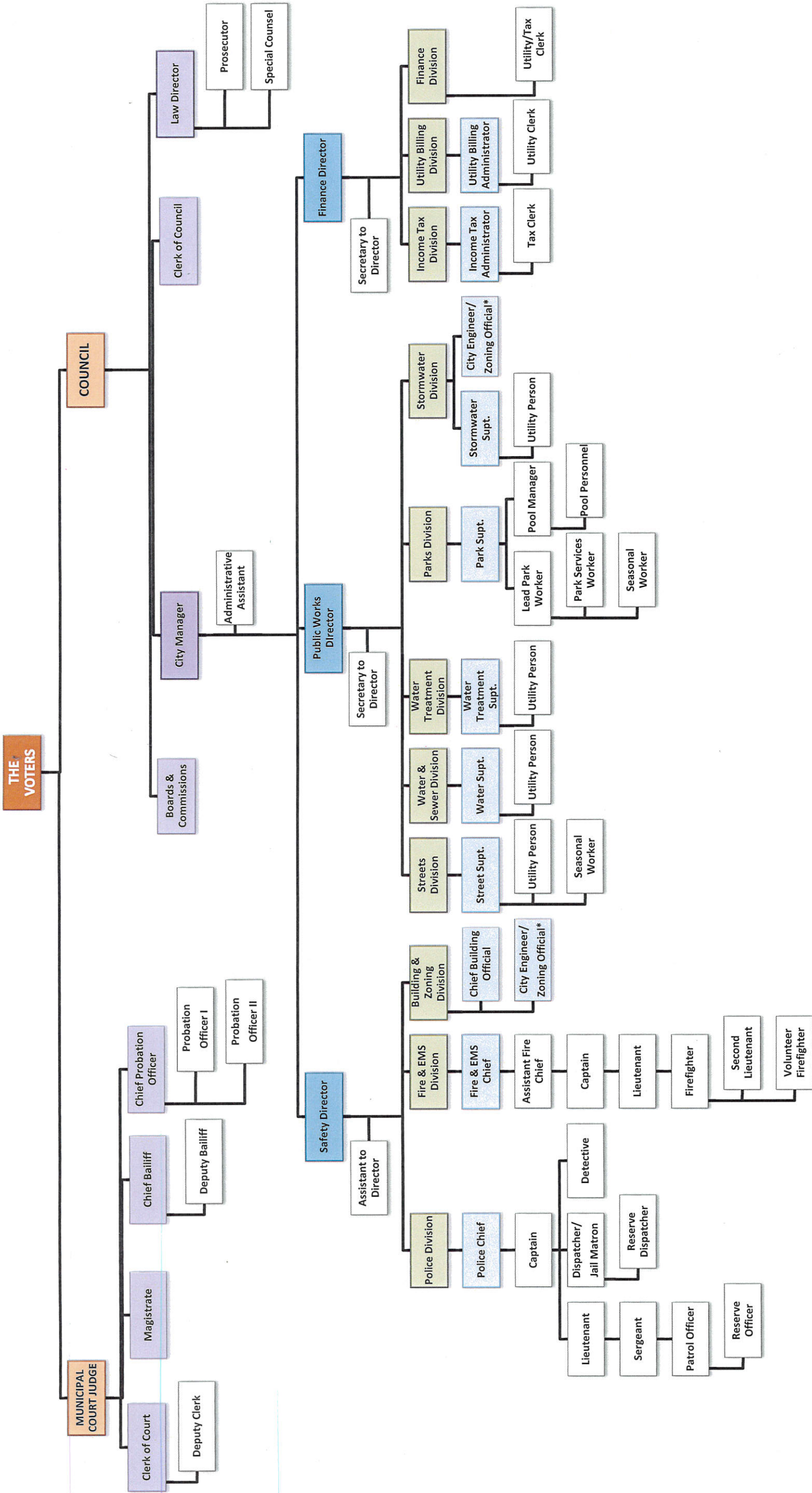
Safety Department:

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	Dodie Lykins
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, 2015

Executive Director/CEO

This page intentionally left blank.

Financial Section

This Page Intentionally Left Blank



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Warren County, Ohio (the City), as of and for the year ended December 31, 2016, 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 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire Levy and Transportation Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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 14, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

June 14, 2017

City of Franklin, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2016
(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, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole, and readers are encouraged to review the transmittal letter, the basic financial statements and notes to enhance their understanding of the City's overall financial performance.

FINANCIAL HIGHLIGHTS

- The City's governmental net position increased \$860,177 and net position of business-type activities increased \$721,750, resulting in a total increase in net position of \$1,581,927.
- General revenues and transfers of governmental activities accounted for \$10,794,724 of all governmental revenues. Program specific revenues in the form of charges for services and sales, operating grants, contributions and interest, and capital grants, contributions and interest accounted for \$2,782,971 of total governmental revenues and transfers of \$13,577,695.
- The City had \$12,717,518 in expenses related to governmental activities; only \$2,782,971 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 \$1,007,852. The Water and Sewer Fund reflected operating incomes of \$1,268,298 and \$234,304, respectively while the Trash and Stormwater Utility Funds reflected operating losses of \$7,727 and \$487,023, 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 2016 compared to 2015.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and Other Assets	\$19,290,113	\$18,156,833	\$5,554,069	\$5,036,249	\$24,844,182	\$23,193,082
Nondepreciable Capital Assets	19,723,728	20,554,496	1,095,364	1,132,863	20,819,092	21,687,359
Depreciable Capital Assets, Net	25,135,099	24,525,397	20,858,878	21,435,214	45,993,977	45,960,611
Total Assets	64,148,940	63,236,726	27,508,311	27,604,326	91,657,251	90,841,052
Deferred Outflows of Resources:						
Deferred Charge on Refunding	252,621	275,586	13,100	15,018	265,721	290,604
Pension	2,704,561	1,035,312	484,657	155,186	3,189,218	1,190,498
Total Deferred Outflows of Resources	2,957,182	1,310,898	497,757	170,204	3,454,939	1,481,102
Liabilities:						
Current and Other Liabilities	507,789	497,030	479,517	613,710	987,306	1,110,740
Long-Term Liabilities:						
Due Within One Year	910,232	860,713	794,007	762,819	1,704,239	1,623,532
Due in More Than One Year:						
Net Pension Liability	9,595,008	7,389,597	1,229,671	855,210	10,824,679	8,244,807
Other Amounts	4,834,562	5,509,926	3,242,147	4,021,941	8,076,709	9,531,867
Total Liabilities	15,847,591	14,257,266	5,745,342	6,253,680	21,592,933	20,510,946
Deferred Inflows of Resources:						
Property Taxes	1,965,000	1,954,000	0	0	1,965,000	1,954,000
Pension	130,437	33,441	33,150	15,024	163,587	48,465
Total Deferred Inflows of Resources	2,095,437	1,987,441	33,150	15,024	2,128,587	2,002,465
Net Position:						
Net Investment in Capital Assets	40,191,340	39,854,845	18,125,979	18,014,569	58,317,319	57,869,414
Restricted	7,974,508	7,207,350	1,268,281	1,164,233	9,242,789	8,371,583
Unrestricted	997,246	1,240,722	2,833,316	2,327,024	3,830,562	3,567,746
Total Net Position	\$49,163,094	\$48,302,917	\$22,227,576	\$21,505,826	\$71,390,670	\$69,808,743

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2016 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of

Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

Net position of the City's governmental activities increased \$860,177 from the prior year. The majority of this increase is related to Restricted net position. Restricted net position increased 10.6 percent or \$767,158 due to revenues exceeding expenditures and transfers. Unrestricted net position decreased 19.6 percent or \$243,476 due to transfers to support the operation of other governmental funds.

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

Net position of the City's business-type activities increased \$721,750. Total liabilities decreased \$508,338 mainly due to the City making annual debt payments. Unrestricted net position increased \$506,292 mainly due to revenues continuing to outpace expenses, particularly in the water fund. Net Investment in Capital Assets increased \$111,410 due to the retirement of debt related to capitalized assets.

Table 2 shows the changes in net position for the years ended December 31, 2016 and December 31, 2015.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$1,922,780	\$1,623,531	\$6,622,338	\$6,559,078	\$8,545,118	\$8,182,609
Operating Grants, Contributions and Interest	859,323	925,943	0	0	859,323	925,943
Capital Grants, Contributions and Interest	868	876,492	0	432,086	868	1,308,578
Total Program Revenues	<u>2,782,971</u>	<u>3,425,966</u>	<u>6,622,338</u>	<u>6,991,164</u>	<u>9,405,309</u>	<u>10,417,130</u>
General Revenues:						
Property Taxes	1,827,528	1,812,704	0	0	1,827,528	1,812,704
Income Taxes	7,844,529	7,665,010	0	0	7,844,529	7,665,010
Other Local Taxes	174,175	208,667	0	0	174,175	208,667
Grants and Entitlements	287,718	232,675	0	0	287,718	232,675
Unrestricted Interest	300,759	25,681	0	0	300,759	25,681
Other	230,015	190,419	18,384	57,879	248,399	248,298
Total General Revenues	<u>10,664,724</u>	<u>10,135,156</u>	<u>18,384</u>	<u>57,879</u>	<u>10,683,108</u>	<u>10,193,035</u>
Total Revenues	<u>13,447,695</u>	<u>13,561,122</u>	<u>6,640,722</u>	<u>7,049,043</u>	<u>20,088,417</u>	<u>20,610,165</u>
Program Expenses:						
General Government	2,844,525	2,729,627	0	0	2,844,525	2,729,627
Security of Persons and Property:						
Police	4,053,678	3,530,669	0	0	4,053,678	3,530,669
Fire	1,681,576	2,568,634	0	0	1,681,576	2,568,634
Other	341,900	307,910	0	0	341,900	307,910
Public Health and Welfare	27,006	31,824	0	0	27,006	31,824
Leisure Time Activities	407,527	306,096	0	0	407,527	306,096
Economic Development	57,487	54,124	0	0	57,487	54,124
Basic Utility Services	68,611	87,531	0	0	68,611	87,531
Transportation	3,031,901	3,614,786	0	0	3,031,901	3,614,786
Interest and Fiscal Charges	203,307	231,397	0	0	203,307	231,397
Water	0	0	1,691,652	1,805,446	1,691,652	1,805,446
Sewer	0	0	2,264,959	2,532,207	2,264,959	2,532,207
Trash	0	0	777,811	749,283	777,811	749,283
Stormwater Utility	0	0	1,054,550	772,918	1,054,550	772,918
Total Expenses	<u>12,717,518</u>	<u>13,462,598</u>	<u>5,788,972</u>	<u>5,859,854</u>	<u>18,506,490</u>	<u>19,322,452</u>
Change in Net Position						
Before Transfers	730,177	98,524	851,750	1,189,189	1,581,927	1,287,713
Transfers	<u>130,000</u>	<u>130,000</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>0</u>	<u>0</u>
Change in Net Position	860,177	228,524	721,750	1,059,189	1,581,927	1,287,713
Beginning Net Position	48,302,917	48,074,393	21,505,826	20,446,637	69,808,743	68,521,030
Ending Net Position	<u>\$49,163,094</u>	<u>\$48,302,917</u>	<u>\$22,227,576</u>	<u>\$21,505,826</u>	<u>\$71,390,670</u>	<u>\$69,808,743</u>

Total governmental activities revenue decreased \$113,527 from the prior year primarily due capital grants contributions and interest revenue related to the completion of the State Route 123-Urban Paving project. General revenues increased \$529,568 and program revenues decreased \$642,995. The general revenue

change is related to collecting more income taxes and interest revenue when compared to the prior year. The capital contribution decrease is related to the completion of the State Route 123-Urban Paving project with Ohio Department of Transportation.

Governmental program expenses as a percentage of total governmental expenses for 2016 are expressed as follows:

General Government	22.37%
Security of Persons and Property:	
Police	31.87
Fire	13.22
Other	2.69
Public Health and Welfare	0.21
Leisure Time Activities	3.21
Economic Development	0.45
Basic Utility Services	0.54
Transportation	23.84
Interest and Fiscal Charges	1.60
	100.00%

The above chart clearly indicates the City’s major source of expenses, 47.78 percent, is related to the operating of safety forces. Transportation makes up 23.84 percent of the City’s expenses, which decreased from the prior year due to the completion of several projects in the prior year. All other forms of governmental operations represent 28.38 percent of expenditures. A comparison to the prior year demonstrates that expenses, except for transportation, were relatively consistent with those in the previous year. Even though Police expenditures increased 14.81percent fire and transportation had a large decrease in expenditures, which decreased the total expenses from \$13,462,598 in 2015 to \$12,717,518 in 2016.

Charges for Services and Sales in the business-type activities increased \$63,260 in 2016 due to an increase in fees related to water and sewer. Capital Grants and Contributions decreased \$432,086, which is due to the City receiving donated depreciable capital assets during 2015 but received none during 2016.

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 2016	Net Cost of Services 2016	Total Cost Of Services 2015	Net Cost of Services 2015
General Government	\$2,844,525	\$2,016,858	\$2,729,627	\$2,263,548
Security of Persons and Property:				
Police	4,053,678	3,568,358	3,530,669	2,989,625
Fire	1,681,576	885,099	2,568,634	1,865,845
Other	341,900	192,935	307,910	158,887
Public Health and Welfare	27,006	12,173	31,824	13,021
Leisure Time Activities	407,527	388,388	306,096	279,098
Economic Development	57,487	52,817	54,124	53,134
Basic Utility Services	68,611	68,611	87,531	87,531
Transportation	3,031,901	2,546,001	3,614,786	2,094,546
Interest and Fiscal Charges	203,307	203,307	231,397	231,397
Total Expenses	\$12,717,518	\$9,934,547	\$13,462,598	\$10,036,632

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 14.30 percent of total governmental revenue. Revenues provided by sources other than City residents in the form of operating and capital grants, contributions, and interest comprise another 6.40 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 \$1,045,606 during 2016 as a result of the City closely monitoring expenses and a decrease in interest and fiscal charges.

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 increased \$170,108 during 2016 as a result of the City closely monitoring expenses and a decrease in interest and fiscal charges.

The Trash Fund charges fees to citizens for the collection of residential garbage. The City outsources the actual collection services. The net position of the Trash Fund saw a slight decrease of \$7,581 during 2016. The decrease was a result of expenses exceeding both operating and other non-operating revenues.

The Stormwater Utility Fund was established to provide a funding mechanism to support 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 \$486,383 during 2016 primarily due to depreciation expense.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All governmental funds had total revenues of \$13,766,970 and expenditures of \$12,632,567.

The General Fund's balance increased \$343,929 as a result of revenues exceeding expenditures. Revenues increased due to an increase in income tax collections.

The Fire Levy Fund's balance increased \$418,158. Although expenditures outpaced revenues for the year, the fund balance increased as a result of a large transfer from the general fund for operating purposes.

The Transportation Fund's balance increased an immaterial \$14,840.

General Fund Budgeting Highlights

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

Original and final General Fund budgeted revenues were \$9,315,023 and \$9,318,826, respectively. This is an immaterial increase of \$3,803. The City's actual revenues were \$9,676,674 at year-end, which is a \$357,848 increase. This increase is related to income tax collections being higher than estimated.

Original General Fund appropriations were \$7,112,418 while final appropriations were \$7,159,418. The City's actual expenditures were \$6,124,398 at year-end, a decrease of \$1,035,020 when compared to the final appropriations. The largest savings contributing to this decrease was within the General Government account. The City budgeted for an increase in healthcare premiums when they actually decreased during 2016.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

*Table 4
Capital Assets*

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$19,649,717	\$19,599,817	\$1,095,364	\$1,095,364	\$20,745,081	\$20,695,181
Construction in Progress	74,011	954,679	0	37,499	74,011	992,178
Land Improvements	239,460	220,193	9,941	15,145	249,401	235,338
Buildings	4,855,832	4,944,441	70,999	57,776	4,926,831	5,002,217
Equipment	734,555	597,889	293,760	292,264	1,028,315	890,153
Vehicles	784,925	426,607	344,938	386,811	1,129,863	813,418
Infrastructure	18,520,327	18,336,267	20,139,240	20,683,218	38,659,567	39,019,485
Total	<u>\$44,858,827</u>	<u>\$45,079,893</u>	<u>\$21,954,242</u>	<u>\$22,568,077</u>	<u>\$66,813,069</u>	<u>\$67,647,970</u>

Total capital assets decreased \$834,901, 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 \$5,005,106, including a premium on bonds outstanding of \$281,894 for governmental activities. Business-type activities had debt obligations at year-end consisting of OWDA loans and mortgage revenue bonds in the amount of \$3,841,363, including a premium on bonds in the amount of \$24,765. The City's long-term obligations also included compensated absences for governmental and business-type activities.

As of December 31, 2016, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,209,150 with an unvoted debt margin of \$8,088,126.

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.

CITY OF FRANKLIN, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Governmental Activities	Business-Type Activities	Totals
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$14,412,070	\$3,901,578	\$18,313,648
Cash and Cash Equivalents with Trustee	0	597,716	597,716
Accrued Interest Receivable	2,493	0	2,493
Accounts Receivable	0	992,125	992,125
Intergovernmental Receivable	448,701	0	448,701
Materials and Supplies Inventory	286,002	55,087	341,089
Income Taxes Receivable	1,786,707	0	1,786,707
Property Taxes Receivable	2,109,130	0	2,109,130
Other Local Taxes Receivable	30,783	0	30,783
Internal Balances	(7,563)	7,563	0
Special Assessments Receivable	221,790	0	221,790
Nondepreciable Capital Assets	19,723,728	1,095,364	20,819,092
Depreciable Capital Assets, Net	25,135,099	20,858,878	45,993,977
Total Assets	64,148,940	27,508,311	91,657,251
Deferred Outflows of Resources:			
Deferred Charge on Refunding	252,621	13,100	265,721
Pension	2,704,561	484,657	3,189,218
Total Deferred Outflows of Resources	2,957,182	497,757	3,454,939
Liabilities:			
Accounts Payable	281,459	92,251	373,710
Accrued Wages and Benefits Payable	100,841	29,748	130,589
Intergovernmental Payable	95,796	17,152	112,948
Contracts Payable	8,711	152,221	160,932
Retainage Payable	5,601	0	5,601
Accrued Interest Payable	15,381	41,515	56,896
Refundable Deposits	0	146,630	146,630
Long-Term Liabilities:			
Due Within One Year	910,232	794,007	1,704,239
Due in More Than One Year:			
Net Pension Liability (See Note 12)	9,595,008	1,229,671	10,824,679
Other Amounts	4,834,562	3,242,147	8,076,709
Total Liabilities	15,847,591	5,745,342	21,592,933
Deferred Inflows of Resources:			
Property Taxes	1,965,000	0	1,965,000
Pension	130,437	33,150	163,587
Total Deferred Inflows of Resources	2,095,437	33,150	2,128,587
Net Position:			
Net Investment in Capital Assets	40,191,340	18,125,979	58,317,319
Restricted for:			
Debt Service	194,323	590,651	784,974
Capital Outlay	1,906,135	0	1,906,135
Fire Protection	1,970,539	0	1,970,539
Transportation	1,108,766	0	1,108,766
Legislative and Executive	529,532	0	529,532
Security of Persons and Property	315,124	0	315,124
Other Purposes	65,516	0	65,516
Revenue Bonds Replacement and Improvement	0	677,630	677,630
Leisure Time Activities Expendable	442,305	0	442,305
Leisure Time Activities Nonexpendable	1,442,268	0	1,442,268
Unrestricted	997,246	2,833,316	3,830,562
Total Net Position	\$49,163,094	\$22,227,576	\$71,390,670

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$2,844,525	\$827,299	\$0	\$368
Security of Persons and Property:				
Police	4,053,678	366,674	118,646	0
Fire	1,681,576	552,665	243,812	0
Other	341,900	148,965	0	0
Public Health and Welfare	27,006	9,261	5,572	0
Leisure Time Activities	407,527	15,720	3,419	0
Economic Development	57,487	0	4,670	0
Basic Utility Services	68,611	0	0	0
Transportation	3,031,901	2,196	483,204	500
Interest and Fiscal Charges	203,307	0	0	0
Total Governmental Activities	<u>12,717,518</u>	<u>1,922,780</u>	<u>859,323</u>	<u>868</u>
Business-Type Activities:				
Water	1,691,652	2,785,464	0	0
Sewer	2,264,959	2,499,263	0	0
Trash	777,811	770,084	0	0
Stormwater Utility	1,054,550	567,527	0	0
Total Business-Type Activities	<u>5,788,972</u>	<u>6,622,338</u>	<u>0</u>	<u>0</u>
Total Activities	<u>\$18,506,490</u>	<u>\$8,545,118</u>	<u>\$859,323</u>	<u>\$868</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

Other

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$2,016,858)	\$0	(\$2,016,858)
(3,568,358)	0	(3,568,358)
(885,099)	0	(885,099)
(192,935)	0	(192,935)
(12,173)	0	(12,173)
(388,388)	0	(388,388)
(52,817)	0	(52,817)
(68,611)	0	(68,611)
(2,546,001)	0	(2,546,001)
(203,307)	0	(203,307)
<u>(9,934,547)</u>	<u>0</u>	<u>(9,934,547)</u>
0	1,093,812	1,093,812
0	234,304	234,304
0	(7,727)	(7,727)
0	(487,023)	(487,023)
<u>0</u>	<u>833,366</u>	<u>833,366</u>
<u>(9,934,547)</u>	<u>833,366</u>	<u>(9,101,181)</u>
419,946	0	419,946
1,243,468	0	1,243,468
164,114	0	164,114
7,844,529	0	7,844,529
174,175	0	174,175
287,718	0	287,718
300,759	0	300,759
230,015	18,384	248,399
130,000	(130,000)	0
<u>10,794,724</u>	<u>(111,616)</u>	<u>10,683,108</u>
860,177	721,750	1,581,927
<u>48,302,917</u>	<u>21,505,826</u>	<u>69,808,743</u>
<u>\$49,163,094</u>	<u>\$22,227,576</u>	<u>\$71,390,670</u>

CITY OF FRANKLIN, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	General Fund	Fire Levy Fund	Transportation Fund
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$6,535,471	\$2,091,103	\$665,508
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	19,119	0	0
Materials and Supplies Inventory	6,843	7,021	271,475
Intergovernmental Receivable	97,323	70,443	272,281
Income Taxes Receivable	1,786,707	0	0
Property Taxes Receivable	483,198	1,437,969	0
Other Local Taxes Receivable	30,783	0	0
Special Assessments Receivable	0	0	0
Accrued Interest Receivable	2,493	0	0
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$8,961,937</u>	<u>\$3,606,536</u>	<u>\$1,209,264</u>
Liabilities:			
Accounts Payable	\$149,405	\$54,753	\$33,496
Accrued Wages and Benefits Payable	66,701	23,429	6,803
Intergovernmental Payable	39,224	11,054	5,241
Contracts Payable	0	0	0
Interfund Payable	7,563	0	0
Retainage Payable	0	0	5,601
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>262,893</u>	<u>89,236</u>	<u>51,141</u>
Deferred Inflows of Resources:			
Property Taxes	450,000	1,340,000	0
Unavailable Revenue	1,233,906	163,737	221,430
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	<u>1,683,906</u>	<u>1,503,737</u>	<u>221,430</u>
Fund Balances:			
Nonspendable	25,962	7,021	271,475
Restricted	0	2,006,542	665,218
Committed	0	0	0
Assigned	333,990	0	0
Unassigned (Deficit)	6,655,186	0	0
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>7,015,138</u>	<u>2,013,563</u>	<u>936,693</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$8,961,937</u>	<u>\$3,606,536</u>	<u>\$1,209,264</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$5,100,869	\$14,392,951
0	19,119
663	286,002
8,654	448,701
0	1,786,707
187,963	2,109,130
0	30,783
221,790	221,790
0	2,493
<u>\$5,519,939</u>	<u>\$19,297,676</u>
\$43,805	\$281,459
3,908	100,841
40,277	95,796
8,711	8,711
0	7,563
0	5,601
<u>96,701</u>	<u>499,971</u>
175,000	1,965,000
<u>243,407</u>	<u>1,862,480</u>
418,407	3,827,480
1,442,931	1,747,389
3,314,112	5,985,872
116,886	116,886
135,107	469,097
(4,205)	6,650,981
<u>5,004,831</u>	<u>14,970,225</u>
<u>\$5,519,939</u>	<u>\$19,297,676</u>

This Page Intentionally Left Blank

CITY OF FRANKLIN, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

Total Governmental Fund Balances \$14,970,225

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	19,649,717	
Construction in Progress	74,011	
Infrastructure	66,981,859	
Other Capital Assets	14,234,156	
Accumulated Depreciation	(56,080,916)	
Total Capital Assets		44,858,827

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	144,130	
Other Local Taxes	26,460	
Income Taxes	1,090,401	
Special Assessments	221,790	
Accounts	425	
Intergovernmental	379,274	
Total		1,862,480

In the Statement of Activities, interest is accrued on long-term debt, whereas
in governmental funds, an interest expenditure is reported when due. (15,381)

Deferred outflows of resources include deferred charges on
refundings which do not provide current financial resources
and, therefore, are not reported in the funds. 252,621

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

Deferred Outflows - Pension	2,704,561	
Deferred Inflows - Pension	(130,437)	
Net Pension Liability	(9,595,008)	
Total		(7,020,884)

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

General Obligation Bonds	(4,426,894)	
Capital leases	(108,214)	
Special Assessment Bonds	(415,000)	
Police and Fire Pension	(54,998)	
Compensated Absences	(739,688)	
Total		(5,744,794)

Net Position of Governmental Activities \$49,163,094

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, 2016

	General Fund	Fire Levy Fund	Transportation Fund
Revenues:			
Property Taxes	\$414,647	\$1,227,809	\$0
Other Local Taxes	68,066	0	109,210
Income Taxes	7,805,163	0	0
Special Assessments	0	0	500
Charges for Services	273,804	556,915	0
Fines, Licenses and Permits	643,438	0	2,196
Intergovernmental	227,529	134,040	519,533
Interest	74,643	0	5,450
Rent	0	0	0
Contributions and Donations	120	0	0
Other	95,501	105,104	16,643
Total Revenues	9,602,911	2,023,868	653,532
Expenditures:			
Current:			
General Government	2,574,348	0	0
Security of Persons and Property:			
Police	3,273,475	0	0
Fire	0	2,359,057	0
Other	179,386	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	80,601	0	0
Economic Development	3,025	0	0
Transportation	0	0	1,338,692
Capital Outlay	56,007	164,178	0
Debt Service:			
Principal Retirement	0	55,964	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	6,166,842	2,579,199	1,338,692
Excess of Revenues Over (Under) Expenditures	3,436,069	(555,331)	(685,160)
Other Financing Sources (Uses):			
Transfers In	0	857,311	700,000
Inception of Capital Lease	0	164,178	0
Transfers Out	(3,092,140)	(48,000)	0
Total Other Financing Sources (Uses)	(3,092,140)	973,489	700,000
Net Change in Fund Balances	343,929	418,158	14,840
Fund Balances at Beginning of Year	6,671,209	1,595,405	921,853
Fund Balances at End of Year	<u>\$7,015,138</u>	<u>\$2,013,563</u>	<u>\$936,693</u>

See accompanying notes to the basic financial statements

Nonmajor Governmental Funds	Total Governmental Funds
\$162,046	\$1,804,502
0	177,276
0	7,805,163
439,567	440,067
12,583	843,302
285,904	931,538
346,602	1,227,704
220,666	300,759
3,225	3,225
3,419	3,539
12,647	229,895
1,486,659	13,766,970
144,069	2,718,417
553,580	3,827,055
103,723	2,462,780
160,725	340,111
27,006	27,006
336,499	417,100
54,462	57,487
0	1,338,692
291,449	511,634
666,917	722,881
209,404	209,404
2,547,834	12,632,567
(1,061,175)	1,134,403
2,098,513	3,655,824
0	164,178
(385,684)	(3,525,824)
1,712,829	294,178
651,654	1,428,581
4,353,177	13,541,644
\$5,004,831	\$14,970,225

This Page Intentionally Left Blank

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, 2016

Net Change in Fund Balances - Total Governmental Funds \$1,428,581

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	1,717,449	
Construction in Progress additions	170,346	
Current Year Depreciation	<u>(2,108,861)</u>	
Excess of depreciation expense over capital outlay		(221,066)

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	23,026	
Other Local Taxes	(3,101)	
Income Taxes	39,366	
Special Assessments	(290,234)	
Charges for Services	(4,250)	
Intergovernmental	<u>(84,082)</u>	
Total		(319,275)

Other financing sources in the governmental funds, such as inception of capital lease, increase
long-term liabilities in the statement of net position. (164,178)

Contractually required contributions are reported as expenditures in governmental funds;
however, the Statement of Net Position reports these amounts as deferred outflows. 704,225

Except for amounts reported as deferred inflows/outflows, changes in the net pension
liability are reported as pension expense in the Statement of Activities. (1,337,383)

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	285,000	
Bond Principal Retirement	380,000	
Police and Fire Pension Principal Retirement	1,917	
Capital lease principal retirement	<u>55,964</u>	
Total Long-Term Debt Repayment		722,881

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	<u>2,215</u>	
Total		6,097

Some expenses reported in the Statement of Activities do not require the use of current
financial resources and therefore are not reported as expenditures in governmental funds:
Decrease in Compensated Absences 40,295

Change in Net Position of Governmental Activities \$860,177

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, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$446,000	\$414,700	\$414,647	(\$53)
Other Local Taxes	64,340	62,000	67,185	5,185
Income Taxes	7,548,628	7,640,000	7,882,390	242,390
Charges for Services	262,210	277,598	273,804	(3,794)
Fines, Licenses and Permits	621,271	603,950	648,740	44,790
Intergovernmental	218,023	201,378	227,663	26,285
Contributions and Donations	115	200	120	(80)
Interest	94,854	70,000	99,048	29,048
Other	59,582	49,000	63,077	14,077
Total Revenues	9,315,023	9,318,826	9,676,674	357,848
Expenditures:				
Current:				
General Government	3,233,618	3,028,140	2,578,631	449,509
Security of Persons and Property:				
Police	3,682,300	3,698,035	3,301,993	396,042
Other	9,000	248,243	187,767	60,476
Capital Outlay	187,500	185,000	56,007	128,993
Total Expenditures	7,112,418	7,159,418	6,124,398	1,035,020
Excess of Revenues Over Expenditures	2,202,605	2,159,408	3,552,276	1,392,868
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	900	0	(900)
Transfers In	234,127	240,424	32,424	(208,000)
Transfers Out	(3,849,240)	(3,898,240)	(3,172,741)	725,499
Total Other Financing Sources (Uses)	(3,615,113)	(3,656,916)	(3,140,317)	516,599
Net Change in Fund Balance	(1,412,508)	(1,497,508)	411,959	1,909,467
Fund Balance at Beginning of Year	5,982,359	5,982,359	5,982,359	0
Prior Year Encumbrances Appropriated	33,488	33,488	33,488	0
Fund Balance at End of Year	\$4,603,339	\$4,518,339	\$6,427,806	\$1,909,467

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, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$1,333,000	\$1,227,900	\$1,227,809	(\$91)
Charges for Services	315,747	480,000	513,872	33,872
Intergovernmental	82,361	134,000	134,040	40
Other	64,581	87,000	105,104	18,104
Total Revenues	<u>1,795,689</u>	<u>1,928,900</u>	<u>1,980,825</u>	<u>51,925</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	<u>3,038,520</u>	<u>3,172,120</u>	<u>2,470,613</u>	<u>701,507</u>
Excess of Revenues Under Expenditures	<u>(1,242,831)</u>	<u>(1,243,220)</u>	<u>(489,788)</u>	<u>753,432</u>
Other Financing Sources (Uses):				
Transfers In	857,311	861,059	857,311	(3,748)
Transfers Out	<u>(72,500)</u>	<u>(72,500)</u>	<u>(48,000)</u>	<u>24,500</u>
Total Other Financing Sources (Uses)	<u>784,811</u>	<u>788,559</u>	<u>809,311</u>	<u>20,752</u>
Net Change in Fund Balance	(458,020)	(454,661)	319,523	774,184
Fund Balance at Beginning of Year	1,556,099	1,556,099	1,556,099	0
Prior Year Encumbrances Appropriated	<u>88,154</u>	<u>88,154</u>	<u>88,154</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,186,233</u></u>	<u><u>\$1,189,592</u></u>	<u><u>\$1,963,776</u></u>	<u><u>\$774,184</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Other Local Taxes	\$156,525	\$105,000	\$109,210	\$4,210
Fines, Licenses and Permits	3,147	2,200	2,196	(4)
Special Assessments	717	500	500	0
Intergovernmental	742,646	515,300	518,154	2,854
Interest	7,811	3,450	5,450	2,000
Other	23,854	16,900	16,643	(257)
Total Revenues	<u>934,700</u>	<u>643,350</u>	<u>652,153</u>	<u>8,803</u>
Expenditures:				
Current:				
Transportation	<u>1,780,019</u>	<u>1,810,019</u>	<u>1,462,692</u>	<u>347,327</u>
Excess of Revenues Under Expenditures	(845,319)	(1,166,669)	(810,539)	356,130
Other Financing Sources:				
Transfers In	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>	<u>0</u>
Net Change in Fund Balance	(145,319)	(466,669)	(110,539)	356,130
Fund Balance at Beginning of Year	709,182	709,182	709,182	0
Prior Year Encumbrances Appropriated	<u>2,169</u>	<u>2,169</u>	<u>2,169</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$566,032</u></u>	<u><u>\$244,682</u></u>	<u><u>\$600,812</u></u>	<u><u>\$356,130</u></u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FUND NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2016

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Total
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,366,773	\$1,108,658	\$191,157	\$345,965	\$3,012,553
Materials and Supplies Inventory	55,087	0	0	0	55,087
Accounts Receivable	260,665	620,552	67,704	43,204	992,125
Interfund Receivable	7,563	0	0	0	7,563
Restricted Assets:					
Cash and Cash Equivalents with Trustee	507,066	0	0	0	507,066
Total Current Assets	2,197,154	1,729,210	258,861	389,169	4,574,394
Noncurrent Assets:					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	815,710	73,315	0	0	889,025
Cash and Cash Equivalents with Trustee	90,650	0	0	0	90,650
Nondepreciable Capital Assets	1,020,364	37,500	0	37,500	1,095,364
Depreciable Capital Assets, Net	8,257,140	3,733,008	1,071	8,867,659	20,858,878
Total Noncurrent Assets	10,183,864	3,843,823	1,071	8,905,159	22,933,917
Total Assets	12,381,018	5,573,033	259,932	9,294,328	27,508,311
Deferred Outflows of Resources:					
Deferred Charge on Refunding	13,100	0	0	0	13,100
Pension	221,473	131,592	32,898	98,694	484,657
Total Deferred Outflows of Resources	234,573	131,592	32,898	98,694	497,757
Liabilities:					
Current Liabilities:					
Accounts Payable	46,358	36,376	1,568	7,949	92,251
Accrued Wages and Benefits Payable	18,886	6,379	547	3,936	29,748
Contracts Payable	0	152,221	0	0	152,221
Intergovernmental Payable	9,205	4,256	450	3,241	17,152
Accrued Interest Payable	41,515	0	0	0	41,515
Compensated Absences Payable	13,606	15,726	1,305	13,109	43,746
Revenue Bonds Payable	500,000	0	0	0	500,000
OWDA Loans Payable	250,261	0	0	0	250,261
Total Current Liabilities	879,831	214,958	3,870	28,235	1,126,894
Long Term Liabilities:					
Compensated Absences Payable	46,947	54,404	6,711	42,983	151,045
Revenue Bonds Payable	1,604,765	0	0	0	1,604,765
OWDA Loans Payable	1,486,337	0	0	0	1,486,337
Refundable Deposits	73,315	73,315	0	0	146,630
Net Pension Liability	573,846	327,912	81,978	245,935	1,229,671
Total Long Term Liabilities	3,785,210	455,631	88,689	288,918	4,618,448
Total Liabilities	4,665,041	670,589	92,559	317,153	5,745,342
Deferred Inflows of Resources:					
Pension	20,478	6,336	1,584	4,752	33,150
Net Position:					
Net Investment in Capital Assets	5,449,241	3,770,508	1,071	8,905,159	18,125,979
Restricted for:					
Debt Service	590,651	0	0	0	590,651
Revenue Bonds Replacement and Improvements	677,630	0	0	0	677,630
Unrestricted	1,212,550	1,257,192	197,616	165,958	2,833,316
Total Net Position	\$7,930,072	\$5,027,700	\$198,687	\$9,071,117	\$22,227,576

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, 2016

	Water Fund	Sewer Fund	Trash Fund	Stormwater Utility Fund	Total
Operating Revenues:					
Charges for Services	\$2,785,464	\$2,499,263	\$770,084	\$567,527	\$6,622,338
Operating Expenses:					
Personal Services	602,218	376,713	48,845	335,697	1,363,473
Contractual Services	361,071	1,586,735	692,273	249,808	2,889,887
Supplies and Materials	195,172	58,375	1,703	14,303	269,553
Depreciation	243,632	149,824	119	437,949	831,524
Other	115,073	93,312	34,871	16,793	260,049
Total Operating Expenses	1,517,166	2,264,959	777,811	1,054,550	5,614,486
Operating Income (Loss)	1,268,298	234,304	(7,727)	(487,023)	1,007,852
Non-Operating Revenues (Expenses):					
Other Non-Operating Revenues	16,794	804	146	640	18,384
Interest and Fiscal Charges	(174,486)	0	0	0	(174,486)
Total Non-Operating Revenues (Expenses)	(157,692)	804	146	640	(156,102)
Income (Loss) Before Transfers	1,110,606	235,108	(7,581)	(486,383)	851,750
Transfers Out	(65,000)	(65,000)	0	0	(130,000)
Change in Net Position	1,045,606	170,108	(7,581)	(486,383)	721,750
Net Position at Beginning of Year	6,884,466	4,857,592	206,268	9,557,500	21,505,826
Net Position at End of Year	\$7,930,072	\$5,027,700	\$198,687	\$9,071,117	\$22,227,576

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	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	\$2,759,778	\$2,437,399	\$770,281	\$566,158	\$6,533,616
Cash Paid for Employee Services and Benefits	(624,771)	(372,846)	(42,261)	(300,396)	(1,340,274)
Cash Paid to Suppliers for Goods and Services	(538,039)	(1,789,082)	(728,884)	(276,389)	(3,332,394)
Utility Deposits Received	23,125	22,558	0	0	45,683
Utility Deposits Returned	(21,435)	(20,868)	0	0	(42,303)
Other Operating Expenses	(115,637)	(93,312)	0	0	(208,949)
Other Non-Operating Revenues	16,794	804	146	640	18,384
Net Cash Provided by (Used for) Operating Activities	1,499,815	184,653	(718)	(9,987)	1,673,763
<u>Cash Flows from Noncapital Financing Activities:</u>					
Transfers In/Out to Other Funds	(65,000)	(65,000)	0	0	(130,000)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(58,441)	(16,268)	(1,190)	(141,790)	(217,689)
Interest Paid on OWDA Loans	(78,342)	0	0	0	(78,342)
Principal Paid on OWDA Loans	(235,494)	0	0	0	(235,494)
Interest Paid on Mortgage Revenue Bonds	(104,190)	0	0	0	(104,190)
Principal Paid on Mortgage Revenue Bonds	(485,000)	0	0	0	(485,000)
Net Cash Used for Capital and Related Financing Activities	(961,467)	(16,268)	(1,190)	(141,790)	(1,120,715)
Net Increase (Decrease) in Cash and Cash Equivalents	473,348	103,385	(1,908)	(151,777)	423,048
Cash and Cash Equivalents at Beginning of Year	2,306,851	1,078,588	193,065	497,742	4,076,246
Cash and Cash Equivalents at End of Year	<u>\$2,780,199</u>	<u>\$1,181,973</u>	<u>\$191,157</u>	<u>\$345,965</u>	<u>\$4,499,294</u>
<u>Reconciliation of Operating Income (Loss) to</u>					
<u>Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	\$1,268,298	\$234,304	(\$7,727)	(\$487,022)	\$1,007,853
<u>Adjustments to Reconcile Operating Income (Loss)</u>					
<u>to Net Cash Provided by (Used for) Operating Activities:</u>					
Depreciation Expense	243,632	149,824	119	437,949	831,524
Other Non-Operating Revenues	16,794	804	146	640	18,384
<u>Change in Assets and Liabilities:</u>					
Increase in Materials and Supplies Inventory	(5,054)	0	0	0	(5,054)
(Increase) Decrease in Accounts Receivable	(18,123)	(62,326)	125	(1,831)	(82,155)
Decrease in Deferred Outflows - Pension	43,713	25,283	6,320	18,960	94,276
Increase in Interfund Receivable	(7,563)	0	0	0	(7,563)
Increase (Decrease) in Accounts Payable	21,423	33,819	(37)	7,559	62,764
Increase (Decrease) in Accrued Wages and Benefits Payable	2,857	2,127	(127)	900	5,757
Increase in Contracts Payable	0	(177,791)	0	(3,044)	(180,835)
Decrease in Intergovernmental Payable	(7,967)	(5,339)	(1,350)	(4,264)	(18,920)
Increase (Decrease) in Compensated Absences Payable	(43,032)	(10,587)	3,601	25,531	(24,487)
Decrease in Net Pension Liability	(5,911)	(3,378)	(844)	(2,532)	(12,665)
Increase in Refundable Deposits Payable	1,690	1,690	0	0	3,380
Decrease in Deferred Inflows - Pension	(10,942)	(3,777)	(944)	(2,833)	(18,496)
Total Adjustments	231,517	(49,651)	7,009	477,035	665,910
Net Cash Provided by (Used for) Operating Activities	<u>\$1,499,815</u>	<u>\$184,653</u>	<u>(\$718)</u>	<u>(\$9,987)</u>	<u>\$1,673,763</u>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2016

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$213
Cash in Segregated Accounts	49,169
	<hr/>
Total Assets	\$49,382
	<hr/> <hr/>
Liabilities:	
Undistributed Monies	\$27,267
Deposits Held and Due to Others	22,115
	<hr/>
Total Liabilities	\$49,382
	<hr/> <hr/>

See accompanying notes to the basic financial statements

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 1 – Description of the City and Reporting Entity

The City of Franklin (the “City”) is a home rule municipal corporation organized under the laws of the State of Ohio. The City operates under its own charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1984. The seven-member Council is elected to four-year terms. Annually, Council selects one of its members to serve as Mayor. Council appoints the City Manager, Finance Director, and Law Director.

Reporting Entity

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

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

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

Joint Venture:

Joint Recreation Facility

Shared Risk Pool:

Ohio Government Risk Management Plan

Jointly Governed Organizations:

Warren County General Health District

Warren County Fire Response and Life Safety Council of Governments

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Governmental Funds

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

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

Fire Levy Fund - This fund accounts for and reports property taxes levied by the City and intergovernmental revenues restricted for operating expenditures related to the fire department.

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

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

Proprietary Funds

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

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

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

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

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

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

Fiduciary Funds

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds that are used to account for fines and fees and taxes held for distribution to other governments and for the activity of entities for which the City serves as fiscal agent.

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 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, and intergovernmental revenues, including grants. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position (See Note 12).

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, 2016

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."

During the year, the City's investments were limited to STAROhio, Morgan Stanley common stock, Negotiable Certificates of Deposits, and Federal National Mortgage Association Notes. 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 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the City has, by ordinance, specified the funds to receive an allocation of investment earnings. Interest credited to the General Fund during 2016 amounted to \$74,643, which includes \$43,840 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. 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, 2016

Inventory

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

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

Capital Assets

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

All capital assets are capitalized at cost when historical records are available and estimated historical cost where no historical records exist, and are updated for additions and reductions during the year. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their acquisition values on the date donated. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expended.

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

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

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

Capitalization of Interest

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Compensated Absences

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

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

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. Net position restricted for other purposes include funds for the operation of recreational activities, improving the living environment of the City, and police and fire pensions.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

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

Budgetary Process

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

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

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

Bond Premiums

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

Pensions

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

Note 3 – Change in Accounting Principle

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application,” GASB Statement No 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,” GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments,” GASB Statement No. 77, “Tax Abatement Disclosures,” GASB Statement No. 79, “Certain External Investment Pools and Pool Participants,” and GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73.”

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

accumulated for purposes of providing those pensions. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies-in the context of the current governmental financial reporting environment-the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the City's financial statements.

GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The City incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Accountability

At December 31, 2016, the Police and Fire Pension fund, which is a special revenue fund, is the only fund with a deficit fund balance. For 2016, the deficit fund balance was \$4,205.

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).

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash and unrecorded interest represent amounts received but not included on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
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	\$343,929	\$418,158	\$14,840
Revenue Accruals	66,460	(4,033)	(1,379)
Expenditure Accruals	115,444	157,565	(59,304)
Encumbrances	(73,000)	(48,979)	(64,696)
Unrecorded Cash - 2015	4,200	39,338	0
Unrecorded Cash - 2016	(21,149)	(78,348)	0
Increase in Fair Value of Investments - 2015	20,556	0	0
Increase in Fair Value of Investments - 2016	(1,606)	0	0
Agency Fund Cash Allocation - 2015	36,331	0	0
Agency Fund Cash Allocation - 2016	(31,029)	0	0
Transfers	(48,177)	0	0
Inception of Capital Lease	0	(164,178)	0
Budget Basis	\$411,959	\$319,523	(\$110,539)

Note 6 – Deposits and Investments

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

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

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

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

1. Bonds of the State of Ohio;

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Investments

As of December 31, 2016, the City had the following investments:

Measurement/Investment	Measurement Amount	Investment Maturity (in Years)	Moody's Rating	Percentage of Total Investments
Net Asset Value Per Share				
STAROhio	\$1,503,138	Less than Five	N/A	N/A
Fair Value - Level One Inputs				
Common Stock	1,878,341	Less than One	N/A	44.90%
Fair Value - Level Two Inputs				
Negotiable Certificate of Deposit	701,642	Less than Five	Aaa	16.77%
Federal National Mortgage Association Notes	100,151	Less than One	Aaa	N/A
Total Fair Value - Level Two Inputs	801,793			
Total Investments	<u>\$4,183,272</u>			

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

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, 2016. 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes were levied after October 1, 2016 on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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. 2016 public utility property taxes, which became a lien December 31, 2015, are levied after October 1, 2016 and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016 was \$9.32 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2016 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$205,849,050
Public Utility Personal Property	16,571,430
Totals	<u><u>\$222,420,480</u></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, 2016, and for which there was an enforceable legal claim. In

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

governmental funds, the portion of the receivable not levied to finance 2016 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 2016, the proceeds were allocated to the General Fund.

Note 9 – Receivables

Receivables at December 31, 2016 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 \$56,597. The City has \$2,761 in delinquent special assessments at December 31, 2016.

A summary of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Local Government Assistance	\$75,183
Homestead and Rollback Exemption	96,137
Charges for Services	5,100
Gasoline Tax	171,468
Motor Vehicle License Tax	43,153
Permissive Motor Vehicle License Tax	<u>57,660</u>
Total Governmental Activities	<u><u>\$448,701</u></u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note 10 – Capital Assets

Capital assets activity for the year ended December 31, 2016 was as follows:

	Balance at January 1, 2016	Additions	Deletions	Balance at December 31, 2016
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$19,599,817	\$49,900	\$0	\$19,649,717
Construction in Progress	954,679	170,346	(1,051,014)	74,011
Total Capital Assets, Not Being Depreciated	<u>20,554,496</u>	<u>220,246</u>	<u>(1,051,014)</u>	<u>19,723,728</u>
Depreciable Capital Assets:				
Land Improvements	1,408,773	46,842	0	1,455,615
Buildings	7,147,406	30,849	0	7,178,255
Equipment	1,874,029	289,574	(30,000)	2,133,603
Vehicles	2,989,645	477,038	0	3,466,683
Infrastructure	65,107,599	1,874,260	0	66,981,859
Total Depreciable Capital Assets	<u>78,527,452</u>	<u>2,718,563</u>	<u>(30,000)</u>	<u>81,216,015</u>
Less Accumulated Depreciation:				
Land Improvements	(1,188,580)	(27,575)	0	(1,216,155)
Buildings	(2,202,965)	(119,458)	0	(2,322,423)
Equipment	(1,302,180)	(126,868)	30,000	(1,399,048)
Vehicles	(2,536,998)	(144,760)	0	(2,681,758)
Infrastructure	(46,771,332)	(1,690,200)	0	(48,461,532)
Total Accumulated Depreciation	<u>(54,002,055)</u>	<u>(2,108,861)</u>	<u>30,000</u>	<u>(56,080,916)</u>
Depreciable Capital Assets, Net	<u>24,525,397</u>	<u>609,702</u>	<u>0</u>	<u>25,135,099</u>
Governmental Activities Capital Assets, Net	<u>\$45,079,893</u>	<u>\$829,948</u>	<u>(\$1,051,014)</u>	<u>\$44,858,827</u>

Depreciation expense was charged to governmental programs as follows:

	Amount
General Government	\$45,306
Security of Persons and Property:	
Police	105,603
Fire	152,244
Leisure Time Activities	26,907
Public Works	68,611
Transportation	1,710,190
Total Depreciation Expense	<u>\$2,108,861</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Balance at January 1, 2016	Additions	Deletions	Balance at December 31, 2016
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$1,095,364	\$0	\$0	\$1,095,364
Construction in Progress	37,499	131,875	(169,374)	0
Total Capital Assets, Not Being Depreciated	1,132,863	131,875	(169,374)	1,095,364
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	77,700	9,373	0	87,073
Equipment	450,417	13,636	0	464,053
Vehicles	624,012	0	0	624,012
Infrastructure	40,467,062	232,179	0	40,699,241
Total Depreciable Capital Assets	41,632,112	255,188	0	41,887,300
Less Accumulated Depreciation:				
Land Improvements	(2,776)	(204)	0	(2,980)
Buildings	(14,924)	(1,150)	0	(16,074)
Equipment	(158,153)	(12,140)	0	(170,293)
Vehicles	(237,201)	(41,873)	0	(279,074)
Infrastructure	(19,783,844)	(776,157)	0	(20,560,001)
Total Accumulated Depreciation	(20,196,898)	(831,524)	0	(21,028,422)
Depreciable Capital Assets, Net	21,435,214	(576,336)	0	20,858,878
Business-Type Activities Capital Assets, Net	\$22,568,077	(\$444,461)	(\$169,374)	\$21,954,242

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.

Prior to 2009, the City belonged to the Ohio Government Risk Management Plan (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including (a) Ohio Plan Risk Management, Inc. (“OPRM”), formerly known as the Ohio Risk Management Plan; (b) Ohio Plan Healthcare Consortium, Inc. (“OPHC”), formerly known as the Ohio Healthcare Consortium, and (c) Ohio Plan, Inc., mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of 11 members that include appointed and elected officials from member organizations.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

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, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	\$5,531,637	\$5,887,681

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	37,347,485	1,000
Special Property Coverage	2,058,685	1,000
Electronic Equipment Coverage	310,750	1,000
Public Employee Dishonesty Coverage	100,000	N/A

There have been no significant reductions in insurance coverage from 2015 and no insurance settlement has exceeded insurance coverage during the last three years.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Workers' Compensation

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

Note 12 – Defined Benefit Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

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
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	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	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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$377,130 for 2016. Of this amount, \$40,678 is reported as an intergovernmental payable.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to three percent of their base pension or disability benefit.

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

	Police	Firefighters
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$440,233 for 2016. Of this amount, \$48,783 is reported as an intergovernmental payable.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2016, the specific liability of the City was \$54,998 payable in semi-annual payments through the year 2035.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02366400%	0.10455000%	
Prior Measurement Date	<u>0.02287300%</u>	<u>0.10590010%</u>	
Change in Proportionate Share	<u>0.0007910%</u>	<u>-0.0013501%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,098,904	\$6,725,775	\$10,824,679
Pension Expense	\$603,732	\$909,906	\$1,513,638

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,204,821	\$1,094,698	\$2,299,519
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	72,336	0	72,336
	<u>377,130</u>	<u>440,233</u>	<u>817,363</u>
Total Deferred Outflows of Resources	<u>\$1,654,287</u>	<u>\$1,534,931</u>	<u>\$3,189,218</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$79,199	\$18,886	\$98,085
Changes in proportion and differences between City contributions and proportionate share of contributions	9,390	56,112	65,502
	<u>9,390</u>	<u>56,112</u>	<u>65,502</u>
Total Deferred Inflows of Resources	<u>\$88,589</u>	<u>\$74,998</u>	<u>\$163,587</u>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

\$817,363 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2017	\$292,549	\$273,813	\$566,362
2018	311,814	273,813	585,627
2019	311,550	273,813	585,363
2020	272,655	211,125	483,780
2021	0	(10,812)	(10,812)
Thereafter	<u>0</u>	<u>(2,052)</u>	<u>(2,052)</u>
Total	<u>\$1,188,568</u>	<u>\$1,019,700</u>	<u>\$2,208,268</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 (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, 2015, 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 valuations are presented below.

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

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 2015 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

Discount Rate

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

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

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$6,530,554	\$4,098,904	\$2,047,883

Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

Actuarial Assumptions – OPF

OP&F's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent, simple

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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, 2015, are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	0.00 %	0.00 %
Domestic Equity	16.00	6.50	7.80
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation Protected Securities *	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	<u>120.00 %</u>		

Note: Assumptions are geometric.

* levered 2x

** Numbers are net of expected inflation

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

Discount Rate

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

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

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$8,870,396	\$6,725,775	\$4,909,070

Note 13 – Post-Employment Benefits

Ohio Public Employees Retirement System

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

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The 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 third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$58,663, \$54,139, and \$24,498, respectively. For 2016, 88.44 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

Ohio Police and Fire Pension Fund

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

OPF 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 OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF 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.

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, 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 OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contribution to OPF which was allocated to fund postemployment healthcare benefits for police and firefighters was \$11,607 and \$6,509 for the year ended December 31, 2016, \$11,252 and \$6,962 for the year ended December 31, 2015, and \$62,849 and \$39,920 for the year ended December 31, 2014. For 2016, 92.08 percent has been contributed for police and 95.47 percent has been contributed for firefighters with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

Note 14 –Employee Benefits

Compensated Absences

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Accumulated Unpaid Compensatory Time

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

Health Care Benefits

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

Health Savings Account

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

Deferred Compensation

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

Note 15 - Leases – Lessee Disclosure

In 2016, the City entered into a capital lease for a vehicle. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the three-year lease term if the City exercises their bargain purchase option. Capital lease payments will be reclassified and reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in 2016 totaled \$55,964.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Governmental Activities
Asset: Vehicle	\$164,178
Less: Accumulated Depreciation	(10,261)
Total	\$153,917

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, 2016.

	December 31,	Governmental Activities
	2017	\$55,964
	2018	55,964
Total		111,928
Less: Amount Representing Interest		(3,714)
Present Value of Minimum Lease Payments		\$108,214

Note 16 – Long -Term Obligations

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2016 follows:

Types/Issues	January 1, 2016	Increases	Decreases	December 31, 2016	Due Within One Year
<u>Special Assessment Bonds with Governmental</u>					
<u>Commitment:</u>					
1997 - 5.80% Franklin Commerce Center \$577,400	\$50,000	\$0	\$50,000	\$0	\$0
1998 - 5.00% Scholl Road \$514,177	85,000	0	40,000	45,000	45,000
1998 - 5.00% Fourth Street Improvement \$337,705	60,000	0	30,000	30,000	30,000
1998 - 5.00% Schumaker-Franklin \$1,322,708	225,000	0	110,000	115,000	115,000
1998 - 5.00% Deardoff Phase II \$158,410	30,000	0	15,000	15,000	15,000
1999 - 5.70% Eastlawn Sewer Line Extension \$119,779	40,000	0	10,000	30,000	10,000
2001 - 5.125% Shotwell Drive Phase III \$490,000	210,000	0	30,000	180,000	30,000
Total - Special Assessment Bonds	\$700,000	\$0	\$285,000	\$415,000	\$245,000

(Continued)

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Types/Issues	January 1, 2016	Increases	Decreases	December 31, 2016	Due Within One Year
<u>General Obligation Bonds (Unvoted):</u>					
2012 - 3.00% - 4.00% Various Purpose Refunding Bonds \$5,630,000	\$4,525,000	\$0	\$380,000	\$4,145,000	\$400,000
Premium on Debt Issue	308,741	0	26,847	281,894	0
Total - General Obligation Bonds	<u>4,833,741</u>	<u>0</u>	<u>406,847</u>	<u>4,426,894</u>	<u>400,000</u>
<u>Net Pension Liability:</u>					
OPERS	1,903,531	965,702	0	2,869,233	0
OP&F	5,486,066	1,239,709	0	6,725,775	0
Total - Net Pension Liability	<u>7,389,597</u>	<u>2,205,411</u>	<u>0</u>	<u>9,595,008</u>	<u>0</u>
<u>Other Long-Term Obligations:</u>					
Compensated Absences	779,983	278,766	319,061	739,688	209,735
2.50% - Police and Fire Pension	56,915	0	1,917	54,998	2,000
Capital Leases Payable	0	164,178	55,964	108,214	53,497
Total - Other Long-Term Obligations	<u>836,898</u>	<u>442,944</u>	<u>376,942</u>	<u>902,900</u>	<u>265,232</u>
Total - All General Long-Term Obligations	<u>\$13,760,236</u>	<u>\$2,648,355</u>	<u>\$1,068,789</u>	<u>\$15,339,802</u>	<u>\$910,232</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>

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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

The Police and Fire Pension liability is paid from special revenue fund taxes, and is recorded as an expenditure of Debt Service: Principal Retirement. In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 2016, \$54,998 was payable in semiannual installments through the year 2035. This is an accounting liability of the City that will not vary. The liability is reported on the government-wide financial statements.

Changes in the long-term obligations reported in the business-type activities of the City during 2016 were as follows:

Types/Issues	Balance January 1, 2016	Increases	Decreases	Balance December 31, 2016	Due Within One Year
OWDA Loans	\$1,972,092	\$0	\$235,494	\$1,736,598	\$250,261
2006 - 4.000% - 4.125% Mortgage Revenue					
Refunding Bonds - \$6,140,000	2,565,000	0	485,000	2,080,000	500,000
Premium on Debt Issue	28,390	0	3,625	24,765	0
Compensated Absences	219,278	28,075	52,562	194,791	43,746
Net Pension Liability - OPERS	855,210	374,461	0	1,229,671	0
Total - Business-Type Activities	<u>\$5,639,970</u>	<u>\$402,536</u>	<u>\$776,681</u>	<u>\$5,265,825</u>	<u>\$794,007</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 \$4,399,811, with principal and interest of \$2,063,339 remaining on the OWDA Loan and \$2,336,472 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$903,026, with \$313,836 paid on the OWDA Loans, and \$589,190 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,511,930.

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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

As of December 31, 2016 the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,209,150, with an unvoted debt margin of \$8,088,126.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2016 are:

Governmental Activities				
Year	Special Assessment Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$245,000	\$21,596	\$400,000	\$158,025
2018	45,000	8,828	420,000	142,025
2019	45,000	6,464	435,000	125,225
2020	40,000	4,100	455,000	107,825
2021	40,000	2,050	470,000	89,625
2022-2026	0	0	1,665,000	211,437
2027	0	0	300,000	10,125
Totals	<u>\$415,000</u>	<u>\$43,038</u>	<u>\$4,145,000</u>	<u>\$844,287</u>

Business-Type Activities				
Year	OWDA Loans		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2017	\$250,261	\$68,897	\$500,000	\$84,792
2018	265,985	58,862	525,000	64,168
2019	282,729	48,198	250,000	42,512
2020	300,321	36,861	260,000	32,200
2021	68,641	24,813	270,000	21,800
2022-2026	389,101	80,039	275,000	11,000
2027-2028	179,560	9,071	0	0
	<u>\$1,736,598</u>	<u>\$326,741</u>	<u>\$2,080,000</u>	<u>\$256,472</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, 2016 on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$6,573,000. The outstanding balance at December 31, 2016 on the Sound Preservation 202 LP revenue housing bonds is \$3,343,467.

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Transfers From					Total	
	General	Fire	Nonmajor	Water	Sewer		
	Fund	Levy Fund	Governmental Funds	Fund	Fund		
Transfers to	Fire Levy Fund	\$750,000	\$0	\$107,311	\$0	\$0	\$857,311
	Transportation	700,000	0	0	0	0	700,000
	Nonmajor						
	Governmental Funds	1,642,140	48,000	278,373	65,000	65,000	2,098,513
	Total	\$3,092,140	\$48,000	\$385,684	\$65,000	\$65,000	\$3,655,824

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

Interfund balances at December 31, 2016, resulted from services performed for which payment is owed. The activity is between the General Fund and the Water Fund in the amount of \$7,563.

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 \$40,300 in 2016. The joint venture is not accumulating significant resources or experiencing fiscal stress which would cause an additional financial benefit or burden on the City. The City of Franklin is the fiscal agent. The financial statements of the Joint Recreation Facility can be obtained at the Finance Department, City of Franklin, 35 East Fourth Street, Franklin, Ohio, 45005.

The following is a summary of the financial information for the joint venture for the year ended December 31, 2016 prepared on the basis of cash receipts and disbursements:

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

	Joint Recreation Facility
Operating Revenues	\$137,264
Operating Expenditures	137,264
Excess of Operating Revenues	
Under Expenditures	0
Fund Balance at Beginning of Year	0
Fund Balance at End of Year	\$0

Shared Risk Pool

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

Jointly Governed Organizations

The Warren County General Health District (the District), a jointly governed organization, provides health services to the citizens within the County. The Board of Health, which consists of a representative from each of the participating governments, including the City, oversees the operation of the District. The Board exercises total control over the operation of the District including budgeting, appropriating, contracting and designating management. Each member’s degree of control is limited to its representation of the Board. The City contributed \$7,882 during 2016 for the operation of the District. The City does not have any financial interest in or responsibility for the District. The County Commissioners serve as the taxing authority, and the County Auditor and Treasurer serve as fiscal officers. Financial information may be obtained from Brenda Joseph at the Warren County General Health District, 416 S. East Street, Lebanon, Ohio 45036.

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 2016 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

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

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	\$73,000
Fire Fund	48,979
Transportation Fund	64,696
Nonmajor Governmental Funds	7,474
Total Governmental Funds	194,149
Proprietary Funds:	
Water Fund	22,425
Sewer Fund	11,130
Trash Fund	1,594
Storm Water Fund	14,934
Total Proprietary Funds	50,083
 Total	 \$244,232

Contractual Commitments

As of December 31, 2016, the City had the following contractual purchase commitments for:

Project/Contractor	Contract Amount	Amount Expended	Balance at December 31, 2016
Downtown Signal Management System Phase 1			
CT Consultants	\$122,800	\$51,531	\$71,269
Riley Blvd. Reconstruction - Kleinger & Assoc.	22,730	22,480	250
Total	\$145,530	\$74,011	\$71,519

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 presented below.

Fund Balances	General Fund	Fire Levy Fund	Transportation Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Inventory	\$6,843	\$7,021	\$271,475	\$663	\$286,002
Unclaimed Monies	19,119	0	0	0	19,119
Parks and Recreation	0	0	0	1,442,268	1,442,268
Total Nonspendable	\$25,962	\$7,021	\$271,475	\$1,442,931	\$1,747,389

(Continued)

CITY OF FRANKLIN, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2016

Fund Balances	General Fund	Fire Levy Fund	Transportation Fund	Nonmajor Governmental Funds	Total
<i>Restricted For</i>					
Fire Services	\$0	\$2,006,542	\$0	\$0	\$2,006,542
Special Assessment Bonds	0	0	0	140,405	140,405
Transportation Services	0	0	665,218	0	665,218
Law Enforcement/Security of Persons and Property	0	0	0	787,440	787,440
Street Lighting	0	0	0	36,308	36,308
Assessment of Wastewater Treatment	0	0	0	1,519	1,519
ODOT Project	0	0	0	784,331	784,331
Property Acquisition	0	0	0	540,412	540,412
Infrastructure Improvements	0	0	0	581,392	581,392
Parks and Recreation	0	0	0	442,305	442,305
<i>Total Restricted</i>	0	2,006,542	665,218	3,314,112	5,985,872
<i>Committed To</i>					
Park Facilities	0	0	0	116,886	116,886
<i>Assigned To</i>					
Debt Service Payments	0	0	0	135,107	135,107
Future Appropriations	244,527	0	0	0	244,527
Personal Services	3,567	0	0	0	3,567
Contractual Services	29,231	0	0	0	29,231
Materials & Supplies	2,558	0	0	0	2,558
Capital Outlay	53,929	0	0	0	53,929
Other	178	0	0	0	178
<i>Total Assigned</i>	333,990	0	0	135,107	469,097
<i>Unassigned (Deficit)</i>	6,655,186	0	0	(4,205)	6,650,981
Total Fund Balances	\$7,015,138	\$2,013,563	\$936,693	\$5,004,831	\$14,970,225

Note 21 – Contingencies

Federal and State Grants

For the period January 1, 2016 to December 31, 2016, 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, 2016. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

City of Franklin

Required Supplementary Information

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 Three Years (1)

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

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

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

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

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

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

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

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

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

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$440,233	\$453,453	\$443,185	\$488,777
Contributions in Relation to the Contractually Required Contribution	<u>(440,233)</u>	<u>(453,453)</u>	<u>(443,185)</u>	<u>(488,777)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$2,216,434	\$2,261,788	\$2,209,509	\$2,843,578
Contributions as a Percentage of Covered Payroll:	19.86%	20.05%	20.06%	17.19%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$393,075	\$398,863	\$314,282	\$357,255	\$378,207	\$390,448
<u>(393,075)</u>	<u>(398,863)</u>	<u>(314,282)</u>	<u>(357,255)</u>	<u>(378,207)</u>	<u>(390,448)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,790,432	\$2,829,624	\$2,319,946	\$2,569,777	\$2,647,653	\$2,747,641
14.09%	14.10%	13.55%	13.90%	14.28%	14.21%

Combining Financial Statements and Individual Fund Schedules

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS

SPECIAL REVENUE FUNDS

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

NONMAJOR SPECIAL REVENUE FUNDS

E-911 Fund

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

Court Fund

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

FEMA Fund

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

Drug Law Enforcement Fund

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

Recreation Fund

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

Indigent Drivers Fund

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

Indigent Drivers Alcohol Monitoring Fund

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

In-House Monitoring Fund

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

Street Lighting Fund

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

(continued)

CITY OF FRANKLIN, OHIO

NONMAJOR FUND DESCRIPTIONS
(continued)

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

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

Police and Fire Pension Fund

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

DEBT SERVICE FUND

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

NONMAJOR DEBT SERVICE FUND

Bond Retirement Fund

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

Special Assessment Bond Fund

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

CAPITAL PROJECTS FUNDS

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

NONMAJOR CAPITAL PROJECTS FUNDS

Issue Two Fund

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

ODOT Project Fund

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

Property Acquisition Fund

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

Tax Increment Financing Fund

To account for and report payments received in lieu of taxes on property granted a tax exemption by the City. These monies are restricted for land purchases or infrastructure improvements.

(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, 2016

	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	\$1,025,938	\$275,512	\$1,914,846	\$1,884,573	\$5,100,869
Materials and Supplies Inventory	663	0	0	0	663
Intergovernmental Receivable	8,654	0	0	0	8,654
Property Taxes Receivable	187,963	0	0	0	187,963
Special Assessments Receivable	122,903	98,887	0	0	221,790
Total Assets	\$1,346,121	\$374,399	\$1,914,846	\$1,884,573	\$5,519,939
Liabilities:					
Accounts Payable	\$43,805	\$0	\$0	\$0	\$43,805
Accrued Wages and Benefits Payable	3,908	0	0	0	3,908
Intergovernmental Payable	40,277	0	0	0	40,277
Contracts Payable	0	0	8,711	0	8,711
Total Liabilities	87,990	0	8,711	0	96,701
Deferred Inflows of Resources:					
Property Taxes	175,000	0	0	0	175,000
Unavailable Revenue	144,520	98,887	0	0	243,407
Total Deferred Inflows of Resources	319,520	98,887	0	0	418,407
Fund Balances:					
Nonspendable	663	0	0	1,442,268	1,442,931
Restricted	825,267	140,405	1,906,135	442,305	3,314,112
Committed	116,886	0	0	0	116,886
Assigned	0	135,107	0	0	135,107
Unassigned (Deficit)	(4,205)	0	0	0	(4,205)
Total Fund Balances	938,611	275,512	1,906,135	1,884,573	5,004,831
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$1,346,121	\$374,399	\$1,914,846	\$1,884,573	\$5,519,939

CITY OF FRANKLIN, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Property Taxes	\$162,046	\$0	\$0	\$0	\$162,046
Special Assessments	148,115	291,452	0	0	439,567
Charges for Services	12,495	88	0	0	12,583
Fines, Licenses and Permits	285,904	0	0	0	285,904
Intergovernmental	238,992	0	107,610	0	346,602
Interest	0	36,579	0	184,087	220,666
Rent	3,225	0	0	0	3,225
Contributions and Donations	3,419	0	0	0	3,419
Other	12,647	0	0	0	12,647
Total Revenues	<u>866,843</u>	<u>328,119</u>	<u>107,610</u>	<u>184,087</u>	<u>1,486,659</u>
Expenditures:					
Current:					
General Government	144,069	0	0	0	144,069
Security of Persons and Property:					
Police	553,580	0	0	0	553,580
Fire	103,723	0	0	0	103,723
Other	160,725	0	0	0	160,725
Public Health and Welfare	27,006	0	0	0	27,006
Leisure Time Activities	336,499	0	0	0	336,499
Economic Development	54,462	0	0	0	54,462
Capital Outlay	6,040	0	261,609	23,800	291,449
Debt Service:					
Principal Retirement	1,917	665,000	0	0	666,917
Interest and Fiscal Charges	2,383	207,021	0	0	209,404
Total Expenditures	<u>1,390,404</u>	<u>872,021</u>	<u>261,609</u>	<u>23,800</u>	<u>2,547,834</u>
Excess of Revenues Over (Under) Expenditures	<u>(523,561)</u>	<u>(543,902)</u>	<u>(153,999)</u>	<u>160,287</u>	<u>(1,061,175)</u>
Other Financing Sources Uses):					
Transfers In	695,040	530,000	873,473	0	2,098,513
Transfers Out	(107,311)	0	(278,373)	0	(385,684)
Total Other Financing Sources (Uses)	<u>587,729</u>	<u>530,000</u>	<u>595,100</u>	<u>0</u>	<u>1,712,829</u>
Net Change in Fund Balances	64,168	(13,902)	441,101	160,287	651,654
Fund Balances at Beginning of Year	<u>874,443</u>	<u>289,414</u>	<u>1,465,034</u>	<u>1,724,286</u>	<u>4,353,177</u>
Fund Balances at End of Year	<u>\$938,611</u>	<u>\$275,512</u>	<u>\$1,906,135</u>	<u>\$1,884,573</u>	<u>\$5,004,831</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
DECEMBER 31, 2016

	E-911 Fund	Court Fund	Drug Law Enforcement Fund	Recreation Fund	Indigent Drivers Fund
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$142,072	\$533,212	\$59,660	\$129,180	\$48,636
Materials and Supplies Inventory	0	0	0	663	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>\$142,072</u>	<u>\$533,212</u>	<u>\$59,660</u>	<u>\$129,843</u>	<u>\$48,636</u>
Liabilities:					
Accounts Payable	\$99	\$10,706	\$0	\$7,756	\$0
Accrued Wages and Benefits Payable	1,037	331	0	2,540	0
Intergovernmental Payable	886	65	0	1,998	0
Total Liabilities	<u>2,022</u>	<u>11,102</u>	<u>0</u>	<u>12,294</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	663	0
Restricted	140,050	522,110	59,660	0	48,636
Committed	0	0	0	116,886	0
Unassigned (Deficit)	0	0	0	0	0
Total Fund Balances (Deficit)	<u>140,050</u>	<u>522,110</u>	<u>59,660</u>	<u>117,549</u>	<u>48,636</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$142,072</u>	<u>\$533,212</u>	<u>\$59,660</u>	<u>\$129,843</u>	<u>\$48,636</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
\$13,792	\$7,422	\$57,322	\$1,519	\$33,123	\$1,025,938
0	0	0	0	0	663
0	0	0	2,322	6,332	8,654
0	0	0	50,477	137,486	187,963
0	0	122,903	0	0	122,903
<u>\$13,792</u>	<u>\$7,422</u>	<u>\$180,225</u>	<u>\$54,318</u>	<u>\$176,941</u>	<u>\$1,346,121</u>
\$4,230	\$0	\$21,014	\$0	\$0	\$43,805
0	0	0	0	0	3,908
0	0	0	0	37,328	40,277
<u>4,230</u>	<u>0</u>	<u>21,014</u>	<u>0</u>	<u>37,328</u>	<u>87,990</u>
0	0	0	47,000	128,000	175,000
0	0	122,903	5,799	15,818	144,520
<u>0</u>	<u>0</u>	<u>122,903</u>	<u>52,799</u>	<u>143,818</u>	<u>319,520</u>
0	0	0	0	0	663
9,562	7,422	36,308	1,519	0	825,267
0	0	0	0	0	116,886
0	0	0	0	(4,205)	(4,205)
<u>9,562</u>	<u>7,422</u>	<u>36,308</u>	<u>1,519</u>	<u>(4,205)</u>	<u>938,611</u>
<u>\$13,792</u>	<u>\$7,422</u>	<u>\$180,225</u>	<u>\$54,318</u>	<u>\$176,941</u>	<u>\$1,346,121</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, 2016

	E-911 Fund	Court Fund	FEMA Fund	Drug Law Enforcement Fund	Recreation Fund	Indigent Drivers Fund
Revenues:						
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	0	0
Charges for Services	0	0	0	0	12,495	0
Fines, Licenses and Permits	0	266,666	0	3,198	0	1,007
Intergovernmental	108,818	0	107,311	0	0	0
Rent	0	0	0	0	3,225	0
Contributions and Donations	0	0	0	0	3,419	0
Other	247	0	0	9,592	2,643	0
Total Revenues	109,065	266,666	107,311	12,790	21,782	1,007
Expenditures:						
Current:						
General Government	0	138,093	0	0	0	0
Security of Persons and Property:						
Police	199,841	0	0	3,489	0	0
Fire	0	0	0	0	0	0
Other	0	0	0	0	0	0
Public Health and Welfare	0	0	0	1,109	0	1,972
Leisure Time Activities	0	0	0	0	336,499	0
Economic Development	0	0	0	0	0	0
Capital Outlay	0	0	0	0	6,040	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	199,841	138,093	0	4,598	342,539	1,972
Excess of Revenues Over (Under) Expenditures	(90,776)	128,573	107,311	8,192	(320,757)	(965)
Other Financing Sources (Uses):						
Transfers In	0	0	0	0	340,000	0
Transfers Out	0	0	(107,311)	0	0	0
Total Other Financing Sources (Uses)	0	0	(107,311)	0	340,000	0
Net Change in Fund Balances	(90,776)	128,573	0	8,192	19,243	(965)
Fund Balances (Deficit) at Beginning of Year	230,826	393,537	0	51,468	98,306	49,601
Fund Balances (Deficit) at End of Year	\$140,050	\$522,110	\$0	\$59,660	\$117,549	\$48,636

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	\$43,476	\$118,570	\$162,046
0	0	148,115	0	0	148,115
0	0	0	0	0	12,495
8,254	6,779	0	0	0	285,904
5,572	0	0	4,639	12,652	238,992
0	0	0	0	0	3,225
0	0	0	0	0	3,419
165	0	0	0	0	12,647
<u>13,991</u>	<u>6,779</u>	<u>148,115</u>	<u>48,115</u>	<u>131,222</u>	<u>866,843</u>
0	5,976	0	0	0	144,069
0	0	0	0	350,250	553,580
0	0	0	0	103,723	103,723
0	0	160,725	0	0	160,725
23,925	0	0	0	0	27,006
0	0	0	0	0	336,499
0	0	0	54,462	0	54,462
0	0	0	0	0	6,040
0	0	0	0	1,917	1,917
0	0	0	0	2,383	2,383
<u>23,925</u>	<u>5,976</u>	<u>160,725</u>	<u>54,462</u>	<u>458,273</u>	<u>1,390,404</u>
<u>(9,934)</u>	<u>803</u>	<u>(12,610)</u>	<u>(6,347)</u>	<u>(327,051)</u>	<u>(523,561)</u>
0	0	3,040	5,000	347,000	695,040
0	0	0	0	0	(107,311)
0	0	3,040	5,000	347,000	587,729
(9,934)	803	(9,570)	(1,347)	19,949	64,168
19,496	6,619	45,878	2,866	(24,154)	874,443
<u>\$9,562</u>	<u>\$7,422</u>	<u>\$36,308</u>	<u>\$1,519</u>	<u>(\$4,205)</u>	<u>\$938,611</u>

CITY OF FRANKLIN, OHIO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
DECEMBER 31, 2016

	Bond Retirement Fund	Special Assessment Bond Fund	Total Nonmajor Debt Service Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$135,107	\$140,405	\$275,512
Special Assessments Receivable	0	98,887	98,887
Total Assets	<u>\$135,107</u>	<u>\$239,292</u>	<u>\$374,399</u>
Liabilities:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Deferred Inflows of Resources:			
Unavailable Revenue	<u>0</u>	<u>98,887</u>	<u>98,887</u>
Fund Balances:			
Restricted	0	140,405	140,405
Assigned	<u>135,107</u>	<u>0</u>	<u>135,107</u>
Total Fund Balances	<u>135,107</u>	<u>140,405</u>	<u>275,512</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$135,107</u>	<u>\$239,292</u>	<u>\$374,399</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, 2016

	Bond Retirement Fund	Special Assessment Bond Fund	Total Nonmajor Debt Service Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Special Assessments	\$0	\$291,452	\$291,452
Charges for Services	0	88	88
Interest	0	36,579	36,579
	<u> </u>	<u> </u>	<u> </u>
Total Revenues	<u>0</u>	<u>328,119</u>	<u>328,119</u>
Expenditures:			
Debt Service:			
Principal Retirement	380,000	285,000	665,000
Interest and Fiscal Charges	170,425	36,596	207,021
	<u> </u>	<u> </u>	<u> </u>
Total Expenditures	<u>550,425</u>	<u>321,596</u>	<u>872,021</u>
Excess of Revenues Over (Under) Expenditures	(550,425)	6,523	(543,902)
Other Financing Sources:			
Transfers In	530,000	0	530,000
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balances	(20,425)	6,523	(13,902)
Fund Balances at Beginning of Year	<u>155,532</u>	<u>133,882</u>	<u>289,414</u>
Fund Balances at End of Year	<u><u>\$135,107</u></u>	<u><u>\$140,405</u></u>	<u><u>\$275,512</u></u>

*CITY OF FRANKLIN, OHIO
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2016*

	Issue Two Fund	ODOT Project Fund	Property Acquisition Fund	Tax Increment Financing Fund	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	<u>\$497,490</u>	<u>\$793,042</u>	<u>\$540,412</u>	<u>\$83,902</u>	<u>\$1,914,846</u>
Liabilities:					
Contracts Payable	\$0	\$8,711	\$0	\$0	\$8,711
Fund Balances:					
Restricted	<u>497,490</u>	<u>784,331</u>	<u>540,412</u>	<u>83,902</u>	<u>1,906,135</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$497,490</u>	<u>\$793,042</u>	<u>\$540,412</u>	<u>\$83,902</u>	<u>\$1,914,846</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, 2016

	Issue Two Fund	ODOT Project Fund	Property Acquisition Fund	Tax Increment Financing Fund	Total Nonmajor Capital Projects Funds
Revenues:					
Intergovernmental	\$0	\$107,610	\$0	\$0	\$107,610
Expenditures:					
Capital Outlay	0	213,920	47,689	0	261,609
Excess of Revenues Under Expenditures	0	(106,310)	(47,689)	0	(153,999)
Other Financing Sources (Uses):					
Transfers In	473,473	250,000	150,000	0	873,473
Transfers Out	0	0	0	(278,373)	(278,373)
Total Other Financing Sources (Uses)	473,473	250,000	150,000	(278,373)	595,100
Net Change in Fund Balances	473,473	143,690	102,311	(278,373)	441,101
Fund Balances at Beginning of Year	24,017	640,641	438,101	362,275	1,465,034
Fund Balances at End of Year	<u>\$497,490</u>	<u>\$784,331</u>	<u>\$540,412</u>	<u>\$83,902</u>	<u>\$1,906,135</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, 2016

	Balance 1/1/2016	Additions	Reductions	Balance 12/31/2016
MUNICIPAL COURT FUND				
Assets:				
Cash in Segregated Accounts	\$168,554	\$49,169	\$168,554	\$49,169
Liabilities:				
Intergovernmental Payable	\$37,067	\$0	\$37,067	\$0
Undistributed Monies	17,859	24,054	17,859	24,054
Deposits Held and Due to Others	113,628	22,115	113,628	22,115
Total Liabilities	\$168,554	\$46,169	\$168,554	\$46,169
JOINT RECREATION FUND				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$169,688	\$169,688	\$0
Liabilities:				
Undistributed Monies	\$0	\$169,688	\$169,688	\$0
BUILDING STANDARDS FEE FUND				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$379	\$827	\$993	\$213
Liabilities:				
Undistributed Monies	\$379	\$827	\$993	\$213
TOTAL - ALL AGENCY FUNDS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$379	\$170,515	\$170,681	\$213
Cash in Segregated Accounts	168,554	49,169	168,554	49,169
Total Assets	\$168,933	\$219,684	\$339,235	\$49,382
Liabilities:				
Intergovernmental Payable	\$37,067	\$0	\$37,067	\$0
Undistributed Monies	18,238	194,569	188,540	24,267
Deposits Held and Due to Others	113,628	22,115	113,628	22,115
Total Liabilities	\$168,933	\$216,684	\$339,235	\$46,382

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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$414,700	\$414,647	(\$53)
Other Local Taxes	62,000	67,185	5,185
Income Taxes	7,640,000	7,882,390	242,390
Charges for Services	277,598	273,804	(3,794)
Fines, Licenses and Permits	603,950	648,740	44,790
Intergovernmental	201,378	227,663	26,285
Contributions and Donations	200	120	(80)
Interest	70,000	99,048	29,048
Other	49,000	63,077	14,077
Total Revenues	9,318,826	9,676,674	357,848
Expenditures:			
Current:			
General Government			
Clerk and Council			
Personal Services	186,050	173,917	12,133
Other	82,779	51,495	31,284
Total Clerk and Council	268,829	225,412	43,417
Municipal Court			
Personal Services	786,800	699,938	86,862
Other	231,744	187,679	44,065
Total Municipal Court	1,018,544	887,617	130,927
Probation			
Personal Services	224,200	183,124	41,076
Other	13,675	7,730	5,945
Total Probation	237,875	190,854	47,021
Mayor's and Administrative Office			
Personal Services	193,020	175,258	17,762
Other	5,200	2,554	2,646
Total Mayor's and Administrative Office	\$198,220	\$177,812	\$20,408

(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, 2016
(continued)

	Final Budget	Actual	Variance With Final Budget
Clerk Treasurer			
Personal Services	\$232,570	\$219,763	\$12,807
Other	60,930	58,634	2,296
Total Clerk Treasurer	293,500	278,397	15,103
Income Tax Administration			
Personal Services	160,700	149,690	11,010
Other	248,785	179,817	68,968
Total Income Tax Administration	409,485	329,507	79,978
Solicitor			
Personal Services	168,370	162,857	5,513
Other	39,725	30,178	9,547
Total Solicitor	208,095	193,035	15,060
Civil Service Commission			
Other	10,787	7,301	3,486
Planning Commission			
Other	7,800	1,856	5,944
Building and Grounds			
Personal Services	67,300	55,350	11,950
Other	167,080	139,978	27,102
Total Building and Grounds	234,380	195,328	39,052
Special Appropriations			
Personal Services	536	536	0
Other	117,500	74,531	42,969
Total Special Appropriations	118,036	75,067	42,969
Community Services			
Other	\$1,500	\$1,060	\$440

(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, 2016
(continued)

	Final Budget	Actual	Variance With Final Budget
Economic Development			
Other	\$15,100	\$9,396	\$5,704
Engineering			
Other	5,989	5,989	0
Total General Government	3,028,140	2,578,631	449,509
Security of Persons and Property:			
Police Law Enforcement			
Personal Services	3,146,035	2,874,834	271,201
Other	552,000	427,159	124,841
Total Police Law Enforcement	3,698,035	3,301,993	396,042
Other			
Personal Services	123,570	115,305	8,265
Other	124,673	72,462	52,211
Total Other	248,243	187,767	60,476
Total Security of Persons and Property	3,946,278	3,489,760	456,518
Capital Outlay			
Other	185,000	56,007	128,993
Total Expenditures	7,159,418	6,124,398	1,035,020
Excess of Revenues Over Expenditures	2,159,408	3,552,276	1,392,868
Other Financing Sources (Uses):			
Sale of Capital Assets	900	0	(900)
Transfers In	240,424	32,424	(208,000)
Transfers Out	(3,898,240)	(3,172,741)	725,499
Total Other Financing Sources (Uses)	(3,656,916)	(3,140,317)	516,599
Net Change in Fund Balance	(1,497,508)	411,959	1,909,467
Fund Balance at Beginning of Year	5,982,359	5,982,359	0
Prior Year Encumbrances Appropriated	33,488	33,488	0
Fund Balance at End of Year	\$4,518,339	\$6,427,806	\$1,909,467

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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$1,227,900	\$1,227,809	(\$91)
Charges for Services	480,000	513,872	33,872
Intergovernmental	134,000	134,040	40
Other	87,000	105,104	18,104
Total Revenues	<u>1,928,900</u>	<u>1,980,825</u>	<u>51,925</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	2,038,836	1,522,643	516,193
Capital Outlay	540,240	466,259	73,981
Other	593,044	481,711	111,333
Total Expenditures	<u>3,172,120</u>	<u>2,470,613</u>	<u>701,507</u>
Excess of Revenues Under Expenditures	<u>(1,243,220)</u>	<u>(489,788)</u>	<u>753,432</u>
Other Financing Sources (Uses):			
Transfers In	861,059	857,311	(3,748)
Transfers Out	(72,500)	(48,000)	24,500
Total Other Financing Sources (Uses)	<u>788,559</u>	<u>809,311</u>	<u>20,752</u>
Net Change in Fund Balance	(454,661)	319,523	774,184
Fund Balance at Beginning of Year	1,556,099	1,556,099	0
Prior Year Encumbrances Appropriated	88,154	88,154	0
Fund Balance at End of Year	<u><u>\$1,189,592</u></u>	<u><u>\$1,963,776</u></u>	<u><u>\$774,184</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Other Local Taxes	\$105,000	\$109,210	\$4,210
Fines, Licenses and Permits	2,200	2,196	(4)
Special Assessments	500	500	0
Intergovernmental	515,300	518,154	2,854
Interest	3,450	5,450	2,000
Other	16,900	16,643	(257)
Total Revenues	643,350	652,153	8,803
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	519,900	460,149	59,751
Other	1,137,972	865,161	272,811
Total Street Maintenance and Repair	1,657,872	1,325,310	332,562
State Highway Maintenance			
Capital Outlay	20,000	8,440	11,560
Other	132,147	128,942	3,205
Total State Highway Maintenance	152,147	137,382	14,765
Total Expenditures	1,810,019	1,462,692	347,327
Excess of Revenues Under Expenditures	(1,166,669)	(810,539)	356,130
Other Financing Sources:			
Transfers In	700,000	700,000	0
Net Change in Fund Balance	(466,669)	(110,539)	356,130
Fund Balance at Beginning of Year	709,182	709,182	0
Prior Year Encumbrances Appropriated	2,169	2,169	0
Fund Balance at End of Year	\$244,682	\$600,812	\$356,130

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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,582,600	\$2,759,253	\$176,653
Other	17,000	16,794	(206)
Deposits Received	22,000	23,125	1,125
Total Revenues	<u>2,621,600</u>	<u>2,799,172</u>	<u>177,572</u>
Expenses:			
Personal Services	682,407	625,124	57,283
Contractual Services	470,345	351,983	118,362
Supplies and Materials	238,735	190,027	48,708
Other	122,982	115,637	7,345
Deposit Refunds	21,900	21,435	465
Capital Outlay	111,970	78,522	33,448
Debt Service:			
Principal Retirement	720,494	720,494	0
Interest and Fiscal Charges	220,506	184,962	35,544
Total Expenses	<u>2,589,339</u>	<u>2,288,184</u>	<u>301,155</u>
Excess of Revenues Over Expenses Before Transfers	<u>32,261</u>	<u>510,988</u>	<u>478,727</u>
Transfers In	100,000	0	(100,000)
Transfers Out	<u>(165,000)</u>	<u>(65,000)</u>	<u>100,000</u>
Net Change in Fund Equity	(32,739)	445,988	478,727
Fund Equity at Beginning of Year	1,712,701	1,712,701	0
Prior Year Encumbrances Appropriated	<u>82</u>	<u>82</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$1,680,044</u></u>	<u><u>\$2,158,771</u></u>	<u><u>\$478,727</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
SEWER FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,284,600	\$2,436,616	\$152,016
Deposits Received	23,000	22,558	(442)
Other	171,500	804	(170,696)
Total Revenues	<u>2,479,100</u>	<u>2,459,978</u>	<u>(19,122)</u>
Expenses:			
Personal Services	433,175	373,135	60,040
Contractual Services	2,080,678	1,748,271	332,407
Supplies and Materials	46,560	33,310	13,250
Deposit Refunds	21,300	20,868	432
Other	99,184	93,312	5,872
Capital Outlay	49,320	34,610	14,710
Total Expenses	<u>2,730,217</u>	<u>2,303,506</u>	<u>426,711</u>
Excess of Revenues Over (Under) Expenses Before Transfers	<u>(251,117)</u>	<u>156,472</u>	<u>407,589</u>
Transfers In	10,000	0	(10,000)
Transfers Out	<u>(75,000)</u>	<u>(65,000)</u>	<u>10,000</u>
Net Change in Fund Equity	(316,117)	91,472	407,589
Fund Equity at Beginning of Year	1,078,310	1,078,310	0
Prior Year Encumbrances Appropriated	<u>48</u>	<u>48</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$762,241</u></u>	<u><u>\$1,169,830</u></u>	<u><u>\$407,589</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$749,850	\$770,011	\$20,161
Other	150	146	(4)
Total Revenues	<u>750,000</u>	<u>770,157</u>	<u>20,157</u>
Expenses:			
Personal Services	47,795	42,292	5,503
Contractual Services	743,690	693,825	49,865
Supplies and Materials	2,650	1,751	899
Other	43,589	34,871	8,718
Capital Outlay	1,320	1,190	130
Total Expenses	<u>839,044</u>	<u>773,929</u>	<u>65,115</u>
Net Change in Fund Equity	(89,044)	(3,772)	85,272
Fund Equity at Beginning of Year	192,728	192,728	0
Prior Year Encumbrances Appropriated	<u>45</u>	<u>45</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$103,729</u></u>	<u><u>\$189,001</u></u>	<u><u>\$85,272</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$574,400	\$566,006	(\$8,394)
Intergovernmental	60,000	0	(60,000)
Other	600	640	40
Total Revenues	<u>635,000</u>	<u>566,646</u>	<u>(68,354)</u>
Expenses:			
Personal Services	346,325	300,610	45,715
Contractual Services	58,738	43,387	15,351
Supplies and Materials	12,930	9,024	3,906
Other	24,835	16,793	8,042
Capital Outlay	549,277	363,695	185,582
Total Expenses	<u>992,105</u>	<u>733,509</u>	<u>258,596</u>
Net Change in Fund Equity	(357,105)	(166,863)	190,242
Fund Equity at Beginning of Year	310,231	310,231	0
Prior Year Encumbrances Appropriated	<u>187,332</u>	<u>187,332</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$140,458</u></u>	<u><u>\$330,700</u></u>	<u><u>\$190,242</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
E-911 FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$108,750	\$108,818	\$68
Other	250	247	(3)
Total Revenues	<u>109,000</u>	<u>109,065</u>	<u>65</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	97,610	80,208	17,402
Capital Outlay	150,000	117,745	32,255
Other	6,100	5,298	802
Total Police Law Enforcement	<u>253,710</u>	<u>203,251</u>	<u>50,459</u>
Net Change in Fund Balance	(144,710)	(94,186)	50,524
Fund Balance at Beginning of Year	236,162	236,162	0
Prior Year Encumbrances Appropriated	<u>10</u>	<u>10</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$91,462</u></u>	<u><u>\$141,986</u></u>	<u><u>\$50,524</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$252,500	\$268,374	\$15,874
Expenditures:			
Current:			
General Government			
Municipal Court			
Personal Services	52,750	38,449	14,301
Other	264,400	91,751	172,649
Total General Government	317,150	130,200	186,950
Capital Outlay			
Other	50,000	0	50,000
Total Expenditures	367,150	130,200	236,950
Net Change in Fund Balance	(114,650)	138,174	252,824
Fund Balance at Beginning of Year	377,571	377,571	0
Fund Balance at End of Year	\$262,921	\$515,745	\$252,824

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Intergovernmental	\$129,959	\$107,311	(\$22,648)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	129,959	107,311	(22,648)
Other Financing Uses:			
Transfers Out	<u>(129,959)</u>	<u>(107,311)</u>	<u>22,648</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
DRUG LAW ENFORCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$5,500	\$3,105	(\$2,395)
Other	2,400	9,592	7,192
	<hr/>	<hr/>	<hr/>
Total Revenues	7,900	12,697	4,797
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	15,000	3,489	11,511
	<hr/>	<hr/>	<hr/>
Public Health and Welfare			
Personal Services	3,000	0	3,000
Other	3,000	1,109	1,891
	<hr/>	<hr/>	<hr/>
Total Public Health and Welfare	6,000	1,109	4,891
	<hr/>	<hr/>	<hr/>
Total Expenditures	21,000	4,598	16,402
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(13,100)	8,099	21,199
	<hr/>	<hr/>	<hr/>
Other Financing Sources:			
Proceeds from Sale of Capital Assets	3,500	0	(3,500)
	<hr/>	<hr/>	<hr/>
Excess of Revenues and Other			
Net Change in Fund Balance	(9,600)	8,099	17,699
	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	51,368	51,368	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$41,768	\$59,467	\$17,699
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$7,000	\$12,495	\$5,495
Rent	3,300	3,225	(75)
Contributions and Donations	2,200	3,419	1,219
Other	2,600	2,643	\$43
Total Revenues	<u>15,100</u>	<u>21,782</u>	<u>6,682</u>
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	235,940	208,042	27,898
Other	146,630	126,849	19,781
Total Leisure Time Activities	<u>382,570</u>	<u>334,891</u>	<u>47,679</u>
Capital Outlay			
Other	7,100	6,040	1,060
Total Expenditures	<u>389,670</u>	<u>340,931</u>	<u>48,739</u>
Excess of Revenues Under Expenditures	(374,570)	(319,149)	55,421
Other Financing Sources:			
Transfers In	340,000	340,000	0
Net Change in Fund Balance	(34,570)	20,851	55,421
Fund Balance at Beginning of Year	106,355	106,355	0
Prior Year Encumbrances Appropriated	20	20	0
Fund Balance at End of Year	<u><u>\$71,805</u></u>	<u><u>\$127,226</u></u>	<u><u>\$55,421</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$1,600	\$1,047	(\$553)
Intergovernmental	4,000	0	(4,000)
Total Revenues	5,600	1,047	(4,553)
Expenditures:			
Current:			
Public Health and Welfare			
Other	24,000	1,972	22,028
Net Change in Fund Balance	(18,400)	(925)	17,475
Fund Balance at Beginning of Year	49,561	49,561	0
Fund Balance at End of Year	\$31,161	\$48,636	\$17,475

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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$7,150	\$8,170	\$1,020
Intergovernmental	6,000	5,572	(428)
Other	50	165	115
	<hr/>	<hr/>	<hr/>
Total Revenues	13,200	13,907	707
Expenditures:			
Current:			
Public Health and Welfare			
Other	25,000	20,426	4,574
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(11,800)	(6,519)	5,281
Fund Balance at Beginning of Year	19,622	19,622	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$7,822</u>	<u>\$13,103</u>	<u>\$5,281</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$6,500	\$6,697	\$197
Expenditures:			
Current:			
General Government			
Municipal Court			
Other	9,000	5,976	3,024
Net Change in Fund Balance	(2,500)	721	3,221
Fund Balance at Beginning of Year	6,005	6,005	0
Fund Balance at End of Year	<u>\$3,505</u>	<u>\$6,726</u>	<u>\$3,221</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$148,965	\$148,115	(\$850)
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	152,000	151,687	313
Excess of Revenues Under Expenditures	(3,035)	(3,572)	(537)
Other Financing Sources:			
Transfers In	3,040	3,040	0
Net Change in Fund Balance	5	(532)	(537)
Fund Balance at Beginning of Year	57,854	57,854	0
Fund Balance at End of Year	<u>\$57,859</u>	<u>\$57,322</u>	<u>(\$537)</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$43,500	\$43,476	(\$24)
Intergovernmental	3,500	4,639	1,139
Total Revenues	47,000	48,115	1,115
Expenditures:			
Current:			
Economic Development			
Other	54,550	54,462	88
Excess of Revenues Under Expenditures	(7,550)	(6,347)	1,203
Other Financing Sources:			
Transfers In	5,000	5,000	0
Net Change in Fund Balance	(2,550)	(1,347)	1,203
Fund Balance at Beginning of Year	2,866	2,866	0
Fund Balance at End of Year	<u>\$316</u>	<u>\$1,519</u>	<u>\$1,203</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$118,600	\$118,570	(\$30)
Other Taxes	2,000	0	(2,000)
Intergovernmental	9,600	12,652	3,052
Total Revenues	<u>130,200</u>	<u>131,222</u>	<u>1,022</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	<u>389,900</u>	<u>349,783</u>	<u>40,117</u>
Fire Department			
Personal Services	<u>139,801</u>	<u>102,694</u>	<u>37,107</u>
Total Security of Persons and Property	<u>529,701</u>	<u>452,477</u>	<u>77,224</u>
Debt Service:			
Principal Retirement	1,917	1,917	0
Interest and Fiscal Charges	<u>2,383</u>	<u>2,383</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>534,001</u>	<u>456,777</u>	<u>77,224</u>
Excess of Revenues Under Expenditures	(403,801)	(325,555)	78,246
Other Financing Sources:			
Transfers In	<u>393,500</u>	<u>347,000</u>	<u>(46,500)</u>
Net Change in Fund Balance	(10,301)	21,445	31,746
Fund Balance at Beginning of Year	<u>11,678</u>	<u>11,678</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,377</u></u>	<u><u>\$33,123</u></u>	<u><u>\$31,746</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, 2016

	Final Budget	Actual	Variance With Final Budget
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Revenues:			
Expenditures:			
Debt Service:			
Principal Retirement	380,000	380,000	0
Interest and Fiscal Charges	<u>181,500</u>	<u>170,425</u>	<u>11,075</u>
Total Expenditures	<u>561,500</u>	<u>550,425</u>	<u>11,075</u>
Excess of Revenues Under Expenditures	(561,500)	(550,425)	11,075
Other Financing Sources:			
Transfers In	<u>530,000</u>	<u>530,000</u>	<u>0</u>
Net Change in Fund Balance	(31,500)	(20,425)	11,075
Fund Balance at Beginning of Year	<u>155,533</u>	<u>155,533</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$124,033</u></u>	<u><u>\$135,108</u></u>	<u><u>\$11,075</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, 2016

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$330,000	\$328,119	(\$1,881)
Expenditures:			
Debt Service:			
Principal Retirement	285,000	285,000	0
Interest and Fiscal Charges	60,000	36,596	23,404
Total Expenditures	345,000	321,596	23,404
Net Change in Fund Balance	(15,000)	6,523	21,523
Fund Balance at Beginning of Year	133,882	133,882	0
Fund Balance at End of Year	\$118,882	\$140,405	\$21,523

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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	<u>90,000</u>	<u>0</u>	<u>90,000</u>
Excess of Revenues Under Expenditures	(90,000)	0	90,000
Other Financing Sources:			
Transfers In	<u>195,100</u>	<u>473,473</u>	<u>278,373</u>
Net Change in Fund Balance	105,100	473,473	368,373
Fund Balance at Beginning of Year	<u>24,017</u>	<u>24,017</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$129,117</u></u>	<u><u>\$497,490</u></u>	<u><u>\$368,373</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, 2016

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$741,000	\$0	\$741,000
Expenditures:			
Capital Outlay			
Other	<u>1,147,381</u>	<u>84,254</u>	<u>1,063,127</u>
Excess of Revenues Under Expenditures	(406,381)	(84,254)	1,804,127
Other Financing Sources:			
Transfers In	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Net Change in Fund Balance	(156,381)	165,746	1,804,127
Fund Balance at Beginning of Year	547,485	547,485	0
Prior Year Encumbrances Appropriated	<u>74,381</u>	<u>74,381</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$465,485</u></u>	<u><u>\$787,612</u></u>	<u><u>\$1,804,127</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, 2016

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	<u>200,000</u>	<u>47,689</u>	<u>152,311</u>
Excess of Revenues Under Expenditures	(200,000)	(47,689)	152,311
Other Financing Sources:			
Transfers In	<u>150,000</u>	<u>150,000</u>	<u>0</u>
Net Change in Fund Balance	(50,000)	102,311	152,311
Fund Balance at Beginning of Year	<u>438,101</u>	<u>438,101</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$388,101</u></u>	<u><u>\$540,412</u></u>	<u><u>\$152,311</u></u>

CITY OF FRANKLIN, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Final Budget	Actual	Variance With Final Budget
	<u> </u>	<u> </u>	<u> </u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	51,784	42,797	8,987
	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance	(51,784)	(42,797)	8,987
Fund Balance at Beginning of Year	353,288	353,288	0
Prior Year Encumbrances Appropriated	51,784	51,784	0
	<u> </u>	<u> </u>	<u> </u>
Fund Balance at End of Year	<u>\$353,288</u>	<u>\$362,275</u>	<u>\$8,987</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay			
Other	<u>25,000</u>	<u>23,800</u>	<u>1,200</u>
Net Change in Fund Balance	(25,000)	(23,800)	1,200
Fund Balance at Beginning of Year	<u>26,759</u>	<u>26,759</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,759</u></u>	<u><u>\$2,959</u></u>	<u><u>\$1,200</u></u>

Statistical Section

This Page Intentionally Left Blank

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	122-133
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	134-135
These schedules contain information to help the reader assess the City’s most significant local revenue source, the income tax.	
Debt Capacity	136-142
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	143-145
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	146-151
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)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:				
Net Investment in Capital Assets	\$39,414,521	\$40,600,904	\$40,499,186	\$40,076,220
Restricted For:				
Debt Service	2,969,595	2,813,950	2,609,134	2,186,575
Capital Outlay	402,419	299,798	479,323	1,072,744
Fire Protection	997,563	1,078,765	907,226	386,580
Transportation	513,502	369,520	747,319	896,504
Other Purposes	612,035	845,165	925,090	727,799
Leisure Time Activities Expendable	0	20,957	240,340	276,950
Leisure Time Activities Nonexpendable	0	1,003,387	1,002,296	1,077,699
Unrestricted	<u>2,263,639</u>	<u>2,348,013</u>	<u>1,615,731</u>	<u>3,467,921</u>
<i>Total Governmental Activities Net Position</i>	<u>47,173,274</u>	<u>49,380,459</u>	<u>49,025,645</u>	<u>50,168,992</u>
Business-Type Activities:				
Net Investment in Capital Assets	14,664,105	15,491,196	16,509,392	16,980,657
Restricted For:				
Debt Service	802,640	610,290	620,446	566,309
Revenue Bonds Replacement and Improvement	333,769	217,630	232,630	247,630
Unrestricted	<u>1,752,795</u>	<u>2,434,615</u>	<u>2,015,800</u>	<u>2,396,518</u>
<i>Total Business-Type Activities</i>	<u>17,553,309</u>	<u>18,753,731</u>	<u>19,378,268</u>	<u>20,191,114</u>
Primary Government:				
Net Investment in Capital Assets	54,078,626	56,092,100	57,008,578	57,056,877
Restricted	6,631,523	7,259,462	7,763,804	7,438,790
Unrestricted	<u>4,016,434</u>	<u>4,782,628</u>	<u>3,631,531</u>	<u>5,864,439</u>
<i>Total Primary Government Net Position</i>	<u>\$64,726,583</u>	<u>\$68,134,190</u>	<u>\$68,403,913</u>	<u>\$70,360,106</u>

Note: The City reported the impact of GASB Statement No. 68 in 2015.

2011	2012	2013	2014	2015	2016
\$39,349,974	\$39,750,554	\$39,365,157	\$39,594,071	\$39,854,845	\$40,191,340
1,593,584	1,349,506	1,061,246	751,216	466,684	194,323
1,165,427	1,766,673	1,049,228	1,584,069	1,512,898	1,906,135
494,090	302,684	561,889	988,131	1,521,593	1,970,539
1,050,712	1,140,087	1,140,136	1,209,777	1,111,673	1,108,766
621,613	668,427	662,162	745,528	870,216	910,172
266,190	247,845	127,025	335,947	363,454	605,177
1,126,400	1,162,406	1,391,796	1,506,708	1,360,832	1,279,396
4,464,786	6,426,853	8,128,201	1,358,946	1,240,722	997,246
<u>50,132,776</u>	<u>52,815,035</u>	<u>53,486,840</u>	<u>48,074,393</u>	<u>48,302,917</u>	<u>49,163,094</u>
16,772,997	16,862,816	17,650,787	17,408,300	18,014,569	18,125,979
615,677	617,060	617,111	570,861	586,603	590,651
262,630	277,630	377,630	477,630	577,630	677,630
<u>3,042,701</u>	<u>3,026,717</u>	<u>2,342,465</u>	<u>1,989,846</u>	<u>2,327,024</u>	<u>2,833,316</u>
<u>20,694,005</u>	<u>20,784,223</u>	<u>20,987,993</u>	<u>20,446,637</u>	<u>21,505,826</u>	<u>22,227,576</u>
56,122,971	56,613,370	57,015,944	57,002,371	57,869,414	58,317,319
7,196,323	7,532,318	6,988,223	8,169,867	8,371,583	9,242,789
<u>7,507,487</u>	<u>9,453,570</u>	<u>10,470,666</u>	<u>3,348,792</u>	<u>3,567,746</u>	<u>3,830,562</u>
<u>\$70,826,781</u>	<u>\$73,599,258</u>	<u>\$74,474,833</u>	<u>\$68,521,030</u>	<u>\$69,808,743</u>	<u>\$71,390,670</u>

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

	2007	2008	2009	2010
Program Revenues:				
Charges for Services and Sales:				
General Government	\$614,629	\$709,146	\$615,128	\$889,757
Security of Persons and Property:				
Police	27,997	9,660	17,283	104,619
Fire	127,698	97,292	30,224	68,603
Other	95,000	104,500	108,680	114,114
Public Health and Welfare	17,929	42,422	105,353	12,805
Leisure Time Activities	0	0	0	0
Transportation	535	867	1,606	433
Operating Grants, Contributions and Interest	1,220,580	1,414,446	1,433,860	1,388,880
Capital Grants, Contributions and Interest	2,255,359	2,871,175	1,410,224	1,027,095
<i>Total Governmental Activities Program Revenues</i>	<u>4,359,727</u>	<u>5,249,508</u>	<u>3,722,358</u>	<u>3,606,306</u>
Business-Type Activities:				
Charges for Services:				
Water	2,372,746	2,391,732	2,514,213	2,485,178
Sewer	2,302,373	2,546,969	2,596,582	2,944,427
Trash	624,251	649,671	673,260	700,817
Stormwater Utility	442,470	457,602	421,920	476,739
Operating Grants, Contributions and Interest	0	0	0	0
Capital Grants, Contributions and Interest	0	0	635,971	0
<i>Total Business-Type Activities Program Revenues</i>	<u>5,741,840</u>	<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>
<i>Total Primary Government Program Revenues</i>	<u>10,101,567</u>	<u>11,295,482</u>	<u>10,564,304</u>	<u>10,213,467</u>
Expenses:				
Governmental Activities:				
Current:				
General Government	2,618,300	2,107,127	2,298,636	2,400,627
Security of Persons and Property	5,550,877	5,004,072	5,108,503	4,861,552
Public Health and Welfare	21,911	59,846	11,810	7,199
Leisure Time Activities	345,357	353,315	308,359	276,892
Economic Development	95,314	84,517	44,630	44,666
Basic Utility Services	57,355	80,111	84,331	84,329
Transportation	3,490,439	2,173,257	2,825,088	2,277,099
Interest and Fiscal Charges	585,256	523,872	494,341	461,532
<i>Total Governmental Activities Expenses</i>	<u>12,764,809</u>	<u>10,386,117</u>	<u>11,175,698</u>	<u>10,413,896</u>
Business-Type Activities:				
Water	1,866,287	1,948,802	2,067,302	1,832,887
Sewer	2,618,355	2,240,853	3,032,843	2,731,399
Trash	584,968	654,623	684,648	684,848
Stormwater Utility	737,361	674,377	578,995	700,850
<i>Total Business-Type Activities Expenses</i>	<u>5,806,971</u>	<u>5,518,655</u>	<u>6,363,788</u>	<u>5,949,984</u>
Net (Expense)/Revenue:				
Governmental Activities	(8,405,082)	(5,136,609)	(7,453,340)	(6,807,590)
Business-Type Activities	(65,131)	527,319	478,158	657,177
<i>Total Primary Government Net Expense</i>	<u>(\$8,470,213)</u>	<u>(\$4,609,290)</u>	<u>(\$6,975,182)</u>	<u>(\$6,150,413)</u>

2011	2012	2013	2014	2015 (2)	2016
\$672,936	\$794,169	\$289,851	\$532,555	\$464,392	\$827,299
18,541	8,787	388,207	440,377	428,749	366,674
69,060	50,253	348,778	548,905	552,753	552,665
131,211	137,793	140,549	144,766	149,023	148,965
4,884	12,026	9,496	11,847	8,759	9,261
0	0	0	0	19,305	15,720
765	663	1,256	1,764	550	2,196
1,082,600	848,632	1,030,371	1,024,216	925,943	859,323
1,076,702	796,103	124,668	331,344	876,492	868
3,056,699	2,648,426	2,333,176	3,035,774	3,425,966	2,782,971
2,609,827	2,509,825	2,527,385	2,566,139	2,628,095	2,785,464
3,198,842	2,510,827	2,403,048	2,474,765	2,669,288	2,499,263
711,350	736,048	746,766	762,790	747,963	770,084
496,374	470,519	455,305	484,006	513,732	567,527
0	0	105,072	0	0	0
0	0	0	0	432,086	0
7,016,393	6,227,219	6,237,576	6,287,700	6,991,164	6,622,338
10,073,092	8,875,645	8,570,752	9,323,474	10,417,130	9,405,309
1,965,549	2,474,033	2,421,208	2,474,594	2,729,627	2,844,525
5,277,083	5,660,608	6,173,685	6,301,359	6,407,213	6,077,154
13,361	8,567	11,250	27,356	31,824	27,006
321,029	326,993	316,393	339,652	306,096	407,527
43,926	44,414	51,449	51,449	54,124	57,487
101,873	101,875	97,090	105,532	87,531	68,611
3,154,060	2,225,466	3,524,995	1,866,068	3,614,786	3,031,901
460,542	329,589	279,948	258,996	231,397	203,307
11,337,423	11,171,545	12,876,018	11,425,006	13,462,598	12,717,518
2,115,087	1,935,129	1,924,148	1,989,322	1,805,446	1,691,652
2,907,671	2,576,395	2,522,418	2,484,895	2,532,207	2,264,959
731,408	712,050	811,545	852,135	749,283	777,811
664,908	791,053	656,697	777,287	772,918	1,054,550
6,419,074	6,014,627	5,914,808	6,103,639	5,859,854	5,788,972
(8,280,724)	(8,523,119)	(10,542,842)	(8,389,232)	(10,036,632)	(9,934,547)
597,319	212,592	322,768	184,061	1,131,310	833,366
(\$7,683,405)	(\$8,310,527)	(\$10,220,074)	(\$8,205,171)	(\$8,905,322)	(\$9,101,181)

(continued)

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

	2007	2008	2009	2010
General Revenues and Other Changes in Net Position:				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$658,432	\$472,445	\$420,843	\$385,893
Fire	571,233	534,375	492,312	480,797
Other Purposes	193,805	134,236	129,542	131,048
Income Taxes	5,639,866	5,322,030	4,822,556	5,900,995
Other Local Taxes Levied for General Purposes (1)	0	124,412	160,540	176,828
Payments in Lieu of Taxes	0	0	207,659	150,507
Grants and Entitlements not Restricted to Specific Programs	633,352	502,780	596,149	614,411
Gain on Sale of Capital Assets	11,096	0	0	0
Unrestricted Interest	610,369	213,422	56,486	55,726
Contributions and Donations	0	0	0	1,886
Other	182,322	310,224	307,846	191,376
Transfers	(226,111)	(420,598)	(95,407)	(138,530)
<i>Total Governmental Activities</i>	<u>8,274,364</u>	<u>7,193,326</u>	<u>7,098,526</u>	<u>7,950,937</u>
Business-Type Activities:				
Unrestricted Interest	33,902	10,423	0	2,509
Other	15,075	14,930	50,972	14,630
Transfers	226,111	420,598	95,407	138,530
<i>Total Business-Type Activities</i>	<u>275,088</u>	<u>445,951</u>	<u>146,379</u>	<u>155,669</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>8,549,452</u>	<u>7,639,277</u>	<u>7,244,905</u>	<u>8,106,606</u>
Change in Net Position				
Governmental Activities	(130,718)	2,056,717	(354,814)	1,143,347
Business-Type Activities	209,957	973,270	624,537	812,846
Prior Year Restatement of Net Position	<u>0</u>	<u>377,620</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Changes in Net Position</i>	<u>\$79,239</u>	<u>\$3,407,607</u>	<u>\$269,723</u>	<u>\$1,956,193</u>

(1) Prior to 2008, the City reported Other Local Taxes with Property Taxes.

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

2011	2012	2013	2014	2015 (2)	2016
\$381,481	\$402,435	\$382,168	\$394,024	\$410,545	\$419,946
560,031	534,509	1,236,803	1,209,420	1,224,778	1,243,468
158,099	154,252	166,527	174,732	177,381	164,114
5,902,578	9,079,755	8,091,731	6,764,284	7,665,010	7,844,529
186,011	185,820	191,449	184,737	208,667	174,175
192,413	203,459	199,588	107,787	0	0
574,395	284,897	553,230	211,427	232,675	287,718
0	0	0	0	0	0
44,891	56,470	77,465	94,468	25,681	300,759
11	0	0	0	0	0
124,598	159,958	185,686	100,436	190,419	230,015
120,000	143,823	130,000	78,300	130,000	130,000
<u>8,244,508</u>	<u>11,205,378</u>	<u>11,214,647</u>	<u>9,319,615</u>	<u>10,265,156</u>	<u>10,794,724</u>
0	0	0	0	0	0
25,572	21,449	11,002	84,460	57,879	18,384
<u>(120,000)</u>	<u>(143,823)</u>	<u>(130,000)</u>	<u>(78,300)</u>	<u>(130,000)</u>	<u>(130,000)</u>
<u>(94,428)</u>	<u>(122,374)</u>	<u>(118,998)</u>	<u>6,160</u>	<u>(72,121)</u>	<u>(111,616)</u>
<u>8,150,080</u>	<u>11,083,004</u>	<u>11,095,649</u>	<u>9,325,775</u>	<u>10,193,035</u>	<u>10,683,108</u>
(36,216)	2,682,259	671,805	930,383	228,524	860,177
502,891	90,218	203,770	190,221	1,059,189	721,750
0	0	0	(7,074,407)	0	0
<u>\$466,675</u>	<u>\$2,772,477</u>	<u>\$875,575</u>	<u>(\$5,953,803)</u>	<u>\$1,287,713</u>	<u>\$1,581,927</u>

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

Function / Program:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities:				
General Government	\$833,514	\$1,010,717	\$815,284	\$1,043,409
Security of Persons and Property:				
Police	159,804	168,656	119,548	144,916
Fire	418,331	449,407	393,310	320,132
Other	95,000	104,500	108,680	114,114
Public Health and Welfare	18,625	43,268	236,492	138,210
Leisure Time Activities	0	1,138,136	218,292	112,013
Economic Development	6,780	15,637	5,972	10,778
Transportation	2,827,673	2,319,187	1,824,780	1,722,734
<i>Total Governmental Activities</i>	<u>4,359,727</u>	<u>5,249,508</u>	<u>3,722,358</u>	<u>3,606,306</u>
Business-Type Activities:				
Water	2,372,746	2,391,732	2,884,719	2,485,178
Sewer	2,302,373	2,546,969	2,596,582	2,944,427
Trash	624,251	649,671	673,260	700,817
Stormwater Utility	442,470	457,602	687,385	476,739
<i>Total Business-Type Activities</i>	<u>5,741,840</u>	<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>
<i>Total Primary Government</i>	<u><u>\$10,101,567</u></u>	<u><u>\$11,295,482</u></u>	<u><u>\$10,564,304</u></u>	<u><u>\$10,213,467</u></u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$887,648	\$1,101,565	\$291,939	\$535,907	\$466,079	\$827,667
46,507	151,562	511,274	551,717	541,044	485,320
244,283	92,122	593,711	696,268	702,789	796,477
131,211	137,793	140,549	144,766	149,023	148,965
124,571	22,696	15,876	19,288	18,803	14,833
92,179	82,875	124,668	331,344	26,998	19,139
5,864	3,978	9,773	2,390	990	4,670
<u>1,524,436</u>	<u>1,055,835</u>	<u>645,386</u>	<u>754,094</u>	<u>1,520,240</u>	<u>485,900</u>
<u>3,056,699</u>	<u>2,648,426</u>	<u>2,333,176</u>	<u>3,035,774</u>	<u>3,425,966</u>	<u>2,782,971</u>
2,609,827	2,509,825	2,527,385	2,566,139	2,691,995	2,785,464
3,198,842	2,510,827	2,403,048	2,474,765	2,913,738	2,499,263
711,350	736,048	851,838	762,790	747,963	770,084
<u>496,374</u>	<u>470,519</u>	<u>455,305</u>	<u>484,006</u>	<u>637,468</u>	<u>567,527</u>
<u>7,016,393</u>	<u>6,227,219</u>	<u>6,237,576</u>	<u>6,287,700</u>	<u>6,991,164</u>	<u>6,622,338</u>
<u>\$10,073,092</u>	<u>\$8,875,645</u>	<u>\$8,570,752</u>	<u>\$9,323,474</u>	<u>\$10,417,130</u>	<u>\$9,405,309</u>

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

	2007	2008	2009	2010
General Fund				
Nonspendable	\$0	\$0	\$0	\$17,762
Assigned	0	0	0	78,581
Unassigned	0	0	0	3,233,617
Reserved	14,739	54,806	6,114	0
Unreserved	1,175,034	1,905,918	1,369,098	0
<i>Total General Fund</i>	<u>1,189,773</u>	<u>1,960,724</u>	<u>1,375,212</u>	<u>3,329,960</u>
All Other Governmental Funds				
Nonspendable	0	0	0	1,271,686
Restricted	0	0	0	3,002,848
Committed	0	0	0	40,844
Assigned	0	0	0	102,479
Unassigned (Deficit)	0	0	0	(33,692)
Reserved	99,411	1,078,834	1,032,305	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,897,625	2,033,024	2,179,954	0
Debt Service Fund	557,710	557,424	623,678	0
Capital Projects Funds	208,754	48,781	181,392	0
Permanent Fund	0	0	240,340	0
<i>Total All Other Governmental Funds</i>	<u>2,763,500</u>	<u>3,718,063</u>	<u>4,257,669</u>	<u>4,384,165</u>
<i>Total Governmental Funds</i>	<u><u>\$3,953,273</u></u>	<u><u>\$5,678,787</u></u>	<u><u>\$5,632,881</u></u>	<u><u>\$7,714,125</u></u>

The City implemented GASB Statement No. 54 in 2011.

2011	2012	2013	2014	2015	2016
\$17,079	\$20,301	\$24,599	\$34,432	\$31,649	\$25,962
89,926	115,154	152,330	593,718	1,355,540	147,990
3,900,839	5,045,729	6,471,899	6,176,518	5,284,020	6,841,186
0	0	0	0	0	0
0	0	0	0	0	0
4,007,844	5,181,184	6,648,828	6,804,668	6,671,209	7,015,138
1,328,086	1,341,689	1,510,720	1,801,205	1,570,745	1,721,427
3,137,877	3,194,444	3,425,266	4,542,443	5,071,075	5,985,872
51,662	69,140	79,913	67,495	97,237	116,886
56,043	27,637	157,536	151,532	155,532	135,107
(181,080)	(439,720)	(49,858)	(36,690)	(24,154)	(4,205)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,392,588	4,193,190	5,123,577	6,525,985	6,870,435	7,955,087
\$8,400,432	\$9,374,374	\$11,772,405	\$13,330,653	\$13,541,644	\$14,970,225

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

	2007	2008	2009	2010
Revenues:				
Property Taxes	\$1,406,763	\$1,146,837	\$1,038,798	\$1,011,884
Other Local Taxes (1)	0	125,956	153,622	172,307
Income Taxes	5,398,222	5,513,546	4,937,793	5,844,404
Payments in Lieu of Taxes	0	0	207,659	150,507
Special Assessments	347,421	367,129	392,219	431,696
Charges for Services	223,945	285,640	257,271	387,196
Fines, Licenses and Permits	485,236	508,971	504,197	676,215
Intergovernmental	2,261,029	3,539,564	2,418,831	2,979,788
Interest	812,926	509,905	270,155	315,503
Rent	0	0	0	0
Contributions and Donations	0	1,138,136	186,659	1,886
Other	192,777	310,224	389,460	204,505
<i>Total Revenues</i>	<u>11,128,319</u>	<u>13,445,908</u>	<u>10,756,664</u>	<u>12,175,891</u>
Expenditures:				
Current:				
General Government	2,673,282	2,361,988	2,313,715	2,451,752
Security of Persons and Property	5,528,164	4,950,296	4,944,740	4,833,128
Public Health and Welfare	21,911	59,846	11,810	7,199
Leisure Time Activities	288,923	299,801	275,250	273,552
Economic Development	95,314	84,517	44,630	44,666
Transportation	1,842,933	894,171	1,348,543	1,115,056
Capital Outlay	1,219,077	2,115,784	678,476	326,111
Debt Service:				
Principal Retirement	616,313	631,369	583,428	619,490
Interest and Fiscal Charges	598,441	548,796	500,670	461,803
Current Refunding	103,000	65,000	322,500	100,000
<i>Total Expenditures</i>	<u>12,987,358</u>	<u>12,011,568</u>	<u>11,023,762</u>	<u>10,232,757</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,859,039)</u>	<u>1,434,340</u>	<u>(267,098)</u>	<u>1,943,134</u>
Other Financing Sources (Uses):				
Bond Anticipation Notes Issued	775,000	710,000	387,500	287,500
Refunding Bonds Issued	0	0	0	0
Current Refunding	(775,000)	(710,000)	(387,500)	(287,500)
Transfers In	5,122,307	2,573,987	3,037,723	1,294,945
Inception of Capital Lease	0	0	0	0
Premium on Debt Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Proceeds from Sale of Capital Assets	11,096	18,919	0	0
Transfers Out	(5,035,028)	(2,299,182)	(2,816,531)	(1,156,835)
<i>Total Other Financing Sources (Uses)</i>	<u>98,375</u>	<u>293,724</u>	<u>221,192</u>	<u>138,110</u>
<i>Net Change in Fund Balances</i>	<u>(\$1,760,664)</u>	<u>\$1,728,064</u>	<u>(\$45,906)</u>	<u>\$2,081,244</u>
<i>Debt Service as a Percentage of Noncapital Expenditures</i>	11.2%	12.7%	13.4%	12.2%

(1) Prior to 2008, the City reported Other Local Taxes with Property Taxes.

2011	2012	2013	2014	2015	2016
\$1,084,876	\$1,083,889	\$1,780,029	\$1,765,711	\$1,841,533	\$1,804,502
227,839	152,896	191,711	185,344	211,815	177,276
5,973,040	8,125,750	8,106,000	7,305,812	7,619,746	7,805,163
192,413	203,459	199,588	107,787	0	0
361,487	397,406	423,490	469,089	432,571	440,067
114,030	79,297	389,831	790,782	727,576	843,302
665,920	786,601	645,207	745,001	738,997	931,538
2,347,841	1,598,314	1,842,515	1,243,956	1,792,798	1,227,704
338,252	206,927	202,133	425,812	25,681	300,759
0	0	0	0	5,475	3,225
3,011	13,151	3,302	3,352	9,380	3,539
146,344	159,958	185,686	100,436	190,419	229,895
<u>11,455,053</u>	<u>12,807,648</u>	<u>13,969,492</u>	<u>13,143,082</u>	<u>13,595,991</u>	<u>13,766,970</u>
1,933,507	2,177,554	2,369,068	2,423,409	2,748,434	2,718,417
5,172,755	5,398,829	6,176,635	6,266,741	6,282,006	6,629,946
13,361	8,567	11,250	27,356	31,824	27,006
293,418	293,064	290,506	315,950	423,556	417,100
43,926	44,414	51,449	51,449	54,124	57,487
1,013,128	1,150,966	1,253,886	1,068,905	1,275,227	1,338,692
1,167,232	2,049,678	612,417	550,529	1,755,113	511,634
646,554	642,621	650,295	694,161	716,973	722,881
464,365	337,951	285,955	264,634	237,478	209,404
140,500	147,000	0	0	0	0
<u>10,888,746</u>	<u>12,250,644</u>	<u>11,701,461</u>	<u>11,663,134</u>	<u>13,524,735</u>	<u>12,632,567</u>
<u>566,307</u>	<u>557,004</u>	<u>2,268,031</u>	<u>1,479,948</u>	<u>71,256</u>	<u>1,134,403</u>
147,000	0	0	0	0	0
0	5,630,000	0	0	0	0
(147,000)	0	0	0	0	0
2,363,996	3,330,421	2,806,611	3,234,442	3,361,173	3,655,824
0	179,138	0	0	0	164,178
0	402,706	0	0	0	0
0	(5,938,729)	0	0	0	0
0	0	0	0	9,735	0
<u>(2,243,996)</u>	<u>(3,186,598)</u>	<u>(2,676,611)</u>	<u>(3,156,142)</u>	<u>(3,231,173)</u>	<u>(3,525,824)</u>
<u>120,000</u>	<u>416,938</u>	<u>130,000</u>	<u>78,300</u>	<u>139,735</u>	<u>294,178</u>
<u>\$686,307</u>	<u>\$973,942</u>	<u>\$2,398,031</u>	<u>\$1,558,248</u>	<u>\$210,991</u>	<u>\$1,428,581</u>
12.2%	10.5%	8.7%	8.9%	8.5%	8.7%

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	
2007	\$3,947,906	70%	\$563,987	10%	\$4,511,893	80%	\$1,127,973	20%	\$5,639,866
2008	3,685,640	71%	467,194	9%	4,152,834	80%	1,038,209	20%	5,191,043
2009	3,424,015	71%	578,706	12%	4,002,721	83%	819,835	17%	4,822,556
2010	4,162,302	71%	683,824	12%	4,846,126	82%	1,054,869	18%	5,900,995
2011	4,308,882	73%	590,258	10%	4,899,140	83%	1,003,438	17%	5,902,578
2012	6,355,829	70%	998,773	11%	7,354,602	81%	1,725,153	19%	9,079,755
2013	5,258,669	65%	879,859	11%	6,138,528	76%	1,953,203	24%	8,091,731
2014	5,270,728	72%	859,745	12%	6,130,473	84%	1,158,847	16%	7,289,320
2015	5,642,638	75%	911,342	12%	6,553,980	87%	965,070	13%	7,519,050
2016	5,814,443	74%	897,829	11%	6,712,272	85%	1,173,898	15%	7,886,170

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 2012-2015, the percent has remained at two percent.

City of Franklin, Ohio
Principal Income Taxpayers - Withholding Accounts
2016 and 2007

Range of Withholding Amount	2016		2007	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	9	30.40%	5	23.57%
\$55,001 - 100,000	7	11.40	8	16.49
Total	16	41.80	13	40.06
All Others	924	58.20	929	59.94
Total Withholding Accounts	940	100.00%	942	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, 2016

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin	Amount Applicable to the City of Franklin
Direct			
City of Franklin			
General Obligation Bonds	\$4,426,894	100.00%	\$4,426,894
Capital Leases	108,214	100.00	108,214
Special Assessment Bonds	415,000	100.00	415,000
Total Direct Debt	<u>4,950,108</u>		<u>4,950,108</u>
Overlapping Subdivisions			
Warren County			
General Obligation Bonds	9,339,172	3.72	347,417
Special Assessment Bonds	7,472,884	3.72	277,991
OPWC Loan	1,209,808	3.72	45,005
State 166 Loan	1,728,521	3.72	64,301
Franklin City School District			
General Obligation Bonds	1,948,349	52.77	1,028,144
Energy Conservation Bonds	575,402	52.77	303,640
Carlisle Local School District			
Capital Leases	206,190	0.11	227
Warren County Career Center			
Energy Conservation Notes	525,000	5.55	29,138
Capital Leases	56,462	5.55	3,134
Total Overlapping Debt	<u>23,061,788</u>		<u>2,098,997</u>
Grand Total	<u><u>\$28,011,896</u></u>		<u><u>\$7,049,105</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
2007	\$7,155,664	\$710,470,887	12,731	1.01%	\$562.07
2008	6,816,560	626,097,500	12,622	1.09%	540.05
2009	6,547,456	581,548,775	12,104	1.13%	540.93
2010	6,263,352	583,076,975	13,200	1.07%	474.50
2011	5,964,248	598,616,860	11,771	1.00%	506.69
2012	5,984,282	579,321,740	11,896	1.03%	503.05
2013	5,617,435	590,609,400	11,819	0.95%	475.29
2014	5,230,588	571,917,389	11,829	0.91%	442.18
2015	4,833,741	596,436,123	11,829	0.81%	408.63
2016	4,426,894	635,487,085	11,829	0.70%	374.24

(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
2007	\$7,155,664	\$3,023,000	\$878,000	\$0	\$5,842,028	\$2,107,550	\$1,245,000
2008	6,816,560	2,733,000	775,000	0	5,485,321	3,067,762	1,225,000
2009	6,547,456	2,421,000	710,000	0	5,118,614	2,991,797	1,090,000
2010	6,263,352	2,088,000	387,500	0	4,736,907	2,923,288	895,000
2011	5,964,248	1,743,000	287,500	0	4,340,200	2,783,537	695,000
2012	5,984,282	1,507,000	137,500	179,138	3,944,265	2,598,675	445,000
2013	5,617,435	1,259,000	0	118,533	3,510,640	2,402,315	0
2014	5,230,588	985,000	0	60,134	3,062,015	2,193,717	0
2015	4,833,741	700,000	0	0	2,593,390	1,972,092	0
2016	4,426,894	415,000	0	108,214	2,104,765	1,736,598	0

Sources:

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

Total Outstanding Debt	Population (1)	Personal Income (2)	Ratio of Debt to Personal Income	Debt Per Capita
\$20,251,242	12,731	\$279,425,641	7.25	\$1,591
20,102,643	12,622	273,114,836	7.36	1,593
18,878,867	12,104	267,406,385	6.49	1,560
17,294,047	13,200	291,614,400	5.94	1,310
15,813,485	11,771	291,614,400	7.05	1,343
14,795,860	11,896	212,117,576	6.98	1,244
12,907,923	11,819	240,634,840	5.36	1,092
11,531,454	11,829	211,857,390	5.44	975
10,099,223	11,829	257,470,014	3.92	854
8,791,471	11,829	266,956,872	3.29	743

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

	2007	2008	2009	2010
Total Assessed Property Value	<u>\$246,303,533</u>	<u>\$219,771,600</u>	<u>\$219,559,180</u>	<u>\$209,315,445</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>25,861,871</u>	<u>23,076,018</u>	<u>23,053,714</u>	<u>21,978,122</u>
Debt Outstanding:				
General Obligation Bonds	7,170,000	6,830,000	6,560,000	6,275,000
Mortgage Revenue Bonds	5,815,000	5,460,000	5,095,000	4,715,000
Special Assessment Bonds	3,023,000	2,733,000	2,421,000	2,088,000
Bond Anticipation Notes	2,123,000	2,000,000	1,800,000	1,282,500
OWDA Loans	<u>2,107,550</u>	<u>3,067,762</u>	<u>2,991,797</u>	<u>2,923,288</u>
Total Gross Indebtedness	20,238,550	20,090,762	18,867,797	17,283,788
Less:				
Mortgage Revenue Bonds	(5,815,000)	(5,460,000)	(5,095,000)	(4,715,000)
Special Assessment Bonds	(3,023,000)	(2,733,000)	(2,421,000)	(2,088,000)
Bond Anticipation Notes	(1,245,000)	(1,225,000)	(1,090,000)	(895,000)
OWDA Loans	<u>(2,107,550)</u>	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>
Total Net Debt Applicable to Debt Limit	<u>8,048,000</u>	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$17,813,871</u>	<u>\$15,471,018</u>	<u>\$15,783,714</u>	<u>\$15,315,622</u>
Legal Debt Margin as a Percentage of the Debt Limit	68.88%	67.04%	68.46%	69.69%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$13,546,694</u>	<u>\$12,087,438</u>	<u>\$12,075,755</u>	<u>\$11,512,349</u>
Total Gross Indebtedness	20,238,550	20,090,762	18,867,797	17,283,788
Less:				
Mortgage Revenue Bonds	(5,815,000)	(5,460,000)	(5,095,000)	(4,715,000)
Special Assessment Bonds	(3,023,000)	(2,733,000)	(2,421,000)	(2,088,000)
Bond Anticipation Notes	(1,245,000)	(1,225,000)	(1,090,000)	(895,000)
OWDA Loans	<u>(2,107,550)</u>	<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>
Net Debt Within 5 ½ % Limitations	<u>8,048,000</u>	<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$5,498,694</u>	<u>\$4,482,438</u>	<u>\$4,805,755</u>	<u>\$4,849,849</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	40.59%	37.08%	39.80%	42.13%

Source: City Financial Records

2011	2012	2013	2014	2015	2016
<u>\$204,700,314</u>	<u>\$209,515,900</u>	<u>\$206,713,290</u>	<u>\$218,280,760</u>	<u>\$221,549,310</u>	<u>\$222,420,480</u>
<u>21,493,533</u>	<u>21,999,170</u>	<u>21,704,895</u>	<u>22,919,480</u>	<u>23,262,678</u>	<u>23,354,150</u>
5,975,000	5,595,000	5,255,000	4,895,000	4,525,000	4,145,000
4,320,000	3,905,000	3,475,000	3,030,000	2,565,000	2,080,000
1,743,000	1,507,000	1,259,000	985,000	700,000	415,000
982,500	582,500	0	0	0	0
<u>2,783,537</u>	<u>2,598,675</u>	<u>2,402,315</u>	<u>2,193,717</u>	<u>1,972,092</u>	<u>1,736,598</u>
15,804,037	14,188,175	12,391,315	11,103,717	9,762,092	8,376,598
(4,320,000)	(3,905,000)	(3,475,000)	(3,030,000)	(2,565,000)	(2,080,000)
(1,743,000)	(1,507,000)	(1,259,000)	(985,000)	(700,000)	(415,000)
(695,000)	(445,000)	0	0	0	0
<u>(2,783,537)</u>	<u>(2,598,675)</u>	<u>(2,402,315)</u>	<u>(2,193,717)</u>	<u>(1,972,092)</u>	<u>(1,736,598)</u>
<u>6,262,500</u>	<u>5,732,500</u>	<u>5,255,000</u>	<u>4,895,000</u>	<u>4,525,000</u>	<u>4,145,000</u>
<u>\$15,231,033</u>	<u>\$16,266,670</u>	<u>\$16,449,895</u>	<u>\$18,024,480</u>	<u>\$18,737,678</u>	<u>\$19,209,150</u>
70.86%	73.94%	75.79%	78.64%	80.55%	82.25%
<u>\$11,258,517</u>	<u>\$11,523,375</u>	<u>\$11,369,231</u>	<u>\$12,005,442</u>	<u>\$12,185,212</u>	<u>\$12,233,126</u>
15,804,037	14,188,175	12,391,315	11,103,717	9,762,092	8,376,598
(4,320,000)	(3,905,000)	(3,475,000)	(3,030,000)	(2,565,000)	(2,080,000)
(1,743,000)	(1,507,000)	(1,259,000)	(985,000)	(700,000)	(415,000)
(695,000)	(445,000)	0	0	0	0
<u>(2,783,537)</u>	<u>(2,598,675)</u>	<u>(2,402,315)</u>	<u>(2,193,717)</u>	<u>(1,972,092)</u>	<u>(1,736,598)</u>
<u>6,262,500</u>	<u>5,732,500</u>	<u>5,255,000</u>	<u>4,895,000</u>	<u>4,525,000</u>	<u>4,145,000</u>
<u>\$4,996,017</u>	<u>\$5,790,875</u>	<u>\$6,114,231</u>	<u>\$7,110,442</u>	<u>\$7,660,212</u>	<u>\$8,088,126</u>
44.38%	50.25%	53.78%	59.23%	62.86%	66.12%

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	
2007	\$2,406,648	\$1,260,316	\$1,146,332	\$374,231	\$278,503	1.76
2008	2,391,732	1,371,576	1,020,156	460,266	379,841	1.21
2009	2,514,213	1,433,729	1,080,484	526,963	420,605	1.14
2010	2,487,687	1,421,635	1,066,052	570,624	377,330	1.12
2011	2,609,827	1,569,800	1,040,027	534,751	361,554	1.16
2012	2,509,825	1,378,664	1,131,161	599,862	285,837	1.28
2013	2,527,385	1,389,393	1,137,992	626,360	355,972	1.16
2014	2,566,139	1,299,153	1,266,986	653,598	314,718	1.31
2015	2,628,095	1,342,448	1,285,647	686,625	260,782	1.36
2016	2,785,464	1,273,534	1,511,930	720,494	182,532	1.67

(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
2007	12,731	\$279,425,641	\$21,948	2,953	4.7
2008	12,622	273,114,836	21,638	2,927	8.5
2009	12,104	267,406,385	22,092	3,030	9.3
2010	13,200	291,614,400	22,092	3,030	8.4
2011	11,771	225,261,627	19,137	2,911	6.7
2012	11,896	212,117,576	17,831	3,038	6.3
2013	11,819	240,634,840	20,360	2,944	6.1
2014	11,829	211,857,390	17,910	3,071	4.4
2015	11,829	257,470,014	21,766	2,993	4.8
2016	11,829	266,956,872	22,568	2,862	4.5

- 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

This Page Intentionally Left Blank

City of Franklin, Ohio

Principal Employers

2016 and 2007

2016

Employer	Number of Employees	Rank	Percentage of Total Employment
CBS Personnel	545	1	5.39%
Faurecia Exhaust	514	2	5.09
Franklin City School District	448	3	4.43
Wal-Mart	403	4	3.99
Valued Relations	394	5	3.90
Kelly Services	369	6	3.65
Burrows Paper Company	315	7	3.12
Cox Media	270	8	2.67
City of Franklin	224	9	2.22
ADE of Cincinnati-Dayton	206	10	2.04
Total	3,688		36.50
All Other Employers	6,417		63.50
Total Employment within the City	10,105		100.00%

2007

Employer	Number of Employees	Rank	Percentage of Total Employment
Faurecia	518	1	3.86%
Franklin City School District	490	2	3.65
Dayton Newspapers	474	3	3.53
Burrows	405	4	3.02
Ample Industries	311	5	2.32
Adesa	301	6	2.24
CHS Miami Valley	214	7	1.59
Frisch Ohio	208	8	1.55
City of Franklin	181	9	1.35
Atlas Roofing	179	10	1.33
Total	3,281		24.44
All Other Employers	10,146		75.56
Total Employment within the City	13,427		100.00%

Source: City of Franklin Tax Department

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

Function/Program	2007		2008		2009		2010	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	18	28	18	28	21	28	20	28
Security of Persons and Property	43	74	41	74	29	63	27	60
Leisure Time Activities	2	52	2	52	2	71	2	52
Basic Utility Services	18	27	18	27	19	25	19	25
<i>Total Number of Employees</i>	<u>81</u>	<u>181</u>	<u>79</u>	<u>181</u>	<u>71</u>	<u>187</u>	<u>68</u>	<u>165</u>

Source: City Payroll Records

2011		2012		2013		2014		2015		2016	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
20	28	19	26	19	25	21	26	22	26	24	29
29	62	38	63	38	81	38	92	36	88	34	75
2	52	2	58	2	49	2	50	2	57	2	54
18	25	17	26	17	26	17	22	19	28	18	23
<u>69</u>	<u>167</u>	<u>76</u>	<u>173</u>	<u>76</u>	<u>181</u>	<u>78</u>	<u>190</u>	<u>79</u>	<u>199</u>	<u>78</u>	<u>181</u>

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

Function/Program	2007	2008	2009	2010
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	48	48	49	49
Miles of Sanitary Sewers	44.00	44.00	46.00	46.00
Water Treatment Facility	1	1	1	1
Transportation:				
Miles of Streets	110.00	110.00	109.00	109.00
Number of Street Lights	929	929	929	929

Source: City Capital Assets Records

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
6	6	6	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
49	49	49	49	49	49
46.00	46.00	46.00	46.00	46.05	46.05
1	1	1	1	1	1
109.00	109.00	109.00	109.00	109.34	109.34
929	929	937	937	946	946

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

Function/Program	2007	2008	2009	2010
General Government:				
Active Income Tax Accounts	7,400	7,468	7,276	6,974
Individual	5,402	5,551	5,430	5,409
Business	1,056	972	867	842
Withholding	942	945	979	663
Clerk of Courts:				
Traffic Court Cases	6,336	6,180	6,014	8,273
Civil Court Cases	658	965	632	601
Small Claims Court Cases	53	99	98	49
Security of Persons and Property:				
Police Calls	24,864	21,645	24,655	25,202
Physical Arrests	2,216	1,357	1,190	2,189
Citations	1,696	1,958	1,809	767

Source: Department reports

2011	2012	2013	2014	2015	2016
7,027	7,454	7,683	8,133	7,786	8,117
5,528	5,508	5,759	6,019	5,943	6,208
768	847	855	947	940	963
731	1,099	1,069	1,167	903	946
8,052	7,170	6,322	7,506	6,837	7,665
659	626	524	551	543	592
42	37	41	33	25	37
24,810	23,759	23,543	23,143	24,091	23,656
2,003	2,226	2,192	1,727	1,491	1,429
895	1,654	1,708	1,104	998	749

This Page Intentionally Left Blank



Dave Yost • Auditor of State

CITY OF FRANKLIN

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 6, 2017