

**CITY OF FRANKLIN, OHIO**

Comprehensive Annual Financial Report

For the Year Ended December 31, 2013





# Dave Yost • Auditor of State

Members of Council  
City of Franklin  
1 Benjamin Franklin Way  
Franklin, Ohio 45005

We have reviewed the *Independent Auditor's Report* of the City of Franklin, Warren County, prepared by Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Franklin is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 17, 2014

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# *Introductory Section*

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*City of Franklin, Ohio*  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2013*

**Issued by:**  
**Office of the Finance Director**  
**Sandra Morgan**  
**Acting Finance Director**

*City of Franklin, Ohio*  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2013*

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# CITY OF FRANKLIN

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

June 24, 2014

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, 2013, 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 Acting 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.

Julian & Grube, Inc., has issued an unmodified (“clean”) opinion on the City of Franklin’s financial statements for the year ended December 31, 2013. The Independent Auditor’s Report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the Independent Auditor’s 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 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, Joint Emergency Medical Services and the Warren County Fire Response and Life Safety Council of Governments were determined to be jointly governed organizations (See Note 19).

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

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

## **MAJOR INITIATIVE**

2014 is looking to be an exciting time for the City of Franklin. Kettering Health Network has broken ground for a new ER Facility. The new ER will be located at the I-75 and State Route Interchange and will attract like businesses to this area. It most definitely will define the East Side of Franklin. This new facility will be a 24-7 operation that will serve not only Franklin but Springboro, Carlisle and Franklin Township. This 12 bed facility will be staffed with four doctors and eight nurses ready to meet any emergency needs for our area. The facility anticipates opening in February of 2015.

With the passage of the EMS levy in November 2012, on January 2<sup>nd</sup>, 2013 the City brought Emergency Medical Services into the Fire Department. Being a member of the Joint Emergency Medical Service for over thirty years, staff and Council put together a plan to provide a higher level of service at a lower cost to its citizens. A levy was put up for vote and overwhelmingly passed by our Citizens. This venture has changed the level of safety services to our community. The new Kettering Health Network ER Facility will benefit our new EMS by giving us quicker response times in true emergency runs affording our units to be back in service and ready for the next call.

## **LOCAL ECONOMY**

The City of Franklin continues to focus on making significant improvements to the State Route 73 corridor, one of the key areas for economic development in the Dayton region. Also, the City of Franklin, the City of Springboro, the Ohio Department of Transportation, and the Miami Valley Regional Planning Commission are close to finishing significant improvements to State Route 73 at I-75, such as widening the bridge over State Route 73 to accommodate additional future traffic on State Route 73. Ramp improvements to the South Bound exit ramp are also planned. The City of Springboro is adding a North Bound entrance ramp which will help to relieve traffic in this growing area. These improvements will increase the road capacity to handle the next 20 years' projection of growth. This intersection will soon see a North Bound entrance ramp on the East Side of I-75 which will also ease traffic congestion and enhance economic growth.

The establishment of "Franklin Yards," in 2009, a rail transload facility, is proving to be a great asset to Franklin and surrounding communities in Warren County and Butler County. Faced with an abandoned shingle facility, City staff and Council needed to be creative to find another use for the property. Due to input from area businesses who were looking to rail as a cost-saving measure for transportation expenses, the City partnered with Warren County, 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 having a positive impact on the local economy. In fact, the facility is at full capacity and in need of expansion.

As a result of the citizens passing an additional half percent income tax, the City continues to put approximately \$450,000 worth of work in neighborhoods and parks during the year, as well as various paving and improvement projects on State Route 73 to make the area safer and less congested.

Another project commenced by the City during the year was the beautification of the State Route 123 interchange. The City has planted trees, shrubs, and flowers for this project to demonstrate to its residents and every day visitors the pride it has in the community. This project is currently under construction and will be completed in 2014.

## **LOCAL ECONOMY**

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 have started meeting with Franklin businesses on an individual basis to learn how we can assist them to be successful in our community.

Along with Kettering Health Network, we have had several small businesses locate to Franklin Ohio and continue to work with new companies to meet their needs to build or relocate to Franklin. Valued Relationships, Inc., whom the City recruited in 2011, continues to grow. VRI Inc. provides personal monitoring services nationwide and has been voted number 1 in the Miami Valley as the best place to work. In 2011, VRI brought over 150 new jobs to the City. The City has also had numerous other economic development successes in the recent past (e.g., the Dayton Daily News printing facility, Burrows Paper Corporation, Ample Industries, and Pfizer). The City is known in the Dayton region for being competitive and creative with our retention or relocation efforts. For instance, the Dayton-Montgomery County Port Authority, realizing the importance of a regional approach to economic development, recently crossed traditional boundaries and assisted the City in retaining a key company within our jurisdiction.

Fortunately, the City is in a position to continue having economic development success. The City has five Industrial/Office Parks 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, have placed Franklin in a position 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.

## **FINANCIAL PLANNING AND POLICIES**

The cash fund balance in the General Fund (65.15 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 Julian & Grube, Inc.'s office has performed this year's audit. The results of the audit are presented in the Independent Accountants' Report.

### Awards

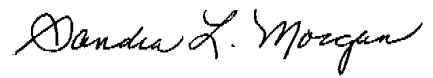
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Franklin for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2012. In order to be awarded a Certificate 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,

A handwritten signature in black ink that reads "Sandra L. Morgan". The signature is written in a cursive style with a large, stylized 'S' and 'M'.

Sandra L. Morgan  
Finance Director

*City of Franklin, Ohio*

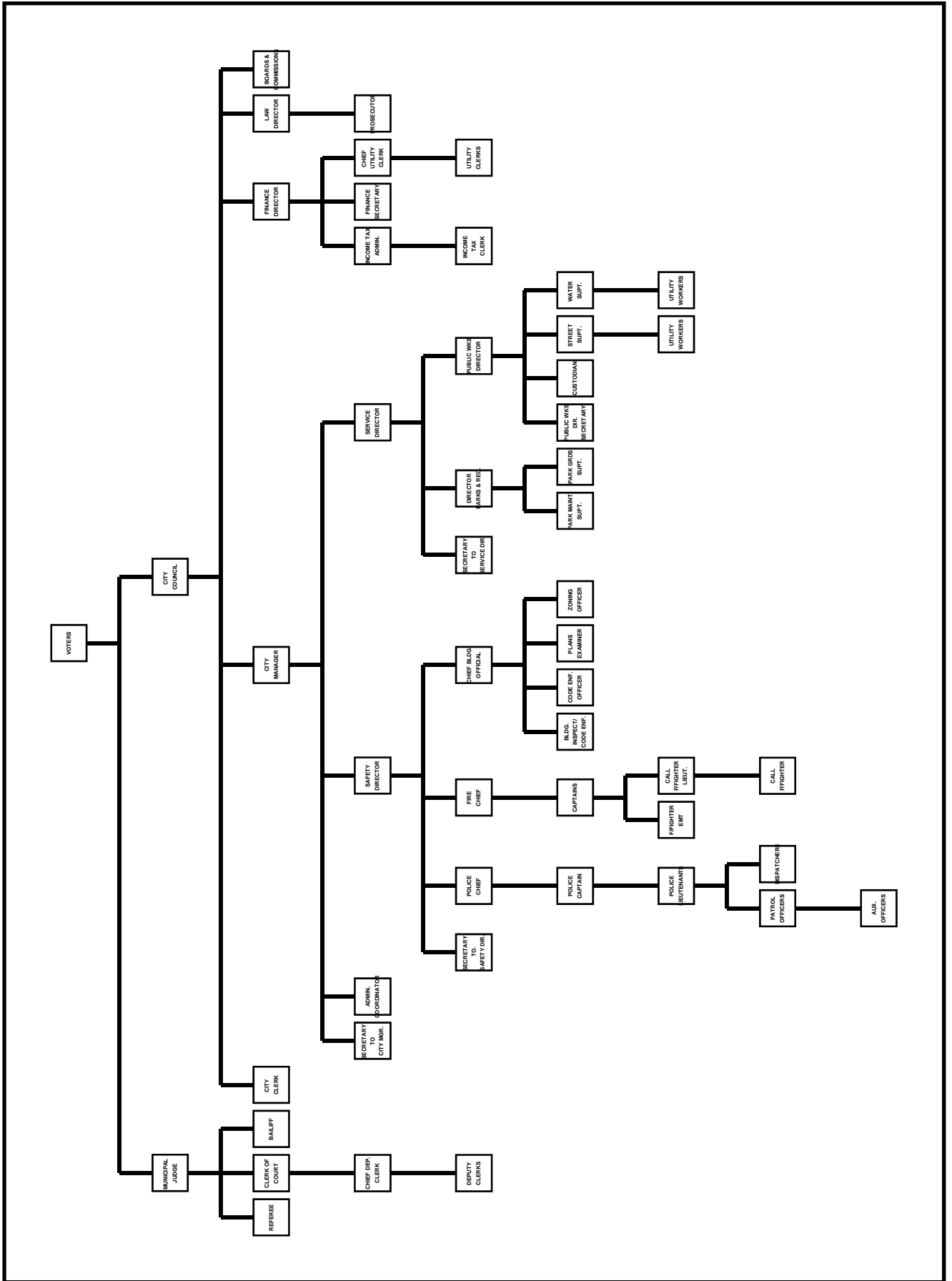
*List of Principal Officials*

*December 31, 2013*

<b><u>OFFICE HELD</u></b>	<b><u>NAME OF OFFICIAL</u></b>
Executive:	
City Manager	Howard Lewis
Acting Finance Director	Sandra Morgan
Law Director	Donnette Fisher
Legislative:	
Mayor	Denny Centers
Vice Mayor	Todd Hall
Council-At-Large	Michael Aldridge
	Carl Bray
	Jason Faulkner
	Matt Wilcher
	Scott Lipps
Judicial:	
Municipal Court Judge	Ruppert Ruppert
Municipal Court Clerk	Sherry Mullins
Administrative:	
City Clerk	Jane McGee
Income Tax Administrator	Jennie Loxley
Police Chief	Russell Whitman
Fire Chief	Jonathan Westendorf
Public Works Director	Howard Lewis
Engineer/Zoning Officer	Barry Conway



# CITY of FRANKLIN 2013 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, 2012**

Executive Director/CEO

# *Financial Section*

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### 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, as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City of Franklin'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 of Franklin'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 of Franklin'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.

Independent Auditor's Report  
City of Franklin

***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, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, the Fire Levy and Transportation major special revenue 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*, 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 of Franklin'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 were derived 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 this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Independent Auditor's Report  
City of Franklin

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2014, on our consideration of the City of Franklin'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 of Franklin's internal control over financial reporting and compliance.

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

Julian & Grube, Inc.  
June 19, 2014

**City of Franklin, Ohio**  
*Management's Discussion and Analysis*  
*For The Year Ended December 31, 2013*  
*(Unaudited)*

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis (MD&A) of the City of Franklin's financial performance provides an overview of the City's financial activities for the year ended December 31, 2013. 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 \$671,805 and net position of business-type activities increased \$203,770, resulting in a total increase in net position of \$875,575.
- General revenues and transfers of governmental activities accounted for \$11,214,647 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 \$2,333,176 of total governmental revenues and transfers of \$13,547,823.
- The City had \$12,876,018 in expenses related to governmental activities; only \$2,333,176 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 \$565,645. The Water Fund reflected operating income of \$949,949, while the Sewer, Trash and Stormwater Utility Funds reflected operating losses of \$119,370, \$64,779 and \$200,155, 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 and liabilities 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, Special Assessment Bond, 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 2013 compared to 2012.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current and Other Assets	\$17,825,142	\$16,304,802	\$4,032,678	\$4,521,802	\$21,857,820	\$20,826,604
Nondepreciable Capital Assets	19,267,151	19,175,661	1,095,364	1,095,364	20,362,515	20,271,025
Depreciable Capital Assets, Net	26,721,458	28,612,276	22,449,524	23,045,322	49,170,982	51,657,598
<b>Total Assets</b>	<b>63,813,751</b>	<b>64,092,739</b>	<b>27,577,566</b>	<b>28,662,488</b>	<b>91,391,317</b>	<b>92,755,227</b>
<b>Deferred Outflows of Resources:</b>						
Deferred Charge on Refunding	321,516	344,481	18,854	20,772	340,370	365,253
<b>Liabilities:</b>						
Current and Other Liabilities	778,526	1,800,781	539,792	1,214,583	1,318,318	3,015,364
<b>Long-Term Liabilities:</b>						
Due Within One Year	865,587	816,292	687,333	660,791	1,552,920	1,477,083
Due in More Than One Year	6,972,705	7,667,611	5,381,302	6,023,663	12,354,007	13,691,274
<b>Total Liabilities</b>	<b>8,616,818</b>	<b>10,284,684</b>	<b>6,608,427</b>	<b>7,899,037</b>	<b>15,225,245</b>	<b>18,183,721</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	1,836,500	1,109,500	0	0	1,836,500	1,109,500
Revenue in Lieu of Taxes	195,109	228,001	0	0	195,109	228,001
<b>Total Deferred Inflows of Resources</b>	<b>2,031,609</b>	<b>1,337,501</b>	<b>0</b>	<b>0</b>	<b>2,031,609</b>	<b>1,337,501</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	39,365,157	39,750,554	17,650,787	16,862,816	57,015,944	56,613,370
Restricted	5,993,482	6,637,628	994,741	894,690	6,988,223	7,532,318
Unrestricted	8,128,201	6,426,853	2,342,465	3,026,717	10,470,666	9,453,570
<b>Total Net Position</b>	<b>\$53,486,840</b>	<b>\$52,815,035</b>	<b>\$20,987,993</b>	<b>\$20,784,223</b>	<b>\$74,474,833</b>	<b>\$73,599,258</b>

Net position of the City's governmental activities increased \$671,805 from the prior year. However, individual components of Total Assets did have significant changes from the prior year. Cash and Property Taxes Receivable had the biggest increases. The increase in the property tax receivable and revenue is due to 2013 being the first year of collection on the EMS levy passed in 2012. Current and other liabilities decreased over \$1.0 million from the prior year. Contracts payable and notes payable make up the majority of the decrease as the City completed its outstanding projects and retired short-term notes.

Unrestricted net position increased just over \$1.7 million, which correlates with the increase in property taxes.

Net position of the City's business-type activities increased \$203,770.

Table 2 shows the changes in net position for the years ended December 31, 2013 and December 31, 2012.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services and Sales	\$1,178,137	\$1,003,691	\$6,132,504	\$6,227,219	\$7,310,641	\$7,230,910
Operating Grants, Contributions and Interest	1,030,371	848,632	105,072	0	1,135,443	848,632
Capital Grants, Contributions and Interest	124,668	796,103	0	0	124,668	796,103
Total Program Revenues	<u>2,333,176</u>	<u>2,648,426</u>	<u>6,237,576</u>	<u>6,227,219</u>	<u>8,570,752</u>	<u>8,875,645</u>
General Revenues:						
Property Taxes	1,785,498	1,091,196	0	0	1,785,498	1,091,196
Income Taxes	8,091,731	9,079,755	0	0	8,091,731	9,079,755
Other Local Taxes	191,449	185,820	0	0	191,449	185,820
Payments in Lieu of Taxes	199,588	203,459	0	0	199,588	203,459
Grants and Entitlements	553,230	284,897	0	0	553,230	284,897
Unrestricted Interest	77,465	56,470	0	0	77,465	56,470
Other	185,686	159,958	11,002	21,449	196,688	181,407
Total General Revenues	<u>11,084,647</u>	<u>11,061,555</u>	<u>11,002</u>	<u>21,449</u>	<u>11,095,649</u>	<u>11,083,004</u>
Total Revenues	<u>13,417,823</u>	<u>13,709,981</u>	<u>6,248,578</u>	<u>6,248,668</u>	<u>19,666,401</u>	<u>19,958,649</u>
Program Expenses:						
General Government	2,421,208	2,474,033	0	0	2,421,208	2,474,033
Security of Persons and Property:						
Police	3,537,031	3,635,726	0	0	3,537,031	3,635,726
Fire	2,329,910	1,736,803	0	0	2,329,910	1,736,803
Other	306,744	288,079	0	0	306,744	288,079
Public Health and Welfare	11,250	8,567	0	0	11,250	8,567
Leisure Time Activities	316,393	326,993	0	0	316,393	326,993
Economic Development	51,449	44,414	0	0	51,449	44,414
Basic Utility Services	97,090	101,875	0	0	97,090	101,875
Transportation	3,524,995	2,225,466	0	0	3,524,995	2,225,466
Interest and Fiscal Charges	279,948	329,589	0	0	279,948	329,589
Water	0	0	1,924,148	1,935,129	1,924,148	1,935,129
Sewer	0	0	2,522,418	2,576,395	2,522,418	2,576,395
Trash	0	0	811,545	712,050	811,545	712,050
Stormwater Utility	0	0	656,697	791,053	656,697	791,053
Total Expenses	<u>12,876,018</u>	<u>11,171,545</u>	<u>5,914,808</u>	<u>6,014,627</u>	<u>18,790,826</u>	<u>17,186,172</u>
Increase in Net Position						
Before Transfers	541,805	2,538,436	333,770	234,041	875,575	2,772,477
Transfers	<u>130,000</u>	<u>143,823</u>	<u>(130,000)</u>	<u>(143,823)</u>	<u>0</u>	<u>0</u>
Change in Net Position	671,805	2,682,259	203,770	90,218	875,575	2,772,477
Beginning Net Position	<u>52,815,035</u>	<u>50,132,776</u>	<u>20,784,223</u>	<u>20,694,005</u>	<u>73,599,258</u>	<u>70,826,781</u>
Ending Net Position	<u>\$53,486,840</u>	<u>\$52,815,035</u>	<u>\$20,987,993</u>	<u>\$20,784,223</u>	<u>\$74,474,833</u>	<u>\$73,599,258</u>

Total governmental activities revenue decrease \$292,158 from the prior year. General revenues had a slight increase of \$23,092, while program revenue decreased \$315,250. The decrease in program revenue is related to the capital grants, contributions and interest decreasing due to the completion of improvement projects that received grant monies.

Governmental program expenses as a percentage of total governmental expenses for 2013 are expressed as follows:

General Government	18.80%
Security of Persons and Property:	
Police	27.47
Fire	18.09
Other	2.38
Public Health and Welfare	0.09
Leisure Time Activities	2.46
Economic Development	0.40
Basic Utility Services	0.76
Transportation	27.38
Interest and Fiscal Charges	2.17
	100.00%

The above chart clearly indicates the City’s major source of expenses, 47.94 percent is related to the operating of safety forces. Fire services increased \$0.6 million over the prior year due to the City providing EMS coverage. Transportation makes up 27.38 percent of the City’s expenses. All other forms of governmental operations represent 24.68 percent of expenditures. A comparison to the prior year demonstrates that expenses were relatively consistent with those in the previous year with the exception of Transportation expenses, which had an increase from the previous year as a result of maintenance and repairs made during the year.

Charges for Services and Sales in the business-type activities decreased \$94,715 in 2013.

***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 2013	Net Cost of Services 2013	Total Cost Of Services 2012	Net Cost of Services 2012
General Government	\$2,421,208	\$2,129,269	\$2,474,033	\$1,372,468
Security of Persons and Property:				
Police	3,537,031	3,025,757	3,635,726	3,484,164
Fire	2,329,910	1,736,199	1,736,803	1,644,681
Other	306,744	166,195	288,079	150,286
Public Health and Welfare	11,250	(4,626)	8,567	(14,129)
Leisure Time Activities	316,393	191,725	326,993	244,118
Economic Development	51,449	41,676	44,414	40,436
Basic Utility Services	97,090	97,090	101,875	101,875
Transportation	3,524,995	2,879,609	2,225,466	1,169,631
Interest and Fiscal Charges	279,948	279,948	329,589	329,589
<b>Total Expenses</b>	<b>\$12,876,018</b>	<b>\$10,542,842</b>	<b>\$11,171,545</b>	<b>\$8,523,119</b>

When looking at the sources of income to support governmental activities, it should be noted that charges for services and sales are only 8.8 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 8.6 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 \$543,351 in the Water Fund during 2013 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 decreased \$184,370 primarily related to a decrease in charges for services revenue received.

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 an increase of \$43,632 in 2013. This increase was the result of the City receiving a grant to assist with the removal of trash and blighted properties throughout the City.

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 \$198,843 for 2013 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 \$13,969,492 and expenditures of \$11,701,461.

The General Fund's balance increased \$1,467,644 as a result of the City closely monitoring expenditures and a decrease in transfers to other governmental funds.

The Fire Levy Fund's balance increased \$219,331. This increase was primarily the result of the increase property tax revenue due to 2013 being the first year of collections on the EMS levy passed in 2012.

The Transportation Fund's balance decreased an immaterial \$763.

The Special Assessment Bond Fund's balance decreased \$8,353 due to current year debt service payments exceeding revenues.

### ***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 General Fund budgeted revenues were \$8,596,929, and final budgeted revenues were \$8,193,609, a decrease of \$403,320. This decrease was insignificant. The City's actual revenues were \$9,681,362 at year-end, which is a significant variance when compared to the final budgeted revenues due to more income tax receipts being collected than anticipated.

Original General Fund appropriations were \$6,636,954, while final appropriations were \$6,678,696. The City anticipated more expenditures at the end of the year. The City's actual expenditures were \$5,730,271 at year-end, a decrease of \$948,425 when compared to the final appropriations. The largest savings contributing to this decrease was within the General Government account. The City did not expend as much as anticipated for personnel services expenditures.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

*Table 4*  
*Capital Assets*

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$19,267,151	\$19,175,661	\$1,095,364	\$1,095,364	\$20,362,515	\$20,271,025
Land Improvements	250,104	275,443	10,679	10,883	260,783	286,326
Buildings	5,083,173	4,900,906	59,108	59,774	5,142,281	4,960,680
Equipment	458,993	461,855	309,775	205,223	768,768	667,078
Vehicles	558,509	582,522	440,871	444,962	999,380	1,027,484
Infrastructure	20,370,679	22,391,550	21,629,091	22,324,480	41,999,770	44,716,030
Totals	<u>\$45,988,609</u>	<u>\$47,787,937</u>	<u>\$23,544,888</u>	<u>\$24,140,686</u>	<u>\$69,533,497</u>	<u>\$71,928,623</u>

Capital assets decreased \$2,395,126, which was due to depreciation expense and deletions exceeding additions for 2013.

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 in the amount of \$7,055,484, including a premium on bonds outstanding of \$362,435 for governmental activities. Business-type activities had debt obligations at year-end consisting of OWDA loans and mortgage revenue bonds in the amount of \$5,912,955, including a premium on bonds in the amount of \$35,640. The City's long-term obligations also included compensated absences for governmental activities and business-type activities.

As of December 31, 2013, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,449,895 with an unvoted debt margin of \$6,114,231.

See Notes 15 and 16 of the notes to the basic financial statements for more detailed information.

## CONTACTING THE CITY'S FINANCE DEPARTMENT

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

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**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$11,610,914	\$2,567,893	\$14,178,807
Accrued Interest Receivable	120	0	120
Accounts Receivable	0	783,607	783,607
Intergovernmental Receivable	556,524	0	556,524
Materials and Supplies Inventory	133,027	51,285	184,312
Income Taxes Receivable	2,205,826	0	2,205,826
Property Taxes Receivable	1,967,076	0	1,967,076
Other Local Taxes Receivable	36,651	0	36,651
Revenue in Lieu of Taxes Receivable	195,109	0	195,109
Special Assessments Receivable	1,119,895	0	1,119,895
Cash and Cash Equivalents with Trustee	0	629,893	629,893
Nondepreciable Capital Assets	19,267,151	1,095,364	20,362,515
Depreciable Capital Assets, Net	26,721,458	22,449,524	49,170,982
<b>Total Assets</b>	<b>63,813,751</b>	<b>27,577,566</b>	<b>91,391,317</b>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	321,516	18,854	340,370
<b>Liabilities</b>			
Accounts Payable	193,314	64,877	258,191
Accrued Wages and Benefits Payable	244,370	54,167	298,537
Intergovernmental Payable	319,291	50,030	369,321
Contracts Payable	0	152,260	152,260
Accrued Interest Payable	21,551	80,128	101,679
Refundable Deposits	0	138,330	138,330
Long-Term Liabilities:			
Due Within One Year	865,587	687,333	1,552,920
Due in More Than One Year	6,972,705	5,381,302	12,354,007
<b>Total Liabilities</b>	<b>8,616,818</b>	<b>6,608,427</b>	<b>15,225,245</b>
<b>Deferred Inflows of Resources</b>			
Property Taxes	1,836,500	0	1,836,500
Revenue in Lieu of Taxes	195,109	0	195,109
<b>Total Deferred Inflows of Resources</b>	<b>2,031,609</b>	<b>0</b>	<b>2,031,609</b>
<b>Net Position</b>			
Net Investment in Capital Assets	39,365,157	17,650,787	57,015,944
Restricted for:			
Debt Service	1,061,246	617,111	1,678,357
Capital Outlay	1,049,228	0	1,049,228
Fire Protection	561,889	0	561,889
Transportation	1,140,136	0	1,140,136
Other Purposes	662,162	0	662,162
Revenue Bonds Replacement and Improvement	0	377,630	377,630
Leisure Time Activities Expendable	127,025	0	127,025
Leisure Time Activities Nonexpendable	1,391,796	0	1,391,796
Unrestricted	8,128,201	2,342,465	10,470,666
<b>Total Net Position</b>	<b>\$53,486,840</b>	<b>\$20,987,993</b>	<b>\$74,474,833</b>

See accompanying notes to the basic financial statements

**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest
Governmental Activities:				
General Government	\$2,421,208	\$289,851	\$2,088	\$0
Security of Persons and Property:				
Police	3,537,031	388,207	123,067	0
Fire	2,329,910	348,778	244,933	0
Other	306,744	140,549	0	0
Public Health and Welfare	11,250	9,496	6,380	0
Leisure Time Activities	316,393	0	0	124,668
Economic Development	51,449	0	9,773	0
Basic Utility Services	97,090	0	0	0
Transportation	3,524,995	1,256	644,130	0
Interest and Fiscal Charges	279,948	0	0	0
Total Governmental Activities	<u>12,876,018</u>	<u>1,178,137</u>	<u>1,030,371</u>	<u>124,668</u>
Business-Type Activities:				
Water	1,924,148	2,527,385	0	0
Sewer	2,522,418	2,403,048	0	0
Trash	811,545	746,766	105,072	0
Stormwater Utility	656,697	455,305	0	0
Total Business-Type Activities	<u>5,914,808</u>	<u>6,132,504</u>	<u>105,072</u>	<u>0</u>
Total Activities	<u>\$18,790,826</u>	<u>\$7,310,641</u>	<u>\$1,135,443</u>	<u>\$124,668</u>

General Revenues and Transfers:

Taxes

  Property Taxes Levied for:

    General Purposes

    Fire

    Other Purposes

  Income Taxes

  Other Local Taxes Levied for General Purposes

  Payments in Lieu of Taxes

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>
(\$2,129,269)	\$0	(\$2,129,269)
(3,025,757)	0	(3,025,757)
(1,736,199)	0	(1,736,199)
(166,195)	0	(166,195)
4,626	0	4,626
(191,725)	0	(191,725)
(41,676)	0	(41,676)
(97,090)	0	(97,090)
(2,879,609)	0	(2,879,609)
(279,948)	0	(279,948)
<u>(10,542,842)</u>	<u>0</u>	<u>(10,542,842)</u>
0	603,237	603,237
0	(119,370)	(119,370)
0	40,293	40,293
0	(201,392)	(201,392)
<u>0</u>	<u>322,768</u>	<u>322,768</u>
<u>(10,542,842)</u>	<u>322,768</u>	<u>(10,220,074)</u>
382,168	0	382,168
1,236,803	0	1,236,803
166,527	0	166,527
8,091,731	0	8,091,731
191,449	0	191,449
199,588	0	199,588
553,230	0	553,230
77,465	0	77,465
185,686	11,002	196,688
130,000	(130,000)	0
<u>11,214,647</u>	<u>(118,998)</u>	<u>11,095,649</u>
671,805	203,770	875,575
<u>52,815,035</u>	<u>20,784,223</u>	<u>73,599,258</u>
<u>\$53,486,840</u>	<u>\$20,987,993</u>	<u>\$74,474,833</u>

**CITY OF FRANKLIN, OHIO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**

	General	Fire Levy	Transportation
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,331,649	\$809,602	\$866,731
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	10,496	0	0
Materials and Supplies Inventory	14,103	26,166	91,399
Intergovernmental Receivable	155,635	81,162	306,537
Income Taxes Receivable	2,205,826	0	0
Property Taxes Receivable	455,512	1,333,828	0
Revenue in Lieu of Taxes Receivable	0	0	0
Other Local Taxes Receivable	36,651	0	0
Interfund Receivable	14,030	0	0
Special Assessments Receivable	0	0	0
Accrued Interest Receivable	120	0	0
<b>Total Assets</b>	<b>\$9,224,022</b>	<b>\$2,250,758</b>	<b>\$1,264,667</b>
<b>Liabilities:</b>			
Accounts Payable	\$116,647	\$35,734	\$16,748
Accrued Wages and Benefits Payable	155,310	63,645	14,039
Intergovernmental Payable	171,198	65,522	20,484
Interfund Payable	0	0	0
<b>Total Liabilities</b>	<b>443,155</b>	<b>164,901</b>	<b>51,271</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	422,000	1,250,000	0
Payments in Lieu of Taxes	0	0	0
Unavailable Revenue	1,710,039	152,665	255,128
<b>Total Deferred Inflows of Resources</b>	<b>2,132,039</b>	<b>1,402,665</b>	<b>255,128</b>
<b>Fund Balances:</b>			
Nonspendable	24,599	26,166	91,399
Restricted	0	657,026	866,869
Committed	0	0	0
Assigned	152,330	0	0
Unassigned (Deficit)	6,471,899	0	0
<b>Total Fund Balances</b>	<b>6,648,828</b>	<b>683,192</b>	<b>958,268</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$9,224,022</b>	<b>\$2,250,758</b>	<b>\$1,264,667</b>

See accompanying notes to the basic financial statements

Special Assessment Bond	Nonmajor Governmental Funds	Total Governmental Funds
\$147,599	\$3,444,837	\$11,600,418
0	0	10,496
0	1,359	133,027
0	13,190	556,524
0	0	2,205,826
0	177,736	1,967,076
0	195,109	195,109
0	0	36,651
0	0	14,030
985,112	134,783	1,119,895
0	0	120
<u>\$1,132,711</u>	<u>\$3,967,014</u>	<u>\$17,839,172</u>
\$0	\$24,185	\$193,314
0	11,376	244,370
0	62,087	319,291
0	14,030	14,030
<u>0</u>	<u>111,678</u>	<u>771,005</u>
0	164,500	1,836,500
0	195,109	195,109
985,112	161,209	3,264,153
<u>985,112</u>	<u>520,818</u>	<u>5,295,762</u>
0	1,393,155	1,535,319
147,599	1,753,772	3,425,266
0	79,913	79,913
0	157,536	309,866
0	(49,858)	6,422,041
<u>147,599</u>	<u>3,334,518</u>	<u>11,772,405</u>
<u>\$1,132,711</u>	<u>\$3,967,014</u>	<u>\$17,839,172</u>

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**CITY OF FRANKLIN, OHIO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND**  
**BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**DECEMBER 31, 2013**

Total Governmental Fund Balances		\$11,772,405
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.		45,988,609
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	130,576	
Other Local Taxes	33,316	
Income Taxes	1,547,299	
Special Assessments	1,119,895	
Accounts	2,550	
Intergovernmental	430,517	
Total	<u>3,264,153</u>	3,264,153
In the Statement of Activities, interest is accrued on long-term debt, whereas in governmental funds, an interest expenditure is reported when due.		(21,551)
Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.		321,516
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(5,617,435)	
Special Assessment Bonds	(1,259,000)	
Police Pension	(60,516)	
Capital Leases	(118,533)	
Compensated Absences	(782,808)	
Total	<u>(7,838,292)</u>	(7,838,292)
Net Position of Governmental Activities		<u>\$53,486,840</u>

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, 2013**

	<u>General</u>	<u>Fire Levy</u>	<u>Transportation</u>
Revenues:			
Property Taxes	\$396,010	\$1,214,249	\$0
Other Local Taxes	191,711	0	0
Income Taxes	8,106,000	0	0
Payments in Lieu of Taxes	0	0	0
Special Assessments	0	0	0
Charges for Services	43,603	346,228	0
Fines, Licenses and Permits	460,862	0	1,256
Intergovernmental	373,652	203,635	638,414
Interest	45,317	0	23
Contributions and Donations	2,088	1,214	0
Other	116,152	15,581	11,479
Total Revenues	<u>9,735,395</u>	<u>1,780,907</u>	<u>651,172</u>
Expenditures:			
Current:			
General Government	2,280,146	0	0
Security of Persons and Property:			
Police	3,075,344	0	0
Fire	0	2,181,002	0
Other	188,221	0	0
Public Health and Welfare	0	0	0
Leisure Time Activities	30,000	0	0
Economic Development	0	0	0
Transportation	0	0	1,251,935
Capital Outlay	86,083	0	0
Debt Service:			
Principal Retirement	0	60,605	0
Interest and Fiscal Charges	0	1,315	0
Total Expenditures	<u>5,659,794</u>	<u>2,242,922</u>	<u>1,251,935</u>
Excess of Revenues Over (Under)			
Expenditures	<u>4,075,601</u>	<u>(462,015)</u>	<u>(600,763)</u>
Other Financing Sources (Uses):			
Transfers In	0	750,000	600,000
Transfers Out	<u>(2,607,957)</u>	<u>(68,654)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(2,607,957)</u>	<u>681,346</u>	<u>600,000</u>
Net Change in Fund Balances	1,467,644	219,331	(763)
Fund Balances at Beginning of Year	<u>5,181,184</u>	<u>463,861</u>	<u>959,031</u>
Fund Balances at End of Year	<u><u>\$6,648,828</u></u>	<u><u>\$683,192</u></u>	<u><u>\$958,268</u></u>

See accompanying notes to the basic financial statements



Special Assessment Bond	Nonmajor Governmental Funds	Total Governmental Funds
\$0	\$169,770	\$1,780,029
0	0	191,711
0	0	8,106,000
0	199,588	199,588
286,936	136,554	423,490
0	0	389,831
0	183,089	645,207
0	626,814	1,842,515
32,125	124,668	202,133
0	0	3,302
0	42,474	185,686
<u>319,061</u>	<u>1,482,957</u>	<u>13,969,492</u>
0	88,922	2,369,068
0	480,641	3,555,985
0	121,368	2,302,370
0	130,059	318,280
0	11,250	11,250
0	260,506	290,506
0	51,449	51,449
0	1,951	1,253,886
0	526,334	612,417
248,000	341,690	650,295
79,414	205,226	285,955
<u>327,414</u>	<u>2,219,396</u>	<u>11,701,461</u>
<u>(8,353)</u>	<u>(736,439)</u>	<u>2,268,031</u>
0	1,456,611	2,806,611
<u>0</u>	<u>0</u>	<u>(2,676,611)</u>
<u>0</u>	<u>1,456,611</u>	<u>130,000</u>
(8,353)	720,172	2,398,031
<u>155,952</u>	<u>2,614,346</u>	<u>9,374,374</u>
<u>\$147,599</u>	<u>\$3,334,518</u>	<u>\$11,772,405</u>

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**CITY OF FRANKLIN, OHIO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Net Change in Fund Balances - Total Governmental Funds \$2,398,031

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	892,967	
Current Year Depreciation	<u>(2,681,895)</u>	
Excess of depreciation expense over capital outlay		(1,788,928)

When capital assets are disposed of, the cost of the capital assets is removed  
from the capital assets account in the Statement of Net Position, resulting in a loss  
on disposal of capital assets in the Statement of Activities. (10,400)

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	5,469	
Other Local Taxes	(262)	
Income Taxes	(14,269)	
Special Assessments	(282,941)	
Charges for Services	2,550	
Intergovernmental	<u>(262,216)</u>	
Total		(551,669)

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.

Bond Principal Retirement	340,000	
Special assessment principal retirement	248,000	
Police Pension Principal Retirement	1,690	
Capital lease principal retirement	<u>60,605</u>	
Total Long-Term Debt Repayment		650,295

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 Loss on Refunding	(22,965)	
Accrued Interest	<u>2,125</u>	
Total		6,007

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

Increase in Compensated Absences	<u>(31,531)</u>
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Change in Net Position of Governmental Activities \$671,805

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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$415,000	\$415,000	\$396,010	(\$18,990)
Other Local Taxes	169,405	191,000	192,201	1,201
Income Taxes	7,082,392	6,774,209	8,035,452	1,261,243
Charges for Services	38,431	31,000	43,603	12,603
Fines, Licenses and Permits	404,700	432,800	459,160	26,360
Intergovernmental	330,323	253,900	374,774	120,874
Contributions and Donations	1,840	5,400	2,088	(3,312)
Interest	54,578	5,000	61,922	56,922
Other	100,260	85,300	116,152	30,852
Total Revenues	8,596,929	8,193,609	9,681,362	1,487,753
Expenditures:				
Current:				
General Government	2,643,492	2,859,486	2,337,107	522,379
Security of Persons and Property:				
Police	3,530,853	3,335,248	3,104,422	230,826
Other	196,465	217,818	192,334	25,484
Capital Outlay	266,144	266,144	96,408	169,736
Total Expenditures	6,636,954	6,678,696	5,730,271	948,425
Excess of Revenues Over Expenditures	1,959,975	1,514,913	3,951,091	2,436,178
Other Financing Sources (Uses):				
Transfers In	0	428,029	0	(428,029)
Transfers Out	(2,732,292)	(3,008,206)	(2,777,156)	231,050
Total Other Financing Sources (Uses)	(2,732,292)	(2,580,177)	(2,777,156)	(196,979)
Net Change in Fund Balance	(772,317)	(1,065,264)	1,173,935	2,239,199
Fund Balance at Beginning of Year	5,004,492	5,004,492	5,004,492	0
Prior Year Encumbrances Appropriated	90,855	90,855	90,855	0
Fund Balance at End of Year	\$4,323,030	\$4,030,083	\$6,269,282	\$2,239,199

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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property Taxes	\$530,000	\$1,640,000	\$1,214,249	(\$425,751)
Charges for Services	682,400	825,000	323,382	(501,618)
Fines, Licenses and Permits	0	2,000	0	(2,000)
Intergovernmental	419,159	0	198,635	198,635
Contributions and Donations	2,562	0	1,214	1,214
Other	32,879	17,016	15,581	(1,435)
Total Revenues	<u>1,667,000</u>	<u>2,484,016</u>	<u>1,753,061</u>	<u>(730,955)</u>
Expenditures:				
Current:				
Security of Persons and Property:				
Fire	<u>2,497,496</u>	<u>3,353,734</u>	<u>2,197,518</u>	<u>1,156,216</u>
Excess of Revenues Under Expenditures	<u>(830,496)</u>	<u>(869,718)</u>	<u>(444,457)</u>	<u>425,261</u>
Other Financing Sources (Uses):				
Transfers In	750,000	750,000	750,000	0
Transfers Out	<u>0</u>	<u>(88,000)</u>	<u>(68,654)</u>	<u>19,346</u>
Total Other Financing Sources (Uses)	<u>750,000</u>	<u>662,000</u>	<u>681,346</u>	<u>19,346</u>
Net Change in Fund Balance	(80,496)	(207,718)	236,889	444,607
Fund Balance at Beginning of Year	495,411	495,411	495,411	0
Prior Year Encumbrances Appropriated	<u>42,186</u>	<u>42,186</u>	<u>42,186</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$457,101</u></u>	<u><u>\$329,879</u></u>	<u><u>\$774,486</u></u>	<u><u>\$444,607</u></u>

**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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Fines, Licenses and Permits	\$1,502	\$500	\$1,256	\$756
Intergovernmental	761,539	770,200	636,638	(133,562)
Interest	28	100	23	(77)
Other	13,731	6,000	11,479	5,479
Total Revenues	<u>776,800</u>	<u>776,800</u>	<u>649,396</u>	<u>(127,404)</u>
Expenditures:				
Current:				
Transportation	1,290,746	1,312,749	1,195,217	117,532
Capital Outlay	90,000	90,000	0	90,000
Total Expenditures	<u>1,380,746</u>	<u>1,402,749</u>	<u>1,195,217</u>	<u>207,532</u>
Excess of Revenues Under Expenditures	(603,946)	(625,949)	(545,821)	80,128
Other Financing Sources:				
Transfers In	600,000	600,000	600,000	0
Net Change in Fund Balance	(3,946)	(25,949)	54,179	80,128
Fund Balance at Beginning of Year	797,254	797,254	797,254	0
Prior Year Encumbrances Appropriated	<u>11,503</u>	<u>11,503</u>	<u>11,503</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$804,811</u></u>	<u><u>\$782,808</u></u>	<u><u>\$862,936</u></u>	<u><u>\$80,128</u></u>

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**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**DECEMBER 31, 2013**

	Water	Sewer	Trash
<b>Assets:</b>			
<b>Current Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$874,106	\$591,979	\$203,715
Materials and Supplies Inventory	49,398	1,887	0
Accounts Receivable	272,587	401,251	67,405
<b>Restricted Assets:</b>			
Cash and Cash Equivalents with Trustee	456,716	0	0
<b>Total Current Assets</b>	<b>1,652,807</b>	<b>995,117</b>	<b>271,120</b>
<b>Noncurrent Assets:</b>			
<b>Restricted Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	511,560	133,930	0
Cash and Cash Equivalents with Trustee	173,177	0	0
Nondepreciable Capital Assets	1,020,364	37,500	0
Depreciable Capital Assets, Net	8,746,157	3,883,189	0
<b>Total Noncurrent Assets</b>	<b>10,451,258</b>	<b>4,054,619</b>	<b>0</b>
<b>Total Assets</b>	<b>12,104,065</b>	<b>5,049,736</b>	<b>271,120</b>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	18,854	0	0
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts Payable	49,589	13,606	713
Accrued Wages and Benefits Payable	37,429	7,634	1,952
Contracts Payable	0	152,260	0
Intergovernmental Payable	28,716	10,137	2,591
Accrued Interest Payable	80,128	0	0
Compensated Absences Payable	18,302	12,928	556
Revenue Bonds Payable	445,000	0	0
OWDA Loans Payable	208,598	0	0
<b>Total Current Liabilities</b>	<b>867,762</b>	<b>196,565</b>	<b>5,812</b>
<b>Long Term Liabilities:</b>			
Compensated Absences Payable	55,022	50,179	2,326
Revenue Bonds Payable	3,065,640	0	0
OWDA Loans Payable	2,193,717	0	0
Refundable Deposits	69,165	69,165	0
<b>Total Long Term Liabilities</b>	<b>5,383,544</b>	<b>119,344</b>	<b>2,326</b>
<b>Total Liabilities</b>	<b>6,251,306</b>	<b>315,909</b>	<b>8,138</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	3,872,420	3,920,689	0
<b>Restricted for:</b>			
Debt Service	617,111	0	0
Revenue Bonds Replacement and Improvements	377,630	0	0
Unrestricted	1,004,452	813,138	262,982
<b>Total Net Position</b>	<b>\$5,871,613</b>	<b>\$4,733,827</b>	<b>\$262,982</b>

See accompanying notes to the basic financial statements



<u>Stormwater Utility</u>	<u>Total</u>
\$252,603	\$1,922,403
0	51,285
42,364	783,607
0	456,716
294,967	3,214,011
0	645,490
0	173,177
37,500	1,095,364
9,820,178	22,449,524
9,857,678	24,363,555
10,152,645	27,577,566
0	18,854
969	64,877
7,152	54,167
0	152,260
8,586	50,030
0	80,128
1,949	33,735
0	445,000
0	208,598
18,656	1,088,795
14,418	121,945
0	3,065,640
0	2,193,717
0	138,330
14,418	5,519,632
33,074	6,608,427
9,857,678	17,650,787
0	617,111
0	377,630
261,893	2,342,465
\$10,119,571	\$20,987,993

**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>
Operating Revenues:			
Charges for Services	<u>\$2,527,385</u>	<u>\$2,403,048</u>	<u>\$746,766</u>
Operating Expenses:			
Personal Services	681,666	349,656	60,806
Contractual Services	592,030	1,928,626	739,132
Supplies and Materials	108,924	50,941	11,607
Depreciation	188,043	142,963	0
Other	<u>6,773</u>	<u>50,232</u>	<u>0</u>
Total Operating Expenses	<u>1,577,436</u>	<u>2,522,418</u>	<u>811,545</u>
Operating Income (Loss)	<u>949,949</u>	<u>(119,370)</u>	<u>(64,779)</u>
Non-Operating Revenues (Expenses):			
Intergovernmental	0	0	105,072
Other Non-Operating Revenues	5,114	0	3,339
Interest and Fiscal Charges	<u>(346,712)</u>	<u>0</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>(341,598)</u>	<u>0</u>	<u>108,411</u>
Income (Loss) Before Transfers	608,351	(119,370)	43,632
Transfers Out	<u>(65,000)</u>	<u>(65,000)</u>	<u>0</u>
Change in Net Position	543,351	(184,370)	43,632
Net Position at Beginning of Year	<u>5,328,262</u>	<u>4,918,197</u>	<u>219,350</u>
Net Position at End of Year	<u><u>\$5,871,613</u></u>	<u><u>\$4,733,827</u></u>	<u><u>\$262,982</u></u>

See accompanying notes to the basic financial statements

<u>Stormwater Utility</u>	<u>Total</u>
<u>\$455,305</u>	<u>\$6,132,504</u>
197,784	1,289,912
10,879	3,270,667
13,581	185,053
433,216	764,222
0	57,005
<u>655,460</u>	<u>5,566,859</u>
<u>(200,155)</u>	<u>565,645</u>
0	105,072
2,549	11,002
<u>(1,237)</u>	<u>(347,949)</u>
<u>1,312</u>	<u>(231,875)</u>
(198,843)	333,770
0	(130,000)
<u>(198,843)</u>	<u>203,770</u>
<u>10,318,414</u>	<u>20,784,223</u>
<u><u>\$10,119,571</u></u>	<u><u>\$20,987,993</u></u>

**CITY OF FRANKLIN, OHIO**  
**STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Water	Sewer	Trash	Stormwater Utility	Totals
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$2,561,934	\$2,469,743	\$746,100	\$450,656	\$6,228,433
Cash Paid for Employee Services and Benefits	(665,140)	(353,856)	(62,224)	(194,035)	(1,275,255)
Cash Paid to Suppliers for Goods and Services	(704,762)	(2,222,913)	(753,274)	(23,723)	(3,704,672)
Utility Deposits Received	26,591	26,389	0	0	52,980
Utility Deposits Returned	(22,191)	(21,989)	0	0	(44,180)
Other Operating Expenses	(6,773)	(50,232)	0	0	(57,005)
Net Cash Provided by (Used for) Operating Activities	1,189,659	(152,858)	(69,398)	232,898	1,200,301
<u>Cash Flows from Noncapital Financing Activities:</u>					
Other Non-Operating Revenues	5,114	0	108,411	2,549	116,074
Transfers Out to Other Funds	(65,000)	(65,000)	0	0	(130,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	(59,886)	(65,000)	108,411	2,549	(13,926)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Acquisition of Capital Assets	(143,924)	(24,500)	0	0	(168,424)
Interest Paid on OWDA Loans	(149,062)	0	0	0	(149,062)
Principal Paid on OWDA Loans	(196,360)	0	0	0	(196,360)
Interest Paid on Mortgage Revenue Bonds	(206,910)	0	0	0	(206,910)
Principal Paid on Mortgage Revenue Bonds	(430,000)	0	0	0	(430,000)
Principal Paid on Bond Anticipation Notes	0	0	0	(445,000)	(445,000)
Interest Paid on Bond Anticipation Notes	0	0	0	(5,562)	(5,562)
Net Cash Used for Capital and Related Financing Activities	(1,126,256)	(24,500)	0	(450,562)	(1,601,318)
Net Increase (Decrease) in Cash and Cash Equivalents	3,517	(242,358)	39,013	(215,115)	(414,943)
Cash and Cash Equivalents at Beginning of Year	2,012,042	968,267	164,702	467,718	3,612,729
Cash and Cash Equivalents at End of Year	\$2,015,559	\$725,909	\$203,715	\$252,603	\$3,197,786
Reconciliation of Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>					
Operating Income (Loss)	\$949,949	(\$119,370)	(\$64,779)	(\$200,155)	\$565,645
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Depreciation Expense	188,043	142,963	0	433,216	764,222
Change in Assets and Liabilities:					
(Increase) in Materials and Supplies Inventory	(21,846)	(403)	0	0	(22,249)
(Increase) Decrease in Accounts Receivable	34,549	66,695	(666)	(4,148)	96,430
Increase (Decrease) in Accounts Payable	17,286	(84,501)	(2,535)	236	(69,514)
Increase (Decrease) in Accrued Wages and Benefits Payable	6,313	(5,014)	(38)	2,269	3,530
Decrease in Contracts Payable	0	(158,442)	0	0	(158,442)
Increase (Decrease) in Intergovernmental Payable	1,595	(3,778)	(1,879)	1,775	(2,287)
Increase (Decrease) in Compensated Absences Payable	9,370	4,592	499	(295)	14,166
Increase in Refundable Deposits Payable	4,400	4,400	0	0	8,800
Total Adjustments	239,710	(33,488)	(4,619)	433,053	634,656
Net Cash Provided by (Used for) Operating Activities	\$1,189,659	(\$152,858)	(\$69,398)	\$232,898	\$1,200,301

See accompanying notes to the basic financial statements

***CITY OF FRANKLIN, OHIO  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2013***

Assets:	
Equity in Pooled Cash and Cash Equivalents	\$225
Cash in Segregated Accounts	<u>72,050</u>
Total Assets	<u><u>\$72,275</u></u>
Liabilities:	
Intergovernmental Payable	\$23,363
Undistributed Monies	15,270
Deposits Held and Due to Others	<u>33,642</u>
Total Liabilities	<u><u>\$72,275</u></u>

See accompanying notes to the basic financial statements

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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

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

*Reporting Entity*

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

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

The City participates in one joint venture, one shared risk pool, and three jointly governed organizations. These organizations are presented in Note 19 of the basic financial statements. These organizations are:

Joint Venture:

Joint Recreation Facility

Shared Risk Pool:

Ohio Government Risk Management Plan

Jointly Governed Organizations:

Warren County General Health District

Joint Emergency Medical Service

Warren County Fire Response and Life Safety Council of Governments

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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

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

**Basis of Presentation**

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

*Government-Wide Financial Statements*

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

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

*Fund Financial Statements*

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

**Fund Accounting**

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

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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*Governmental Funds*

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

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

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

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

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.

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.



**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

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*Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held and administered by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has three agency funds that are used to account for fines and fees and taxes held for distribution to other governments and for the activity of entities for which the City serves as fiscal agent.

**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.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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*Revenues - Exchange and Non-Exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means that the amount of the transaction can be determined, and "available" means that the resources are collectible within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, "available" means expected to be received within 31 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, 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 a deferred charge on refunding 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.

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, payments in lieu of taxes, and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance 2014 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, intergovernmental revenues, including grants, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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*Expenses/Expenditures*

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

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

**Cash and Cash Equivalents**

To improve cash management, all cash received by the City is pooled. Monies for all funds, including enterprise funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." The City's Municipal Court has its own checking accounts for collection and distribution of court fines and forfeitures, which are presented on the financial statements as "Cash in Segregated Accounts." The City's deposits on hand for future principal and interest payments on mortgage revenue bonds are presented as "Restricted Assets: Cash and Cash Equivalents with Trustee."

During the year, the City's investments were limited to STAROhio, Smith Barney common stock, Federal Home Loan Mortgage Notes, Federal National Mortgage Association Notes, and a mutual fund. The City received a donation of common and preferred stock from an estate in 2009. Except for nonparticipating investment contracts, investments are reported at fair value, which, except for mutual funds, is based on quoted market prices.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2013. STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share, which is the price the investment could be sold at December 31, 2013.

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 2013 amounted to \$45,317, which includes \$20,402 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, 2013**

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**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable/Payable.” Interfund balances are eliminated on the governmental-wide statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances.”

**Inventory**

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

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

**Capital Assets**

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

All capital assets are capitalized at cost when historical records are available and estimated historical cost where no historical records exist, and are updated for additions and reductions during the year. For certain assets, estimates were calculated by indexing estimated current costs back to the estimated year of acquisition. Donated capital assets are recorded at their fair market 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 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Capitalization of Interest**

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

**Compensated Absences**

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

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

**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 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).

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

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

*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.

*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

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include funds for the operation of recreational activities, improving the living environment of the City, and police and fire pensions.

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

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

**Internal Activity**

Transfers 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.

**CITY OF FRANKLIN, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Bond Premiums**

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

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

**Deferred Charge on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**Operating Revenues and Expenses**

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

**Estimates**

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

**Note 3 – Changes in Accounting Principles**

For 2013, the City implemented Governmental Accounting Standard Board (GASB) *Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34.”* This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The implementation of this statement did not result in any change in the City’s financial statements.

**Note 4 – Accountability**

At December 31, 2013, the Police and Fire Pension fund, which is a special revenue fund, is the only fund with a deficit fund balance. For 2013, the deficit fund balance was \$49,858.

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.



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**Note 5 – Budgetary Basis of Accounting**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget and actual (budget basis) - General Fund, Fire Levy and Transportation special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

	Net Change in Fund Balance		
	General Fund	Fire Levy Fund	Transportation Fund
GAAP Basis	\$1,467,644	\$219,331	(\$763)
Revenue Accruals	(34,978)	(52,292)	(1,776)
Expenditure Accruals	10,584	56,074	60,513
Encumbrances	(81,061)	(10,670)	(3,795)
Net Decrease in Fair Value of Investments	4,506	0	0
Unrecorded Cash - 2012	24,929	0	0
Unrecorded Cash - 2013	(48,490)	24,446	0
Transfers	(169,199)	0	0
Budget Basis	\$1,173,935	\$236,889	\$54,179

**Note 6 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
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 25 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.

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

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

The City has passed an ordinance allowing the City to invest monies not required to be used for a period of six months or more in the following:

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

*Investments*

As of December 31, 2013, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>	<u>Moody's Rating</u>	<u>Percentage of Total Investments</u>
STAROhio	\$1,407,332	Less than One	N/A	N/A
Common Stock	1,646,001	Less than One	N/A	45.19%
Federal Home Loan Mortgage Notes	193,908	Less than Five	Aaa	5.32%
Federal National Mortgage Association Notes	294,813	Less than Five	Aaa	8.09%
Huntington Bank Mutual Fund	100,389	Less than One	Aaa	2.76%
Total Investments	<u>\$3,642,443</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.

*Custodial Credit Risk*

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

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*Interest Rate Risk*

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

*Credit Risk*

The Moody's ratings of the City's investments are listed in the table above. STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase 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 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes were levied after October 1, 2013 on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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. 2013 public utility property taxes, which became a lien December 31, 2012, are levied after October 1, 2013 and are collected in 2014 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2013 was \$9.32 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$192,438,870
Public Utility Personal Property	14,274,420
Totals	<u><u>\$206,713,290</u></u>

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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, 2013, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2013 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 2013, the proceeds were allocated to the General Fund.

**Note 9 – Receivables**

Receivables at December 31, 2013 consisted of accounts, intergovernmental, including grants, entitlements and shared revenues, income taxes, property taxes, revenue in lieu of taxes, other local taxes, interfund, special assessments, and 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 \$678,748. The City has \$225,466 in delinquent special assessments at December 31, 2013.

A summary of intergovernmental receivables follows:

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	Amount
<u>Governmental Activities:</u>	
Local Government Assistance	\$85,536
Homestead and Rollback Exemption	101,495
Estate Tax	8,477
Recreation Fees	39,604
Charges for Services	14,875
Gasoline Tax	207,300
Motor Vehicle License Tax	47,517
Permissive Motor Vehicle License Tax	51,720
Total Governmental Activities	\$556,524

**Note 10 – Capital Assets**

Capital assets activity for the year ended December 31, 2013 was as follows:

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	\$19,175,661	\$91,490	\$0	\$19,267,151
Depreciable Capital Assets:				
Land Improvements	1,387,473	0	0	1,387,473
Buildings	6,749,871	301,720	0	7,051,591
Equipment	1,499,032	90,504	(13,000)	1,576,536
Vehicles	3,110,012	115,844	(58,767)	3,167,089
Infrastructure	63,748,577	293,409	0	64,041,986
Total Depreciable Capital Assets	76,494,965	801,477	(71,767)	77,224,675
Less Accumulated Depreciation:				
Land Improvements	(1,112,030)	(25,339)	0	(1,137,369)
Buildings	(1,848,965)	(119,453)	0	(1,968,418)
Equipment	(1,037,177)	(82,966)	2,600	(1,117,543)
Vehicles	(2,527,490)	(139,857)	58,767	(2,608,580)
Infrastructure	(41,357,027)	(2,314,280)	0	(43,671,307)
Total Accumulated Depreciation	(47,882,689)	(2,681,895) *	61,367	(50,503,217)
Depreciable Capital Assets, Net	28,612,276	(1,880,418)	(10,400)	26,721,458
Governmental Activities Capital Assets, Net	\$47,787,937	(\$1,788,928)	(\$10,400)	\$45,988,609

\* Depreciation expense was charged to governmental programs as follows:

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	Amount
General Government	\$35,268
Security of Persons and Property:	
Police	85,833
Fire	104,685
Leisure Time Activities	24,078
Public Works	97,090
Transportation	2,334,941
Total Depreciation Expense	\$2,681,895

	Balance at January 1, 2013	Additions	Deletions	Balance at December 31, 2013
Business-Type Activities				
Capital Assets, Not Being Depreciated:				
Land	\$1,095,364	\$0	\$0	\$1,095,364
Depreciable Capital Assets:				
Land Improvements	12,921	0	0	12,921
Buildings	72,700	0	0	72,700
Equipment	332,257	111,305	0	443,562
Vehicles	609,017	32,619	(42,622)	599,014
Infrastructure	39,711,191	24,500	0	39,735,691
Total Depreciable Capital Assets	40,738,086	168,424	(42,622)	40,863,888
Less Accumulated Depreciation:				
Land Improvements	(2,038)	(204)	0	(2,242)
Buildings	(12,926)	(666)	0	(13,592)
Equipment	(127,034)	(6,753)	0	(133,787)
Vehicles	(164,055)	(36,710)	42,622	(158,143)
Infrastructure	(17,386,711)	(719,889)	0	(18,106,600)
Total Accumulated Depreciation	(17,692,764)	(764,222)	42,622	(18,414,364)
Depreciable Capital Assets, Net	23,045,322	(595,798)	0	22,449,524
Business-Type Activities Capital Assets, Net	\$24,140,686	(\$595,798)	\$0	\$23,544,888

**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.

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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.

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 coverage to its members sold through 14 appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk Management (“OPRM”), 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, except OPRM retains 41.5 percent of the premium and losses on the first \$250,000 casualty treaty and 10 percent of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively. The City participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan. The complete audited financial statements for OPRM and OPHC are available at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

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

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General Liability (per Occurrence/aggregate)	\$6,000,000/\$8,000,000	N/A
Employers Liability (per Occurrence/aggregate)	6,000,000/6,000,000	N/A
Employee Benefits Liability (per Occurrence/aggregate)	6,000,000/8,000,000	N/A
Law Enforcement Officers Liability (per Occurrence/aggregate)	6,000,000/8,000,000	5,000
Public Officials Liability (per Occurrence/aggregate)	6,000,000/8,000,000	5,000
Automobile Liability (per Occurrence)	6,000,000	N/A
Property Coverage	32,701,770	1,000
Special Property Coverage	1,321,999	1,000
Electronic Equipment Coverage	262,422	1,000
Public Employee Dishonesty Coverage	50,000	N/A

There have been no significant reductions in insurance coverage from 2012, and no insurance settlement has exceeded insurance coverage during the last three years.

**Workers’ Compensation**

The City pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative cost.



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**Note 12 – Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Plan Description – The City participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, or 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 statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for State and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10.0 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2013, members in State and local divisions contributed 10.0 percent of covered payroll. For 2013, member and employer contribution rates were consistent across all three plans.

The City's 2013 contribution rate was 14.0 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$326,117, \$250,837, and \$256,431, respectively. For 2013, 85.90 percent has been contributed with the balance due being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$1,120 made by the City and \$800 made by plan members.

**Ohio Police and Fire Pension Fund**

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and

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required supplementary information for the plan. That report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2013, thru July 1, 2013, plan members were required to contribute 10.0 percent of their annual covered salary. From July 2, 2013, thru December 31, 2013, plan members were required to contribute 10.75 percent of their annual covered salary. Throughout 2013, employers were required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. For January 1, 2013, thru May 31, 2013, the portion of employer contributions used to fund pension benefits was 14.81 percent of covered payroll for police officers and 19.31 percent of covered payroll for firefighters. For June 1, 2013, thru December 31, 2013, the portion of employer contributions used to fund pension benefits was 16.65 percent of covered payroll for police officers and 21.15 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$320,636 and \$168,141 for the year ended December 31, 2013, \$250,111 and \$142,964 for the year ended December 31, 2012, and \$252,867 and \$145,996 for the year ended December 31, 2011, respectively. For 2013, 87.65 percent for police and 86.50 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

**Note 13 – Post-Employment Benefits**

**Ohio Public Employees Retirement System**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report, which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, State and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS Actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$25,086, \$100,335, and \$102,572, respectively. For 2013, 85.90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

**Ohio Police and Fire Pension Fund**

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

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

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

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 January 1, 2013, thru May 31, 2013, the employer contribution allocated to the health care plan was 4.69 percent of covered payroll. For June 1, 2013, thru December 31, 2013, the employer contribution allocated to the health care plan was 2.85 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is 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 contributions to OP&F that were allocated to fund post-employment health care benefits for police and firefighters were \$54,884 and \$22,675 for the year ended December 31, 2013, \$132,412 and \$55,943 for the year ended December 31, 2012, and \$133,871 and \$57,129 for the year ended December 31, 2011, respectively. For 2013, 87.65 percent has been contributed for police, and 86.50 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 2012 and 2011.

**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 4.62 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

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reasons other than death or retirement will be paid 50 percent of accumulated sick leave up to a maximum of 75 days (600 hours). Employees hired on or after June 7, 2005, will be paid 25 percent of accumulated sick leave up to a maximum payment of 240 hours.

*Accumulated Unpaid Compensatory Time*

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

**Health Care Benefits**

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

**Health Savings Account**

Employees have the option of contributing to a Health Savings Account up to \$2,550 for single coverage, \$5,500 for employee and children, \$5,250 for employee and spouse, or \$5,000 for family coverage. The City contributes an additional \$700, \$950, \$1,200, or \$1,450, respectively, 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 prior years, the City entered into a capital lease for vehicles. By the terms of the agreement, ownership of the equipment is transferred to the City by the end of the three-year lease term. 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.

Capital assets consisting of vehicles have been capitalized in the amount of \$179,138 in the governmental activities.

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	Governmental Activities
Asset: Vehicle	\$179,138
Less: Accumulated Depreciation	33,588
Total	\$145,550

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, 2013.

	December 31,	Governmental Activities
	2014	\$61,920
	2015	61,920
Total		123,840
Less: Amount Representing Interest		(5,307)
Present Value of Minimum Lease Payments		\$118,533

**Note 16 – Long -Term Obligations**

A schedule of changes in bonds and other long-term obligations of the governmental activities of the City during 2013 follows:

Types/Issues	January 1, 2013	Increases	Decreases	December 31, 2013	Due Within One Year
<u>Special Assessment Bonds with Governmental Commitment</u>					
1995 - 6.00% Miller Stub Street \$78,513	\$18,000	\$0	\$6,000	\$12,000	\$6,000
1995 - 5.75% Shotwell Drive \$227,000	54,000	0	17,000	37,000	18,000
1997 - 5.80% Franklin Commerce Center \$577,400	180,000	0	40,000	140,000	45,000
1998 - 5.00% Scholl Road \$514,177	195,000	0	35,000	160,000	35,000
1998 - 5.00% Fourth Street Improvement \$337,705	130,000	0	20,000	110,000	25,000
1998 - 5.00% Schumaker-Franklin \$1,322,708	520,000	0	90,000	430,000	100,000
1998 - 5.00% Deardoff Phase II \$158,410	60,000	0	10,000	50,000	10,000
1999 - 5.70% Eastlawn Sewer Line Extension \$119,779	55,000	0	5,000	50,000	5,000
2001 - 5.125% Shotwell Drive Phase III \$490,000	295,000	0	25,000	270,000	30,000
Total - Special Assessment Bonds	\$1,507,000	\$0	\$248,000	\$1,259,000	\$274,000

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Types/Issues	January 1, 2013	Increases	Decreases	December 31, 2013	Due Within One Year
<u>General Obligation Bonds (Unvoted)</u>					
2003 - 4.00% - 5.00% Various Purpose					
Bonds \$960,000	\$45,000	\$0	\$45,000	\$0	\$0
2003 - 1.50% - 4.65% Administrative and Court					
Facility Improvements \$1,260,000	60,000	0	60,000	0	0
2012 - 3.00% - 4.00% Various Purpose Refunding					
Bonds \$5,630,000	5,490,000	0	235,000	5,255,000	360,000
Premium on Debt Issue	389,282	0	26,847	362,435	0
Total - General Obligation Bonds	<u>5,984,282</u>	<u>0</u>	<u>366,847</u>	<u>5,617,435</u>	<u>360,000</u>
<u>Other Long-Term Obligations</u>					
Compensated Absences	751,277	346,874	315,343	782,808	171,426
2.50% - Police and Fire Pension	62,206	0	1,690	60,516	1,762
Capital Leases Payable	179,138	0	60,605	118,533	58,399
Total - Other Long-Term Obligations	<u>992,621</u>	<u>346,874</u>	<u>377,638</u>	<u>961,857</u>	<u>231,587</u>
Total - All General Long-Term Obligations	<u>\$8,483,903</u>	<u>\$346,874</u>	<u>\$992,485</u>	<u>\$7,838,292</u>	<u>\$865,587</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 October 1, 2003, the City issued \$960,000 in General Obligation Bonds for the purpose of retiring Bond Anticipation Notes that were issued for the purpose of street and police department facility improvements. Of these bonds \$385,000 are serial bonds and \$575,000 are term bonds. The bonds were paid from the Debt Service Fund with transfers from the General Fund. The remaining bonds were retired during 2013.

On August 1, 2003, the City issued \$1,260,000 in General Obligation Bonds for the purpose of making improvements to the City Administration and Municipal Court facilities. Of these bonds, \$300,000 are serial bonds and \$960,000 are term bonds. The bonds were paid from the Debt Service Fund with transfers from the General Fund. The remaining bonds were retired during 2013.

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 net proceeds of the refunding bond issue, in the amount of \$5,938,729 were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments of the refunded bonds. As a result, \$5,605,000 of the refunded bonds as well as a discount of \$10,572 has been removed from the City's financial statements. On December 1, 2013, the remaining refunded bonds were paid off.

The reacquisition price exceeded the net carrying amount of the old debt by \$344,481. These amounts are presented as Deferred Charge on Refunding and amortized over the remaining life of the new debt. The City decreased its total debt service payments by \$780,832 as a result of the advance refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$637,684.

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

<u>Year</u>	<u>Amount</u>
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:

<u>Year</u>	<u>Amount</u>
2026	\$290,000
2027	300,000
Total	<u>\$590,000</u>

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

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, 2013, \$60,516 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 2013 were as follows:

Types/Issues	Balance January 1, 2013	Increases	Decreases	Balance December 31, 2013	Due Within One Year
OWDA Loans	\$2,598,675	\$0	\$196,360	\$2,402,315	\$208,598
2006 - 4.000% - 4.125% Mortgage Revenue					
Refunding Bonds - \$6,140,000	3,905,000	0	430,000	3,475,000	445,000
Premium on Debt Issue	39,265	0	3,625	35,640	0
Compensated Absences	141,514	73,452	59,286	155,680	33,735
Total - Business-Type Activities	<u>\$6,684,454</u>	<u>\$73,452</u>	<u>\$689,271</u>	<u>\$6,068,635</u>	<u>\$687,333</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.



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

The City has pledged future revenues, net of operating expenses, to repay the OWDA Loans and the Mortgage Revenue Refunding Bonds in the City's Water Fund. The debt is payable solely from net revenues and is payable through 2028. Annual principal and interest payments on the debt issues are expected to require 83 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$7,272,827, with principal and interest of \$3,173,773 remaining on the OWDA Loan and \$4,099,054 on the Mortgage Revenue Refunding Bonds. Principal and interest paid for the current year was \$982,332, with \$345,422 paid on the OWDA Loans, and \$636,910 paid on the Mortgage Revenue Refunding Bonds. Total net revenues were \$1,137,992.

On February 28, 2013, the City paid off the Road Improvement and the Stormwater Drainage Improvement bond anticipation notes.

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

As of December 31, 2013, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$16,449,895, with an unvoted debt margin of \$6,114,231.

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2013 are:

Governmental Activities				
Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2014	\$360,000	\$191,325	\$274,000	\$66,248
2015	370,000	180,525	285,000	51,704
2016	380,000	169,425	285,000	36,599
2017	400,000	158,025	245,000	21,596
2018	420,000	142,025	45,000	8,828
2019-2023	2,190,000	447,725	125,000	12,614
2024-2028	1,135,000	96,512	0	0
Totals	<u>\$5,255,000</u>	<u>\$1,385,562</u>	<u>\$1,259,000</u>	<u>\$197,589</u>

Business-Type Activities				
Year	Mortgage Revenue Bonds		OWDA Loans	
	Principal	Interest	Principal	Interest
2014	\$445,000	\$140,594	\$208,598	\$136,824
2015	465,000	122,794	221,625	123,797
2016	485,000	104,194	235,494	109,927
2017	500,000	84,792	250,261	95,160
2018	525,000	64,168	265,985	79,437
2019-2023	1,055,000	107,512	797,771	176,355
2024-2028	0	0	422,581	49,958
	<u>\$3,475,000</u>	<u>\$624,054</u>	<u>\$2,402,315</u>	<u>\$771,458</u>

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**Revenue Housing Bonds**

The City served as the issuer of \$6,955,000 in revenue housing bonds in 1997 and \$4,500,000 in 2007. The proceeds of the \$6,955,000 bonds were used by Emerald Edge/Warren, Limited Partnership and the proceeds of the \$4,500,000 bonds were used by Sound Preservation 202 LP to finance the acquisition, construction and equipping of separate multi-family residential rental housing facilities. The housing revenue bonds do not constitute a general obligation, debt or bonded indebtedness of the City. Neither is the full faith and credit or taxing power of the City pledged to make repayment. The outstanding balance at December 31, 2013 on the Emerald Edge/Warren, Limited Partnership revenue housing bonds is \$6,756,000. The outstanding balance at December 31, 2013 on the Sound Preservation 202 LP revenue housing bonds is \$3,708,327.

**Note 17 – Short-Term Obligations**

A summary of the short-term note transactions for the year ended December 31, 2013 follows:

Fund Type	Balance January 1, 2013	Increase	Decrease	Balance December 31, 2013
<u>Governmental</u>				
General				
2012 - 1.25% Road Improvement				
Bond Anticipation Notes \$137,500	\$137,500	\$0	\$137,500	\$0
<u>Business-Type Activities</u>				
Stormwater Utility				
2012 - 1.25% Stormwater Drainage				
Improvement Project Bond				
Anticipation Notes \$445,000	\$445,000	\$0	\$445,000	\$0

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

**Note 18 – Interfund Activity**

**Interfund Receivable/Payable**

The City has interfund balances at December 31, 2013 between the General Fund and Nonmajor Governmental funds in the amount of \$14,030.

**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.

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		Transfers From				Total
		General	Fire Levy	Water	Sewer	
Transfers to	Fire Levy	\$750,000	\$0	\$0	\$0	\$750,000
	Transportation	600,000	0	0	0	600,000
	Nonmajor					
	Governmental	1,257,957	68,654	65,000	65,000	1,456,611
	Total	<u>\$2,607,957</u>	<u>\$68,654</u>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$2,806,611</u>

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

**Note 19 – 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 \$34,406 in 2013. 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, 2013 prepared on the basis of cash receipts and disbursements:

	Joint Recreation Facility
Operating Revenues	<u>\$118,446</u>
Operating Expenditures	<u>118,446</u>
Excess of Operating Revenues	
Under Expenditures	0
Fund Balance at Beginning of Year	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>

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**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 City contributed \$6,603 during 2013 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 Joint Emergency Medical Service (JEMS), a jointly governed organization, provides ambulance services to the City of Franklin, the City of Carlisle and Franklin Township. Each of the three political subdivisions appoints one member of the three-member Board of Trustees. The Board has the authority to levy taxes and approve its own budget. Funding for operations comes from the participants in the organization, charges for services and a tax levy. The City does not retain an ongoing financial interest in or responsibility for the organization.

The 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 City contributed \$1,883 during 2013 for the operation of the COG. The City does not have any financial interest in or responsibility for the COG. Nick Nelson acts as fiscal agent for the organization. Financial information may be obtained from Nick Nelson, 406 Justice Drive, Lebanon, Ohio 45036.

**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.

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Fund Balances	General	Fire Levy	Transportation	Special Assessment Bond	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Inventory	\$14,103	\$26,166	\$91,399	\$0	\$1,359	\$133,027
Unclaimed Monies	10,496	0	0	0	0	10,496
Parks and Recreation	0	0	0	0	1,391,796	1,391,796
<b><i>Total Nonspendable</i></b>	<b>24,599</b>	<b>26,166</b>	<b>91,399</b>	<b>0</b>	<b>1,393,155</b>	<b>1,535,319</b>
<b><i>Restricted For</i></b>						
Fire Services	0	657,026	0	0	0	657,026
Special Assessment Bonds	0	0	0	147,599	0	147,599
Transportation Services	0	0	866,869	0	0	866,869
Law Enforcement/Security of Persons and Property	0	0	0	0	563,545	563,545
Street Lighting	0	0	0	0	8,328	8,328
Assessment of Wastewater Treatment	0	0	0	0	1,616	1,616
FEMA	0	0	0	0	4,030	4,030
ODOT Project	0	0	0	0	293,583	293,583
Property Acquisition	0	0	0	0	84,054	84,054
Infrastructure Improvements	0	0	0	0	671,591	671,591
Parks and Recreation	0	0	0	0	127,025	127,025
<b><i>Total Restricted</i></b>	<b>0</b>	<b>657,026</b>	<b>866,869</b>	<b>147,599</b>	<b>1,753,772</b>	<b>3,425,266</b>
<b><i>Committed To</i></b>						
Park Facilities	0	0	0	0	79,913	79,913
<b><i>Assigned To</i></b>						
Debt Service Payments	0	0	0	0	157,536	157,536
Purchases on Order	152,330	0	0	0	0	152,330
<b><i>Total Assigned</i></b>	<b>152,330</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>157,536</b>	<b>309,866</b>
<b><i>Unassigned (Deficit)</i></b>	<b>6,471,899</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(49,858)</b>	<b>6,422,041</b>
<b>Total Fund Balances</b>	<b>\$6,648,828</b>	<b>\$683,192</b>	<b>\$958,268</b>	<b>\$147,599</b>	<b>\$3,334,518</b>	<b>\$11,772,405</b>

**NOTE 21 - SIGNIFICANT COMMITMENTS**

**Encumbrances**

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

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General Fund	\$81,061
Fire Fund	10,670
Transportation Fund	3,795
Nonmajor Governmental Funds	31,173
Water Fund	8,676
Sewer Fund	1,500
Storm Water Fund	1,500
Total	<u>\$138,375</u>

**Note 22 – Contingencies**

**Federal and State Grants**

For the period January 1, 2013 to December 31, 2013, 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 is party to legal proceedings, which the City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**Note 23 – Subsequent Event**

On January 2, 2014 the City left the Joint Emergency Medical Service.

*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**

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**

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**

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

**Drug Law Enforcement**

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

**Recreation**

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**

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**

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**

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**

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

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

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

*(continued)*



**CITY OF FRANKLIN, OHIO**

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

**NONMAJOR SPECIAL REVENUE FUNDS**

**Police and Fire Pension**

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**

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

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

**ODOT Project**

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**

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**

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***

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, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$708,743	\$157,536	\$1,059,737	\$1,518,821	\$3,444,837
Materials and Supplies Inventory	1,359	0	0	0	1,359
Intergovernmental Receivable	13,190	0	0	0	13,190
Property Taxes Receivable	177,736	0	0	0	177,736
Revenue in Lieu of Taxes Receivable	41,421	0	153,688	0	195,109
Special Assessments Receivable	134,783	0	0	0	134,783
<b>Total Assets</b>	<b>\$1,077,232</b>	<b>\$157,536</b>	<b>\$1,213,425</b>	<b>\$1,518,821</b>	<b>\$3,967,014</b>
<b>Liabilities:</b>					
Accounts Payable	\$24,185	\$0	\$0	\$0	\$24,185
Accrued Wages and Benefits Payable	11,376	0	0	0	11,376
Intergovernmental Payable	51,578	0	10,509	0	62,087
Interfund Payable	14,030	0	0	0	14,030
<b>Total Liabilities</b>	<b>101,169</b>	<b>0</b>	<b>10,509</b>	<b>0</b>	<b>111,678</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	164,500	0	0	0	164,500
Payments of Lieu of Taxes	41,421	0	153,688	0	195,109
Unavailable Revenue	161,209	0	0	0	161,209
<b>Total Deferred Inflows of Resources</b>	<b>367,130</b>	<b>0</b>	<b>153,688</b>	<b>0</b>	<b>520,818</b>
<b>Fund Balances:</b>					
Nonspendable	1,359	0	0	1,391,796	1,393,155
Restricted	577,519	0	1,049,228	127,025	1,753,772
Committed	79,913	0	0	0	79,913
Assigned	0	157,536	0	0	157,536
Unassigned (Deficit)	(49,858)	0	0	0	(49,858)
<b>Total Fund Balances</b>	<b>608,933</b>	<b>157,536</b>	<b>1,049,228</b>	<b>1,518,821</b>	<b>3,334,518</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$1,077,232</b>	<b>\$157,536</b>	<b>\$1,213,425</b>	<b>\$1,518,821</b>	<b>\$3,967,014</b>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$169,770	\$0	\$0	\$0	\$169,770
Payments in Lieu of Taxes	0	0	199,588	0	199,588
Special Assessments	136,554	0	0	0	136,554
Fines, Licenses and Permits	183,089	0	0	0	183,089
Intergovernmental	138,077	0	488,737	0	626,814
Interest	0	0	0	124,668	124,668
Other	12,090	0	30,384	0	42,474
<b>Total Revenues</b>	<b>639,580</b>	<b>0</b>	<b>718,709</b>	<b>124,668</b>	<b>1,482,957</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	88,922	0	0	0	88,922
<b>Security of Persons and Property:</b>					
Police	480,641	0	0	0	480,641
Fire	121,368	0	0	0	121,368
Other	130,059	0	0	0	130,059
Public Health and Welfare	11,250	0	0	0	11,250
Leisure Time Activities	260,506	0	0	0	260,506
Economic Development	51,449	0	0	0	51,449
Transportation	0	0	1,951	0	1,951
Capital Outlay	70,944	0	439,292	16,098	526,334
<b>Debt Service:</b>					
Principal Retirement	1,690	340,000	0	0	341,690
Interest and Fiscal Charges	2,610	202,616	0	0	205,226
<b>Total Expenditures</b>	<b>1,219,439</b>	<b>542,616</b>	<b>441,243</b>	<b>16,098</b>	<b>2,219,396</b>
Excess of Revenues Over (Under) Expenditures	(579,859)	(542,616)	277,466	108,570	(736,439)
<b>Other Financing Sources:</b>					
Transfers In	624,096	672,515	160,000	0	1,456,611
Net Change in Fund Balances	44,237	129,899	437,466	108,570	720,172
Fund Balances at Beginning of Year	564,696	27,637	611,762	1,410,251	2,614,346
Fund Balances at End of Year	\$608,933	\$157,536	\$1,049,228	\$1,518,821	\$3,334,518

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**CITY OF FRANKLIN, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2013**

	<u>E-911</u>	<u>Court</u>	<u>FEMA</u>	<u>Drug Law Enforcement</u>	<u>Recreation</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$159,962	\$314,281	\$4,030	\$31,152	\$95,675
Materials and Supplies Inventory	0	0	0	0	1,359
Intergovernmental Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Revenue in Lieu of Taxes Receivable	0	0	0	0	0
Special Assessments Receivable	0	0	0	0	0
<b>Total Assets</b>	<u>\$159,962</u>	<u>\$314,281</u>	<u>\$4,030</u>	<u>\$31,152</u>	<u>\$97,034</u>
Liabilities:					
Accounts Payable	\$0	\$9,144	\$0	\$0	\$3,690
Accrued Wages and Benefits Payable	5,662	823	0	0	4,891
Intergovernmental Payable	6,126	191	0	0	7,181
Interfund Payable	0	0	0	0	0
<b>Total Liabilities</b>	<u>11,788</u>	<u>10,158</u>	<u>0</u>	<u>0</u>	<u>15,762</u>
Deferred Inflows of Resources:					
Property Taxes	0	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Nonspendable	0	0	0	0	1,359
Restricted	148,174	304,123	4,030	31,152	0
Committed	0	0	0	0	79,913
Unassigned (Deficit)	0	0	0	0	0
<b>Total Fund Balances (Deficit)</b>	<u>148,174</u>	<u>304,123</u>	<u>4,030</u>	<u>31,152</u>	<u>81,272</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$159,962</u>	<u>\$314,281</u>	<u>\$4,030</u>	<u>\$31,152</u>	<u>\$97,034</u>

<u>Indigent Drivers</u>	<u>Indigent Drivers Alcohol Monitoring</u>	<u>In-House Monitoring</u>	<u>Street Lighting</u>	<u>Miami Conservancy District</u>	<u>Police and Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$50,578	\$18,308	\$11,210	\$21,931	\$1,616	\$0	\$708,743
0	0	0	0	0	0	1,359
0	0	0	0	6,892	6,298	13,190
0	0	0	0	48,070	129,666	177,736
0	0	0	0	41,421	0	41,421
0	0	0	134,783	0	0	134,783
<u>\$50,578</u>	<u>\$18,308</u>	<u>\$11,210</u>	<u>\$156,714</u>	<u>\$97,999</u>	<u>\$135,964</u>	<u>\$1,077,232</u>
\$0	\$0	\$0	\$11,351	\$0	\$0	\$24,185
0	0	0	0	0	0	11,376
0	0	0	0	0	38,080	51,578
0	0	0	2,252	0	11,778	14,030
0	0	0	13,603	0	49,858	101,169
0	0	0	0	44,500	120,000	164,500
0	0	0	0	41,421	0	41,421
0	0	0	134,783	10,462	15,964	161,209
0	0	0	134,783	96,383	135,964	367,130
0	0	0	0	0	0	1,359
50,578	18,308	11,210	8,328	1,616	0	577,519
0	0	0	0	0	0	79,913
0	0	0	0	0	(49,858)	(49,858)
<u>50,578</u>	<u>18,308</u>	<u>11,210</u>	<u>8,328</u>	<u>1,616</u>	<u>(49,858)</u>	<u>608,933</u>
<u>\$50,578</u>	<u>\$18,308</u>	<u>\$11,210</u>	<u>\$156,714</u>	<u>\$97,999</u>	<u>\$135,964</u>	<u>\$1,077,232</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,**  
**2013**

	<u>E-911</u>	<u>Court</u>	<u>FEMA</u>	<u>Drug Law Enforcement</u>	<u>Recreation</u>
Revenues:					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	0
Fines, Licenses and Permits	0	147,502	0	1,850	0
Intergovernmental	114,493	0	4,030	0	0
Other	3,049	0	0	1,403	7,638
Total Revenues	<u>117,542</u>	<u>147,502</u>	<u>4,030</u>	<u>3,253</u>	<u>7,638</u>
Expenditures:					
Current:					
General Government	0	72,405	0	0	0
Security of Persons and Property:					
Police	153,643	1,014	0	12,943	0
Fire	0	0	0	0	0
Other	0	0	0	0	0
Public Health and Welfare	0	0	0	0	0
Leisure Time Activities	0	0	0	0	260,506
Economic Development	0	0	0	0	0
Capital Outlay	0	70,944	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
Total Expenditures	<u>153,643</u>	<u>144,363</u>	<u>0</u>	<u>12,943</u>	<u>260,506</u>
Excess of Revenues Over (Under) Expenditures	(36,101)	3,139	4,030	(9,690)	(252,868)
Other Financing Sources:					
Transfers In	0	0	0	0	265,000
Net Change in Fund Balances	(36,101)	3,139	4,030	(9,690)	12,132
Fund Balances (Deficit) at Beginning of Year	<u>184,275</u>	<u>300,984</u>	<u>0</u>	<u>40,842</u>	<u>69,140</u>
Fund Balances (Deficit) at End of Year	<u>\$148,174</u>	<u>\$304,123</u>	<u>\$4,030</u>	<u>\$31,152</u>	<u>\$81,272</u>



<u>Indigent Drivers</u>	<u>Indigent Drivers Alcohol Monitoring</u>	<u>In-House Monitoring</u>	<u>Street Lighting</u>	<u>Miami Conservancy District</u>	<u>Police and Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$0	\$0	\$0	\$0	\$43,812	\$125,958	\$169,770
0	0	0	136,554	0	0	136,554
2,097	7,399	24,241	0	0	0	183,089
6,380	0	0	0	4,268	8,906	138,077
0	0	0	0	0	0	12,090
<u>8,477</u>	<u>7,399</u>	<u>24,241</u>	<u>136,554</u>	<u>48,080</u>	<u>134,864</u>	<u>639,580</u>
0	0	16,517	0	0	0	88,922
0	0	0	0	0	313,041	480,641
0	0	0	0	0	121,368	121,368
0	0	0	130,059	0	0	130,059
11,250	0	0	0	0	0	11,250
0	0	0	0	0	0	260,506
0	0	0	0	51,449	0	51,449
0	0	0	0	0	0	70,944
0	0	0	0	0	1,690	1,690
0	0	0	0	0	2,610	2,610
<u>11,250</u>	<u>0</u>	<u>16,517</u>	<u>130,059</u>	<u>51,449</u>	<u>438,709</u>	<u>1,219,439</u>
(2,773)	7,399	7,724	6,495	(3,369)	(303,845)	(579,859)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,960</u>	<u>354,136</u>	<u>624,096</u>
(2,773)	7,399	7,724	6,495	1,591	50,291	44,237
<u>53,351</u>	<u>10,909</u>	<u>3,486</u>	<u>1,833</u>	<u>25</u>	<u>(100,149)</u>	<u>564,696</u>
<u>\$50,578</u>	<u>\$18,308</u>	<u>\$11,210</u>	<u>\$8,328</u>	<u>\$1,616</u>	<u>(\$49,858)</u>	<u>\$608,933</u>

**CITY OF FRANKLIN, OHIO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2013**

	Issue Two	ODOT Project	Property Acquisition	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$24,017	\$293,583	\$94,563	\$647,574	\$1,059,737
Revenue in Lieu of Taxes Receivable	0	0	0	153,688	153,688
<b>Total Assets</b>	<b><u>24,017</u></b>	<b><u>293,583</u></b>	<b><u>94,563</u></b>	<b><u>801,262</u></b>	<b><u>1,213,425</u></b>
Liabilities:					
Intergovernmental Payable	\$0	\$0	\$10,509	\$0	\$10,509
Deferred Inflows of Resources:					
Payments in Lieu of Taxes	0	0	0	153,688	153,688
Fund Balances:					
Restricted	24,017	293,583	84,054	647,574	1,049,228
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>24,017</u></b>	<b><u>293,583</u></b>	<b><u>94,563</u></b>	<b><u>801,262</u></b>	<b><u>1,213,425</u></b>

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Issue Two	ODOT Project	Property Acquisition	Tax Increment Financing	Total Nonmajor Capital Projects Funds
Revenues:					
Payments in Lieu of Taxes	\$0	\$0	\$0	\$199,588	\$199,588
Intergovernmental	261,633	0	227,104	0	488,737
Other	0	20,384	10,000	0	30,384
Total Revenues	<u>261,633</u>	<u>20,384</u>	<u>237,104</u>	<u>199,588</u>	<u>718,709</u>
Expenditures:					
Current:					
Transportation	0	0	0	1,951	1,951
Capital Outlay	24,879	126,170	186,216	102,027	439,292
Total Expenditures	<u>24,879</u>	<u>126,170</u>	<u>186,216</u>	<u>103,978</u>	<u>441,243</u>
Excess of Revenues Over (Under) Expenditures	236,754	(105,786)	50,888	95,610	277,466
Other Financing Sources:					
Transfers In	0	0	160,000	0	160,000
Net Change in Fund Balances	236,754	(105,786)	210,888	95,610	437,466
Fund Balances (Deficit) at Beginning of Year	<u>(212,737)</u>	<u>399,369</u>	<u>(126,834)</u>	<u>551,964</u>	<u>611,762</u>
Fund Balances at End of Year	<u>\$24,017</u>	<u>\$293,583</u>	<u>\$84,054</u>	<u>\$647,574</u>	<u>\$1,049,228</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***

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

***Joint Recreation***

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

***Building Standards Fee***

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

**CITY OF FRANKLIN, OHIO**  
**COMBINING STATEMENT OF CHANGES**  
**IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Balance 1/1/2013	Additions	Reductions	Balance 12/31/2013
<b>MUNICIPAL COURT</b>				
Assets:				
Cash in Segregated Accounts	\$63,682	\$72,050	\$63,682	\$72,050
Liabilities:				
Intergovernmental Payable	\$18,059	\$23,363	\$18,059	\$23,363
Undistributed Monies	10,678	15,045	10,678	15,045
Deposits Held and Due to Others	34,945	33,642	34,945	33,642
Total Liabilities	\$63,682	\$72,050	\$63,682	\$72,050
<b>JOINT RECREATION</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$0	\$118,446	\$118,446	\$0
Liabilities:				
Undistributed Monies	\$0	\$118,446	\$118,446	\$0
<b>BUILDING STANDARDS FEE</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$268	\$1,027	\$1,070	\$225
Liabilities:				
Undistributed Monies	\$268	\$1,027	\$1,070	\$225
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$268	\$119,473	\$119,516	\$225
Cash in Segregated Accounts	63,682	72,050	63,682	72,050
Total Assets	\$63,950	\$191,523	\$183,198	\$72,275
Liabilities:				
Intergovernmental Payable	\$18,059	\$23,363	\$18,059	\$23,363
Undistributed Monies	10,946	134,518	130,194	15,270
Deposits Held and Due to Others	34,945	33,642	34,945	33,642
Total Liabilities	\$63,950	\$191,523	\$183,198	\$72,275

**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, 2013**

	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>			
Property Taxes	\$415,000	\$396,010	(\$18,990)
Other Local Taxes	191,000	192,201	1,201
Income Taxes	6,774,209	8,035,452	1,261,243
Charges for Services	31,000	43,603	12,603
Fines, Licenses and Permits	432,800	459,160	26,360
Intergovernmental	253,900	374,774	120,874
Contributions and Donations	5,400	2,088	(3,312)
Interest	5,000	61,922	56,922
Other	85,300	116,152	30,852
<b>Total Revenues</b>	<b>8,193,609</b>	<b>9,681,362</b>	<b>1,487,753</b>
<b>Expenditures:</b>			
<b>Current:</b>			
<b>General Government</b>			
<b>Clerk and Council</b>			
Personal Services	182,544	167,451	15,093
Other	110,200	79,125	31,075
<b>Total Clerk and Council</b>	<b>292,744</b>	<b>246,576</b>	<b>46,168</b>
<b>Municipal Court</b>			
Personal Services	626,583	593,904	32,679
Other	121,800	91,779	30,021
<b>Total Municipal Court</b>	<b>748,383</b>	<b>685,683</b>	<b>62,700</b>
<b>Probation</b>			
Personal Services	165,463	137,300	28,163
Other	12,694	4,690	8,004
<b>Total Probation</b>	<b>178,157</b>	<b>141,990</b>	<b>36,167</b>
<b>Mayor's and Administrative Office</b>			
Personal Services	135,615	64,802	70,813
Other	9,400	1,393	8,007
<b>Total Mayor's and Administrative Office</b>	<b>\$145,015</b>	<b>\$66,195</b>	<b>\$78,820</b>

*(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, 2013**  
*(continued)*

	Final Budget	Actual	Variance With Final Budget
Clerk Treasurer			
Personal Services	\$274,127	\$179,884	\$94,243
Other	19,580	14,956	4,624
Total Clerk Treasurer	<u>293,707</u>	<u>194,840</u>	<u>98,867</u>
Income Tax Administration			
Personal Services	143,108	139,751	3,357
Other	149,425	141,225	8,200
Total Income Tax Administration	<u>292,533</u>	<u>280,976</u>	<u>11,557</u>
Solicitor			
Personal Services	152,434	151,743	691
Other	101,243	98,436	2,807
Total Solicitor	<u>253,677</u>	<u>250,179</u>	<u>3,498</u>
Civil Service Commission			
Personal Services	2,000	1,264	736
Other	19,102	5,906	13,196
Total Civil Service Commission	<u>21,102</u>	<u>7,170</u>	<u>13,932</u>
Planning Commission			
Personal Services	1,500	750	750
Other	10,000	7,302	2,698
Total Planning Commission	<u>11,500</u>	<u>8,052</u>	<u>3,448</u>
Building and Grounds			
Personal Services	60,427	56,973	3,454
Other	180,119	136,688	43,431
Total Building and Grounds	<u>240,546</u>	<u>193,661</u>	<u>46,885</u>
Special Appropriations			
Personal Services	94,700	84,090	10,610
Other	162,422	108,407	54,015
Total Special Appropriations	<u>257,122</u>	<u>192,497</u>	<u>64,625</u>
Community Services			
Other	<u>\$40,000</u>	<u>\$37,249</u>	<u>\$2,751</u>

*(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, 2013**  
*(continued)*

	Final Budget	Actual	Variance With Final Budget
Economic Development			
Personal Services	\$72	\$72	\$0
Other	14,928	0	14,928
Total Economic Development	15,000	72	14,928
Engineering			
Other	70,000	31,967	38,033
Total General Government	2,859,486	2,337,107	522,379
Security of Persons and Property			
Police Law Enforcement			
Personal Services	2,748,263	2,559,760	188,503
Other	586,985	544,662	42,323
Total Police Law Enforcement	3,335,248	3,104,422	230,826
Building Inspection			
Personal Services	138,715	128,631	10,084
Other	79,103	63,703	15,400
Total Building Inspection	217,818	192,334	25,484
Total Security of Persons and Property	3,553,066	3,296,756	256,310
Capital Outlay			
Other	266,144	96,408	169,736
Total Expenditures	6,678,696	5,730,271	948,425
Excess of Revenues Over Expenditures	1,514,913	3,951,091	2,436,178
Other Financing Sources (Uses):			
Transfers In	428,029	0	(428,029)
Transfers Out	(3,008,206)	(2,777,156)	231,050
Total Other Financing Sources (Uses)	(2,580,177)	(2,777,156)	(196,979)
Net Change in Fund Balance	(1,065,264)	1,173,935	2,239,199
Fund Balance at Beginning of Year	5,004,492	5,004,492	0
Prior Year Encumbrances Appropriated	90,855	90,855	0
Fund Balance at End of Year	\$4,030,083	\$6,269,282	\$2,239,199



**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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$1,640,000	\$1,214,249	(\$425,751)
Charges for Services	825,000	323,382	(501,618)
Fines, Licenses and Permits	2,000	0	(2,000)
Intergovernmental	0	198,635	198,635
Contributions and Donations	0	1,214	1,214
Other	17,016	15,581	(1,435)
Total Revenues	<u>2,484,016</u>	<u>1,753,061</u>	<u>(730,955)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Fire			
Personal Services	2,230,439	1,566,995	663,444
Other	1,123,295	630,523	492,772
Total Expenditures	<u>3,353,734</u>	<u>2,197,518</u>	<u>1,156,216</u>
Excess of Revenues Under Expenditures	<u>(869,718)</u>	<u>(444,457)</u>	<u>425,261</u>
Other Financing Sources (Uses):			
Transfers In	750,000	750,000	0
Transfers Out	(88,000)	(68,654)	19,346
Total Other Financing Sources (Uses)	<u>662,000</u>	<u>681,346</u>	<u>19,346</u>
Net Change in Fund Balance	(207,718)	236,889	444,607
Fund Balance at Beginning of Year	495,411	495,411	0
Prior Year Encumbrances Appropriated	42,186	42,186	0
Fund Balance at End of Year	<u><u>\$329,879</u></u>	<u><u>\$774,486</u></u>	<u><u>\$444,607</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$500	\$1,256	\$756
Intergovernmental	770,200	636,638	(133,562)
Interest	100	23	(77)
Other	6,000	11,479	5,479
Total Revenues	<u>776,800</u>	<u>649,396</u>	<u>(127,404)</u>
Expenditures:			
Current:			
Transportation			
Street Maintenance and Repair			
Personal Services	529,306	514,198	15,108
Other	703,443	655,984	47,459
Total Street Maintenance and Repair	1,232,749	1,170,182	62,567
State Highway Maintenance			
Other	80,000	25,035	54,965
Total Transportation	1,312,749	1,195,217	117,532
Capital Outlay			
Other	90,000	0	90,000
Total Expenditures	<u>1,402,749</u>	<u>1,195,217</u>	<u>207,532</u>
Excess of Revenues Under Expenditures	(625,949)	(545,821)	80,128
Other Financing Sources:			
Transfers In	600,000	600,000	0
Net Change in Fund Balance	(25,949)	54,179	80,128
Fund Balance at Beginning of Year	797,254	797,254	0
Prior Year Encumbrances Appropriated	11,503	11,503	0
Fund Balance at End of Year	<u><u>\$782,808</u></u>	<u><u>\$862,936</u></u>	<u><u>\$80,128</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$450,000	\$319,061	(\$130,939)
Expenditures:			
Debt Service:			
Principal Retirement	248,000	248,000	0
Interest and Fiscal Charges	84,000	79,414	4,586
Total Expenditures	332,000	327,414	4,586
Net Change in Fund Balance	118,000	(8,353)	(126,353)
Fund Balance at Beginning of Year	155,952	155,952	0
Fund Balance at End of Year	\$273,952	\$147,599	(\$126,353)

**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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,465,000	\$2,558,381	\$93,381
Other	7,500	5,114	(2,386)
Deposits Received	25,000	26,237	1,237
Total Revenues	<u>2,497,500</u>	<u>2,589,732</u>	<u>92,232</u>
Expenses:			
Personal Services	657,591	666,240	(8,649)
Contractual Services	612,542	496,081	116,461
Supplies and Materials	146,139	124,669	21,470
Other	7,000	6,773	227
Deposit Refunds	22,191	22,191	0
Capital Outlay	515,691	235,265	280,426
Debt Service:			
Principal Retirement	626,360	626,360	0
Interest and Fiscal Charges	414,920	355,655	59,265
Total Expenses	<u>3,002,434</u>	<u>2,533,234</u>	<u>469,200</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(504,934)	56,498	561,432
Transfers In	100,000	0	(100,000)
Transfers Out	<u>(165,013)</u>	<u>(65,000)</u>	<u>100,013</u>
Net Change in Fund Equity	(569,947)	(8,502)	561,445
Fund Equity at Beginning of Year	1,362,384	1,362,384	0
Prior Year Encumbrances Appropriated	<u>16,780</u>	<u>16,780</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$809,217</u></u>	<u><u>\$1,370,662</u></u>	<u><u>\$561,445</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$2,634,500	\$2,466,321	(\$168,179)
Deposits Received	25,000	26,933	1,933
Other	5,000	0	(5,000)
Total Revenues	<u>2,664,500</u>	<u>2,493,254</u>	<u>(171,246)</u>
Expenses:			
Personal Services	490,032	353,856	136,176
Contractual Services	2,144,281	2,129,598	14,683
Supplies and Materials	56,451	51,932	4,519
Deposit Refunds	22,000	21,989	11
Capital Outlay	285,755	67,383	218,372
Other	50,232	50,232	0
Total Expenses	<u>3,048,751</u>	<u>2,674,990</u>	<u>373,761</u>
Excess of Revenues Under Expenses Before Transfers	(384,251)	(181,736)	202,515
Transfers In	10,000	0	(10,000)
Transfers Out	<u>(76,397)</u>	<u>(65,000)</u>	<u>11,397</u>
Net Change in Fund Equity	(450,648)	(246,736)	203,912
Fund Equity at Beginning of Year	955,903	955,903	0
Prior Year Encumbrances Appropriated	<u>9,129</u>	<u>9,129</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$514,384</u></u>	<u><u>\$718,296</u></u>	<u><u>\$203,912</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$733,116	\$745,472	\$12,356
Other	500	108,411	107,911
Total Revenues	<u>733,616</u>	<u>853,883</u>	<u>120,267</u>
Expenses:			
Personal Services	66,827	62,224	4,603
Contractual Services	741,667	741,667	0
Supplies and Materials	11,607	11,607	0
Total Expenses	<u>820,101</u>	<u>815,498</u>	<u>4,603</u>
Excess of Revenues Over (Under) Expenses Before Transfers	(86,485)	38,385	124,870
Transfers Out	<u>(308)</u>	<u>0</u>	<u>308</u>
Net Change in Fund Equity	(86,793)	38,385	125,178
Fund Equity at Beginning of Year	<u>163,752</u>	<u>163,752</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$76,959</u></u>	<u><u>\$202,137</u></u>	<u><u>\$125,178</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services	\$487,000	\$448,405	(\$38,595)
Other	2,000	2,549	549
	<hr/>	<hr/>	<hr/>
Total Revenues	489,000	450,954	(38,046)
	<hr/>	<hr/>	<hr/>
Expenses:			
Personal Services	274,863	194,035	80,828
Contractual Services	71,943	10,142	61,801
Supplies and Materials	67,843	13,581	54,262
Capital Outlay	5,000	1,500	3,500
	<hr/>	<hr/>	<hr/>
Total Expenses	419,649	219,258	200,391
	<hr/>	<hr/>	<hr/>
Excess of Revenues Over Expenses Before Transfers	69,351	231,696	162,345
	<hr/>	<hr/>	<hr/>
Transfers Out	(495,000)	(450,562)	44,438
	<hr/>	<hr/>	<hr/>
Net Change in Fund Equity	(425,649)	(218,866)	206,783
	<hr/>	<hr/>	<hr/>
Fund Equity at Beginning of Year	460,611	460,611	0
Prior Year Encumbrances Appropriated	6,606	6,606	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	<u>\$41,568</u>	<u>\$248,351</u>	<u>\$206,783</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$126,000	\$114,493	(\$11,507)
Other	0	3,049	3,049
	<hr/>	<hr/>	<hr/>
Total Revenues	126,000	117,542	(8,458)
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	160,384	147,466	12,918
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(34,384)	(29,924)	4,460
Fund Balance at Beginning of Year	189,886	189,886	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$155,502</u>	<u>\$159,962</u>	<u>\$4,460</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$171,152	\$145,720	(\$25,432)
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Personal Services	30,198	18,760	11,438
Contractual Services	12,000	12,000	0
Other	46,000	33,148	12,852
Total General Government	88,198	63,908	24,290
Capital Outlay			
Other	120,608	70,944	49,664
Total Expenditures	208,806	134,852	73,954
Net Change in Fund Balance	(37,654)	10,868	48,522
Fund Balance at Beginning of Year	291,108	291,108	0
Prior Year Encumbrances Appropriated	2,806	2,806	0
Fund Balance at End of Year	\$256,260	\$304,782	\$48,522

**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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$0	\$4,030	\$4,030
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	4,030	(4,030)
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>\$4,030</u></u>	<u><u>\$4,030</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$14,000	\$1,814	(\$12,186)
Contributions and Donations	200	0	(200)
Other	3,000	1,403	(1,597)
	<u>17,200</u>	<u>3,217</u>	<u>(13,983)</u>
Total Revenues			
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Other	27,000	12,943	14,057
Public Health			
Other	5,000	0	5,000
	<u>32,000</u>	<u>12,943</u>	<u>19,057</u>
Total Expenditures			
Net Change in Fund Balance	(14,800)	(9,726)	5,074
Fund Balance at Beginning of Year	40,795	40,795	0
Fund Balance at End of Year	<u>\$25,995</u>	<u>\$31,069</u>	<u>\$5,074</u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**RECREATION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Contributions and Donations	\$1,600	\$0	(\$1,600)
Other	800	7,638	\$6,838
	<hr/>	<hr/>	<hr/>
Total Revenues	2,400	7,638	5,238
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Leisure Time Activities			
Recreation Program			
Personal Services	222,235	205,119	17,116
Other	70,150	55,411	14,739
	<hr/>	<hr/>	<hr/>
Total Expenditures	292,385	260,530	31,855
	<hr/>	<hr/>	<hr/>
Excess of Revenues Under Expenditures	(289,985)	(252,892)	37,093
	<hr/>	<hr/>	<hr/>
Other Financing Sources:			
Transfers In	272,200	265,000	(7,200)
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(17,785)	12,108	29,893
	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	82,244	82,244	0
	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$64,459	\$94,352	\$29,893
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$4,400	\$2,097	(\$2,303)
Intergovernmental	14,000	10,166	(3,834)
Total Revenues	18,400	12,263	(6,137)
Expenditures:			
Current:			
Public Health			
Other	34,375	15,625	18,750
Net Change in Fund Balance	(15,975)	(3,362)	12,613
Fund Balance at Beginning of Year	49,433	49,433	0
Prior Year Encumbrances Appropriated	4,375	4,375	0
Fund Balance at End of Year	<u>\$37,833</u>	<u>\$50,446</u>	<u>\$12,613</u>

**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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Fines, Licenses and Permits	\$5,000	\$7,206	\$2,206
Expenditures:			
Current:			
Public Health			
Other	5,000	0	5,000
Net Change in Fund Balance	0	7,206	7,206
Fund Balance at Beginning of Year	10,582	10,582	0
Fund Balance at End of Year	\$10,582	\$17,788	\$7,206

**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, 2013**

	Final Budget	Actual	Variance With Final Budget
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Fines, Licenses and Permits	\$34,995	\$24,010	(\$10,985)
Expenditures:			
Current:			
General Government			
Legislative and Executive			
Municipal Court			
Other	<u>37,627</u>	<u>24,144</u>	<u>13,483</u>
Net Change in Fund Balance	(2,632)	(134)	2,498
Fund Balance at Beginning of Year	2,632	2,632	0
Prior Year Encumbrances Appropriated	<u>7,627</u>	<u>7,627</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$7,627</u></u>	<u><u>\$10,125</u></u>	<u><u>\$2,498</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**STREET LIGHTING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Special Assessments	\$135,037	\$136,554	\$1,517
Expenditures:			
Current:			
Security of Persons and Property			
Street Lighting			
Other	136,000	128,879	7,121
Excess of Revenues Over (Under) Expenditures	(963)	7,675	8,638
Other Financing Sources:			
Transfers In	2,756	0	(2,756)
Net Change in Fund Balance	1,793	7,675	5,882
Fund Balance at Beginning of Year	14,256	14,256	0
Fund Balance at End of Year	<u>\$16,049</u>	<u>\$21,931</u>	<u>\$5,882</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$53,026	\$43,812	(\$9,214)
Intergovernmental	0	4,268	4,268
Total Revenues	53,026	48,080	(4,946)
Expenditures:			
Current:			
Economic Development			
Other	51,449	51,449	0
Excess of Revenues Over (Under) Expenditures	1,577	(3,369)	(4,946)
Other Financing Sources:			
Transfers In	0	4,960	4,960
Net Change in Fund Balance	1,577	1,591	14
Fund Balance at Beginning of Year	25	25	0
Fund Balance at End of Year	<u>\$1,602</u>	<u>\$1,616</u>	<u>\$14</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, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Property Taxes	\$167,930	\$125,958	(\$41,972)
Intergovernmental	69,000	8,906	(60,094)
Total Revenues	<u>236,930</u>	<u>134,864</u>	<u>(102,066)</u>
Expenditures:			
Current:			
Security of Persons and Property			
Police Law Enforcement			
Personal Services	359,089	369,351	(10,262)
Fire Department			
Personal Services	<u>135,787</u>	<u>141,204</u>	<u>(5,417)</u>
Total Security of Persons and Property	<u>494,876</u>	<u>510,555</u>	<u>(15,679)</u>
Debt Service:			
Principal Retirement	1,690	1,690	0
Interest and Fiscal Charges	<u>2,610</u>	<u>2,610</u>	<u>0</u>
Total Debt Service	<u>4,300</u>	<u>4,300</u>	<u>0</u>
Total Expenditures	<u>499,176</u>	<u>514,855</u>	<u>(15,679)</u>
Excess of Revenues Under Expenditures	(262,246)	(379,991)	(117,745)
Other Financing Sources:			
Transfers In	<u>290,000</u>	<u>354,136</u>	<u>64,136</u>
Net Change in Fund Balance	27,754	(25,855)	(53,609)
Fund Balance at Beginning of Year	<u>14,077</u>	<u>14,077</u>	<u>0</u>
Fund Balance (Deficit) at End of Year	<u><u>\$41,831</u></u>	<u><u>(\$11,778)</u></u>	<u><u>(\$53,609)</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**BOND RETIREMENT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Debt Service:			
Principal Retirement	922,500	922,500	0
Interest and Fiscal Charges	<u>262,851</u>	<u>209,876</u>	<u>52,975</u>
Total Expenditures	<u>1,185,351</u>	<u>1,132,376</u>	<u>52,975</u>
Excess of Revenues Under Expenditures	(1,185,351)	(1,132,376)	52,975
Other Financing Sources:			
Transfers In	<u>1,234,536</u>	<u>1,262,276</u>	<u>27,740</u>
Net Change in Fund Balance	49,185	129,900	80,715
Fund Balance at Beginning of Year	<u>27,637</u>	<u>27,637</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$76,822</u></u>	<u><u>\$157,537</u></u>	<u><u>\$80,715</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**ISSUE II FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Final Budget	Actual	Variance With Final Budget
Revenues:			
Intergovernmental	\$0	\$261,633	\$261,633
Expenditures:			
Capital Outlay	375,450	375,450	0
Excess of Revenues Under Expenditures	(375,450)	(113,817)	261,633
Net Change in Fund Balance	(375,450)	(113,817)	261,633
Fund Balance at Beginning of Year	416,207	416,207	0
Fund Balance at End of Year	\$40,757	\$302,390	\$261,633

**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, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:	\$0	\$20,384	\$20,384
Expenditures:			
Capital Outlay	<u>399,369</u>	<u>156,020</u>	<u>243,349</u>
Net Change in Fund Balance	(399,369)	(135,636)	263,733
Fund Balance at Beginning of Year	<u>399,369</u>	<u>399,369</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$263,733</u></u>	<u><u>\$263,733</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, 2013**

	Final Budget	Actual	Variance With Final Budget
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues:			
Other	\$0	\$10,000	\$10,000
Expenditures:			
Capital Outlay	<u>261,895</u>	<u>178,955</u>	<u>82,940</u>
Excess of Revenues Under Expenditures	(261,895)	(168,955)	92,940
Other Financing Sources:			
Transfers In	<u>161,273</u>	<u>160,000</u>	<u>(1,273)</u>
Net Change in Fund Balance	(100,622)	(8,955)	91,667
Fund Balance at Beginning of Year	100,623	100,623	0
Prior Year Encumbrances Appropriated	<u>2,895</u>	<u>2,895</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,896</u></u>	<u><u>\$94,563</u></u>	<u><u>\$91,667</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, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:			
Payments in Lieu of Taxes	<u>\$192,400</u>	<u>\$199,588</u>	<u>\$7,188</u>
Expenditures:			
Transportation			
Special Appropriations			
Other	2,800	1,951	849
Capital Outlay	<u>650,000</u>	<u>102,027</u>	<u>547,973</u>
Total Expenditures	<u>652,800</u>	<u>103,978</u>	<u>548,822</u>
Net Change in Fund Balance	(460,400)	95,610	556,010
Fund Balance at Beginning of Year	<u>551,964</u>	<u>551,964</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$91,564</u></u>	<u><u>\$647,574</u></u>	<u><u>\$556,010</u></u>

**CITY OF FRANKLIN, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)**  
**F.C. DIAL TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:	\$0	\$0	\$0
Expenditures:			
Capital Outlay	<u>69,000</u>	<u>16,098</u>	<u>52,902</u>
Net Change in Fund Balance	(69,000)	(16,098)	52,902
Fund Balance at Beginning of Year	<u>69,007</u>	<u>69,007</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$7</u></u>	<u><u>\$52,909</u></u>	<u><u>\$52,902</u></u>



# *Statistical Section*

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## *STATISTICAL TABLES*

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

<u>CONTENTS</u>	<u>PAGES</u>
Financial Trends	110-121
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	122-123
These schedules contain information to help the reader assess the City’s most significant local revenue source, the income tax.	
Debt Capacity	124-130
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	131-133
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	134-139
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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$39,097,305	\$38,402,623	\$37,961,827	\$39,414,521
<b>Restricted For:</b>				
Debt Service	2,682,897	1,808,834	2,824,993	2,969,595
Capital Outlay	500,657	209,519	381,125	402,419
Fire Protection	0	741,999	1,007,644	997,563
Transportation	0	572,347	481,120	513,502
Other Purposes (1)	1,530,592	413,483	459,472	612,035
Leisure Time Activities Expendable	0	0	0	0
Leisure Time Activities Nonexpendable	0	0	0	0
Unrestricted	<u>3,481,163</u>	<u>4,566,811</u>	<u>4,187,811</u>	<u>2,263,639</u>
<i>Total Governmental Activities Net Position</i>	<u>47,292,614</u>	<u>46,715,616</u>	<u>47,303,992</u>	<u>47,173,274</u>
<b>Business-Type Activities:</b>				
Net Investment in Capital Assets	15,608,556	15,441,096	14,506,779	14,664,105
<b>Restricted For:</b>				
Debt Service	268,031	275,515	587,392	802,640
Revenue Bonds Replacement and Improvement	292,020	302,020	295,220	333,769
Unrestricted	<u>903,200</u>	<u>991,690</u>	<u>1,749,945</u>	<u>1,752,795</u>
<i>Total Business-Type Activities</i>	<u>17,071,807</u>	<u>17,010,321</u>	<u>17,139,336</u>	<u>17,553,309</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	54,705,861	53,843,719	52,468,606	54,078,626
Restricted	5,274,197	4,323,717	6,036,966	6,631,523
Unrestricted	<u>4,384,363</u>	<u>5,558,501</u>	<u>5,937,756</u>	<u>4,016,434</u>
<i>Total Primary Government Net Position</i>	<u>\$64,364,421</u>	<u>\$63,725,937</u>	<u>\$64,443,328</u>	<u>\$64,726,583</u>

(1) 2005 was the first year Other Purposes was further classified.

2008	2009	2010	2011	2012	2013
\$40,600,904	\$40,499,186	\$40,076,220	\$39,349,974	\$39,750,554	\$39,365,157
2,813,950	2,609,134	2,186,575	1,593,584	1,349,506	1,061,246
299,798	479,323	1,072,744	1,165,427	1,766,673	1,049,228
1,078,765	907,226	386,580	494,090	302,684	561,889
369,520	747,319	896,504	1,050,712	1,140,087	1,140,136
845,165	925,090	727,799	621,613	668,427	662,162
20,957	240,340	276,950	266,190	247,845	127,025
1,003,387	1,002,296	1,077,699	1,126,400	1,162,406	1,391,796
2,348,013	1,615,731	3,467,921	4,464,786	6,426,853	8,128,201
<u>49,380,459</u>	<u>49,025,645</u>	<u>50,168,992</u>	<u>50,132,776</u>	<u>52,815,035</u>	<u>53,486,840</u>
15,491,196	16,509,392	16,980,657	16,772,997	16,862,816	17,650,787
610,290	620,446	566,309	615,677	617,060	617,111
217,630	232,630	247,630	262,630	277,630	377,630
2,434,615	2,015,800	2,396,518	3,042,701	3,026,717	2,342,465
<u>18,753,731</u>	<u>19,378,268</u>	<u>20,191,114</u>	<u>20,694,005</u>	<u>20,784,223</u>	<u>20,987,993</u>
56,092,100	57,008,578	57,056,877	56,122,971	56,613,370	57,015,944
7,259,462	7,763,804	7,438,790	7,196,323	7,532,318	6,988,223
4,782,628	3,631,531	5,864,439	7,507,487	9,453,570	10,470,666
<u>\$68,134,190</u>	<u>\$68,403,913</u>	<u>\$70,360,106</u>	<u>\$70,826,781</u>	<u>\$73,599,258</u>	<u>\$74,474,833</u>

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

	2004	2005	2006	2007
<b>Program Revenues:</b>				
Charges for Services and Sales:				
General Government	\$764,504	\$765,938	\$739,222	\$614,629
Security of Persons and Property:				
Police	12,700	0	56,570	27,997
Fire	123,408	122,804	119,531	127,698
Other	86,240	86,240	88,199	95,000
Public Health and Welfare	27,091	44,657	68,352	17,929
Transportation	0	25	863	535
Operating Grants, Contributions and Interest	818,623	875,940	1,248,551	1,220,580
Capital Grants, Contributions and Interest	405,132	122,817	75,222	2,255,359
<i>Total Governmental Activities Program Revenues</i>	<u>2,237,698</u>	<u>2,018,421</u>	<u>2,396,510</u>	<u>4,359,727</u>
Business-Type Activities:				
Charges for Services:				
Water	1,981,390	2,295,097	2,571,541	2,372,746
Sewer	2,504,671	2,352,990	2,267,333	2,302,373
Trash	505,317	562,349	591,737	624,251
Stormwater Utility	178,027	440,221	448,074	442,470
Operating Grants, Contributions and Interest	0	0	0	0
Capital Grants, Contributions and Interest	0	722	0	0
<i>Total Business-Type Activities Program Revenues</i>	<u>5,169,405</u>	<u>5,651,379</u>	<u>5,878,685</u>	<u>5,741,840</u>
<i>Total Primary Government Program Revenues</i>	<u>7,407,103</u>	<u>7,669,800</u>	<u>8,275,195</u>	<u>10,101,567</u>
<b>Expenses:</b>				
Governmental Activities:				
Current:				
General Government	2,412,056	3,248,993	2,591,951	2,618,300
Security of Persons and Property	4,841,373	4,675,721	5,473,036	5,550,877
Public Health and Welfare	41,799	27,626	64,790	21,911
Leisure Time Activities	351,631	291,418	299,128	345,357
Economic Development	59,266	88,113	30,476	95,314
Basic Utility Services	85,097	91,914	57,355	57,355
Transportation	966,961	2,177,960	2,277,692	3,490,439
Interest and Fiscal Charges	673,890	632,945	645,007	585,256
Depreciation on Infrastructure	1,508,864	0	0	0
<i>Total Governmental Activities Expenses</i>	<u>10,940,937</u>	<u>11,234,690</u>	<u>11,439,435</u>	<u>12,764,809</u>
Business-Type Activities:				
Water	2,159,557	1,735,657	2,193,130	1,866,287
Sewer	2,472,482	2,798,516	2,414,728	2,618,355
Trash	521,098	537,279	574,010	584,968
Stormwater Utility	365,404	595,199	712,710	737,361
<i>Total Business-Type Activities Expenses</i>	<u>5,518,541</u>	<u>5,666,651</u>	<u>5,894,578</u>	<u>5,806,971</u>
<b>Net (Expense)/Revenue:</b>				
Governmental Activities	(8,703,239)	(9,216,269)	(9,042,925)	(8,405,082)
Business-Type Activities	(349,136)	(15,272)	(15,893)	(65,131)
<i>Total Primary Government Net Expense</i>	<u>(\$9,052,375)</u>	<u>(\$9,231,541)</u>	<u>(\$9,058,818)</u>	<u>(\$8,470,213)</u>

2008	2009	2010	2011	2012	2013
\$709,146	\$615,128	\$889,757	\$672,936	\$794,169	\$289,851
9,660	17,283	104,619	18,541	8,787	388,207
97,292	30,224	68,603	69,060	50,253	348,778
104,500	108,680	114,114	131,211	137,793	140,549
42,422	105,353	12,805	4,884	12,026	9,496
867	1,606	433	765	663	1,256
1,414,446	1,433,860	1,388,880	1,082,600	848,632	1,030,371
2,871,175	1,410,224	1,027,095	1,076,702	796,103	124,668
5,249,508	3,722,358	3,606,306	3,056,699	2,648,426	2,333,176
2,391,732	2,514,213	2,485,178	2,609,827	2,509,825	2,527,385
2,546,969	2,596,582	2,944,427	3,198,842	2,510,827	2,403,048
649,671	673,260	700,817	711,350	736,048	746,766
457,602	421,920	476,739	496,374	470,519	455,305
0	0	0	0	0	105,072
0	635,971	0	0	0	0
6,045,974	6,841,946	6,607,161	7,016,393	6,227,219	6,237,576
11,295,482	10,564,304	10,213,467	10,073,092	8,875,645	8,570,752
2,107,127	2,298,636	2,400,627	1,965,549	2,474,033	2,421,208
5,004,072	5,108,503	4,861,552	5,277,083	5,660,608	6,173,685
59,846	11,810	7,199	13,361	8,567	11,250
353,315	308,359	276,892	321,029	326,993	316,393
84,517	44,630	44,666	43,926	44,414	51,449
80,111	84,331	84,329	101,873	101,875	97,090
2,173,257	2,825,088	2,277,099	3,154,060	2,225,466	3,524,995
523,872	494,341	461,532	460,542	329,589	279,948
0	0	0	0	0	0
10,386,117	11,175,698	10,413,896	11,337,423	11,171,545	12,876,018
1,948,802	2,067,302	1,832,887	2,115,087	1,935,129	1,924,148
2,240,853	3,032,843	2,731,399	2,907,671	2,576,395	2,522,418
654,623	684,648	684,848	731,408	712,050	811,545
674,377	578,995	700,850	664,908	791,053	656,697
5,518,655	6,363,788	5,949,984	6,419,074	6,014,627	5,914,808
(5,136,609)	(7,453,340)	(6,807,590)	(8,280,724)	(8,523,119)	(10,542,842)
527,319	478,158	657,177	597,319	212,592	322,768
(\$4,609,290)	(\$6,975,182)	(\$6,150,413)	(\$7,683,405)	(\$8,310,527)	(\$10,220,074)

(continued)

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

	2004	2005	2006	2007
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$619,574	\$627,814	\$631,920	\$658,432
Fire	620,817	650,127	642,487	571,233
Other Purposes	224,964	188,120	168,733	193,805
Income Taxes	4,450,348	5,138,832	7,115,266	5,639,866
Other Local Taxes Levied for General Purposes (1)	0	0	0	0
Payments in Lieu of Taxes	0	0	0	0
Grants and Entitlements not Restricted to Specific Programs	617,246	606,232	669,145	633,352
Gain on Sale of Capital Assets	0	0	0	11,096
Unrestricted Interest	209,863	137,003	338,330	610,369
Contributions and Donations	0	0	0	0
Other	174,149	692,525	179,786	182,322
Transfers	(11,868,901)	90,448	(114,366)	(226,111)
<i>Total Governmental Activities</i>	<u>(4,951,940)</u>	<u>8,131,101</u>	<u>9,631,301</u>	<u>8,274,364</u>
Business-Type Activities:				
Unrestricted Interest	1,099	43,120	24,489	33,902
Other	120,869	1,114	6,053	15,075
Transfers	11,868,901	(90,448)	114,366	226,111
<i>Total Business-Type Activities</i>	<u>11,990,869</u>	<u>(46,214)</u>	<u>144,908</u>	<u>275,088</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>7,038,929</u>	<u>8,084,887</u>	<u>9,776,209</u>	<u>8,549,452</u>
<b>Change in Net Position</b>				
Governmental Activities	(13,655,179)	(1,085,168)	588,376	(130,718)
Business-Type Activities	11,641,733	(61,486)	129,015	209,957
<b>Prior Year Restatement of Net Position</b>	<u>(5,070,164)</u>	<u>508,170</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government Changes in Net Position</i>	<u>(\$7,083,610)</u>	<u>(\$638,484)</u>	<u>\$717,391</u>	<u>\$79,239</u>

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



<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$472,445	\$420,843	\$385,893	\$381,481	\$402,435	\$382,168
534,375	492,312	480,797	560,031	534,509	1,236,803
134,236	129,542	131,048	158,099	154,252	166,527
5,322,030	4,822,556	5,900,995	5,902,578	9,079,755	8,091,731
124,412	160,540	176,828	186,011	185,820	191,449
0	207,659	150,507	192,413	203,459	199,588
502,780	596,149	614,411	574,395	284,897	553,230
0	0	0	0	0	0
213,422	56,486	55,726	44,891	56,470	77,465
0	0	1,886	11	0	0
310,224	307,846	191,376	124,598	159,958	185,686
<u>(420,598)</u>	<u>(95,407)</u>	<u>(138,530)</u>	<u>120,000</u>	<u>143,823</u>	<u>130,000</u>
<u>7,193,326</u>	<u>7,098,526</u>	<u>7,950,937</u>	<u>8,244,508</u>	<u>11,205,378</u>	<u>11,214,647</u>
10,423	0	2,509	0	0	0
14,930	50,972	14,630	25,572	21,449	11,002
<u>420,598</u>	<u>95,407</u>	<u>138,530</u>	<u>(120,000)</u>	<u>(143,823)</u>	<u>(130,000)</u>
<u>445,951</u>	<u>146,379</u>	<u>155,669</u>	<u>(94,428)</u>	<u>(122,374)</u>	<u>(118,998)</u>
<u>7,639,277</u>	<u>7,244,905</u>	<u>8,106,606</u>	<u>8,150,080</u>	<u>11,083,004</u>	<u>11,095,649</u>
2,056,717	(354,814)	1,143,347	(36,216)	2,682,259	671,805
973,270	624,537	812,846	502,891	90,218	203,770
<u>377,620</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$3,407,607</u>	<u>\$269,723</u>	<u>\$1,956,193</u>	<u>\$466,675</u>	<u>\$2,772,477</u>	<u>\$875,575</u>

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

<b>Function / Program:</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>				
General Government	\$818,684	\$845,795	\$995,688	\$833,514
Security of Persons and Property:				
Police	222,348	70,532	100,744	159,804
Fire	66,762	175,757	478,813	418,331
Other	0	86,240	88,199	95,000
Public Health and Welfare	31,311	45,639	71,110	18,625
Leisure Time Activities	16,403	0	0	0
Economic Development	10,000	2,716	3,852	6,780
Transportation	1,072,190	791,742	658,104	2,827,673
<i>Total Governmental Activities</i>	<u>2,237,698</u>	<u>2,018,421</u>	<u>2,396,510</u>	<u>4,359,727</u>
<b>Business-Type Activities:</b>				
Water	1,981,390	2,295,097	2,571,541	2,372,746
Sewer	2,504,671	2,352,990	2,267,333	2,302,373
Trash	505,317	562,349	591,737	624,251
Stormwater Utility	178,027	440,221	448,074	442,470
<i>Total Business-Type Activities</i>	<u>5,169,405</u>	<u>5,650,657</u>	<u>5,878,685</u>	<u>5,741,840</u>
<i>Total Primary Government</i>	<u><u>\$7,407,103</u></u>	<u><u>\$7,669,078</u></u>	<u><u>\$8,275,195</u></u>	<u><u>\$10,101,567</u></u>

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$1,010,717	\$815,284	\$1,043,409	\$887,648	\$1,101,565	\$291,939
168,656	119,548	144,916	46,507	151,562	511,274
449,407	393,310	320,132	244,283	92,122	593,711
104,500	108,680	114,114	131,211	137,793	140,549
43,268	236,492	138,210	124,571	22,696	15,876
1,138,136	218,292	112,013	92,179	82,875	124,668
15,637	5,972	10,778	5,864	3,978	9,773
2,319,187	1,824,780	1,722,734	1,524,436	1,055,835	645,386
<u>5,249,508</u>	<u>3,722,358</u>	<u>3,606,306</u>	<u>3,056,699</u>	<u>2,648,426</u>	<u>2,333,176</u>
2,391,732	2,884,719	2,485,178	2,609,827	2,509,825	2,527,385
2,546,969	2,596,582	2,944,427	3,198,842	2,510,827	2,403,048
649,671	673,260	700,817	711,350	736,048	851,838
457,602	687,385	476,739	496,374	470,519	455,305
<u>6,045,974</u>	<u>6,841,946</u>	<u>6,607,161</u>	<u>7,016,393</u>	<u>6,227,219</u>	<u>6,237,576</u>
<u>\$11,295,482</u>	<u>\$10,564,304</u>	<u>\$10,213,467</u>	<u>\$10,073,092</u>	<u>\$8,875,645</u>	<u>\$8,570,752</u>

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	143,769	5,386	145,333	14,739	54,806
Unreserved	<u>2,477,149</u>	<u>3,432,280</u>	<u>3,483,285</u>	<u>1,175,034</u>	<u>1,905,918</u>
<i>Total General Fund</i>	<u>2,620,918</u>	<u>3,437,666</u>	<u>3,628,618</u>	<u>1,189,773</u>	<u>1,960,724</u>
<b>All Other Governmental Funds</b>					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
Reserved	28,494	167,084	86,965	99,411	1,078,834
Unreserved, Undesignated (Deficit), Reported in:					
Special Revenue Funds	1,282,641	1,329,298	1,758,396	1,897,625	2,033,024
Debt Service Fund	(107,942)	(603,359)	174,538	557,710	557,424
Capital Projects Funds	130,756	(17,886)	65,420	208,754	48,781
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total All Other Governmental Funds</i>	<u>1,333,949</u>	<u>875,137</u>	<u>2,085,319</u>	<u>2,763,500</u>	<u>3,718,063</u>
<i>Total Governmental Funds</i>	<u>\$3,954,867</u>	<u>\$4,312,803</u>	<u>\$5,713,937</u>	<u>\$3,953,273</u>	<u>\$5,678,787</u>

The City implemented GASB Statement No. 54 in 2011.

2009	2010	2011	2012	2013
\$0	\$17,762	\$17,079	\$20,301	\$24,599
0	78,581	89,926	115,154	152,330
0	3,233,617	3,900,839	5,045,729	6,471,899
6,114	0	0	0	0
1,369,098	0	0	0	0
1,375,212	3,329,960	4,007,844	5,181,184	6,648,828
0	1,271,686	1,328,086	1,341,689	1,510,720
0	3,002,848	3,137,877	3,194,444	3,425,266
0	40,844	51,662	69,140	79,913
0	102,479	56,043	27,637	157,536
0	(33,692)	(181,080)	(439,720)	(49,858)
1,032,305	0	0	0	0
2,179,954	0	0	0	0
623,678	0	0	0	0
181,392	0	0	0	0
240,340	0	0	0	0
4,257,669	4,384,165	4,392,588	4,193,190	5,123,577
<u>\$5,632,881</u>	<u>\$7,714,125</u>	<u>\$8,400,432</u>	<u>\$9,374,374</u>	<u>\$11,772,405</u>

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

	2004	2005	2006	2007	2008
<b>Revenues:</b>					
Property Taxes	\$1,465,413	\$1,466,764	\$1,370,974	\$1,406,763	\$1,146,837
Other Local Taxes (1)	0	0	0	0	125,956
Income Taxes	4,589,690	5,181,967	6,958,137	5,398,222	5,513,546
Payments in Lieu of Taxes	0	0	0	0	0
Special Assessments	506,734	524,451	344,528	347,421	367,129
Charges for Services	233,138	279,341	238,036	223,945	285,640
Fines, Licenses and Permits	613,952	540,103	672,599	485,236	508,971
Intergovernmental	1,719,383	1,598,288	1,626,424	2,261,029	3,539,564
Interest	192,540	174,674	551,059	812,926	509,905
Contributions and Donations	0	0	199,519	0	1,138,136
Other	276,808	1,097,570	187,886	192,777	310,224
<b>Total Revenues</b>	<b>9,597,658</b>	<b>10,863,158</b>	<b>12,149,162</b>	<b>11,128,319</b>	<b>13,445,908</b>
<b>Expenditures:</b>					
Current:					
General Government	2,383,552	3,151,782	2,521,962	2,673,282	2,361,988
Security of Persons and Property	4,548,636	4,493,448	5,064,237	5,528,164	4,950,296
Public Health and Welfare	41,799	27,626	64,790	21,911	59,846
Leisure Time Activities	275,678	234,362	244,662	288,923	299,801
Economic Development	59,266	88,113	30,476	95,314	84,517
Basic Utility Services	27,742	34,559	0	0	0
Transportation	887,728	707,360	696,812	1,842,933	894,171
Capital Outlay	1,181,176	582,822	1,018,125	1,219,077	2,115,784
Debt Service:					
Principal Retirement	1,528,929	589,479	570,260	616,313	631,369
Interest and Fiscal Charges	666,419	636,119	615,338	598,441	548,796
Current Refunding	0	50,000	20,000	103,000	65,000
<b>Total Expenditures</b>	<b>11,600,925</b>	<b>10,595,670</b>	<b>10,846,662</b>	<b>12,987,358</b>	<b>12,011,568</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,003,267)</b>	<b>267,488</b>	<b>1,302,500</b>	<b>(1,859,039)</b>	<b>1,434,340</b>
<b>Other Financing Sources (Uses):</b>					
Bond Anticipation Notes Issued	1,093,000	0	0	775,000	710,000
Refunding Bonds Issued	0	0	0	0	0
Current Refunding	0	(685,000)	(665,000)	(775,000)	(710,000)
Transfers In	2,855,439	1,675,230	2,836,820	5,122,307	2,573,987
Refunding Notes Issued	0	685,000	878,000	0	0
Inception of Capital Lease	0	0	0	0	0
Premium on Debt Issued	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Proceeds from Sale of Capital Assets	0	0	0	11,096	18,919
Transfers Out	(2,759,320)	(1,584,782)	(2,951,186)	(5,035,028)	(2,299,182)
<b>Total Other Financing Sources (Uses)</b>	<b>1,189,119</b>	<b>90,448</b>	<b>98,634</b>	<b>98,375</b>	<b>293,724</b>
<b>Net Change in Fund Balances</b>	<b>(\$814,148)</b>	<b>\$357,936</b>	<b>\$1,401,134</b>	<b>(\$1,760,664)</b>	<b>\$1,728,064</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>21.1%</b>	<b>12.7%</b>	<b>12.3%</b>	<b>11.2%</b>	<b>12.7%</b>

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

2009	2010	2011	2012	2013
\$1,038,798	\$1,011,884	\$1,084,876	\$1,083,889	\$1,780,029
153,622	172,307	227,839	152,896	191,711
4,937,793	5,844,404	5,973,040	8,125,750	8,106,000
207,659	150,507	192,413	203,459	199,588
392,219	431,696	361,487	397,406	423,490
257,271	387,196	114,030	79,297	389,831
504,197	676,215	665,920	786,601	645,207
2,418,831	2,979,788	2,347,841	1,598,314	1,842,515
270,155	315,503	338,252	206,927	202,133
186,659	1,886	3,011	13,151	3,302
389,460	204,505	146,344	159,958	185,686
<u>10,756,664</u>	<u>12,175,891</u>	<u>11,455,053</u>	<u>12,807,648</u>	<u>13,969,492</u>
2,313,715	2,451,752	1,933,507	2,177,554	2,369,068
4,944,740	4,833,128	5,172,755	5,398,829	6,176,635
11,810	7,199	13,361	8,567	11,250
275,250	273,552	293,418	293,064	290,506
44,630	44,666	43,926	44,414	51,449
0	0	0	0	0
1,348,543	1,115,056	1,013,128	1,150,966	1,253,886
678,476	326,111	1,167,232	2,049,678	612,417
583,428	619,490	646,554	642,621	650,295
500,670	461,803	464,365	337,951	285,955
322,500	100,000	140,500	147,000	0
<u>11,023,762</u>	<u>10,232,757</u>	<u>10,888,746</u>	<u>12,250,644</u>	<u>11,701,461</u>
<u>(267,098)</u>	<u>1,943,134</u>	<u>566,307</u>	<u>557,004</u>	<u>2,268,031</u>
387,500	287,500	147,000	0	0
0	0	0	5,630,000	0
(387,500)	(287,500)	(147,000)	0	0
3,037,723	1,294,945	2,363,996	3,330,421	2,806,611
0	0	0	0	0
0	0	0	179,138	0
0	0	0	402,706	0
0	0	0	(5,938,729)	0
0	0	0	0	0
<u>(2,816,531)</u>	<u>(1,156,835)</u>	<u>(2,243,996)</u>	<u>(3,186,598)</u>	<u>(2,676,611)</u>
<u>221,192</u>	<u>138,110</u>	<u>120,000</u>	<u>416,938</u>	<u>130,000</u>
<u>(\$45,906)</u>	<u>\$2,081,244</u>	<u>\$686,307</u>	<u>\$973,942</u>	<u>\$2,398,031</u>
13.4%	12.2%	12.2%	10.5%	8.7%

*City of Franklin, Ohio*  
Income Tax Revenue by Payer Type (1)  
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
2004	\$3,346,509	75%	\$497,533	11%	\$3,844,042	86%	\$606,306	14%	\$4,450,348
2005	3,295,412	64%	479,347	9%	3,774,759	73%	1,364,073	27%	5,138,832
2006	2,218,157	31%	293,539	4%	2,511,696	35%	4,603,570	65%	7,115,266
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

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.



*City of Franklin, Ohio*  
Principal Income Taxpayers - Withholding Accounts  
2013 and 2006

Range of Withholding Amount	2013		2006 (1)	
	Number of Withholding Accounts	Percentage of Total Withholding Revenue	Number of Withholding Accounts	Percentage of Total Withholding Revenue
\$100,001 - 300,000	10	31.54%	6	26.60%
\$55,001 - 100,000	5	6.20	5	10.50
Total	15	37.74	11	37.10
All Others	1,454	62.26	1,415	62.90
Total Withholding Accounts	1,469	100.00%	1,426	100.00%

Source: City Income Tax Department

(1) Information prior to 2006 was not available.

**City of Franklin, Ohio**  
 Computation of All Direct and Overlapping Governmental Activities Debt  
 December 31, 2013

Jurisdiction	Debt Outstanding	Percentage Applicable to the City of Franklin	Amount Applicable to the City of Franklin
<b>Direct</b>			
City of Franklin			
General Obligation Bonds	\$5,617,435	100.00%	\$5,617,435
Special Assessment Bonds	1,259,000	100.00	1,259,000
Capital Leases	118,533	100.00	118,533
Total Direct Debt	<u>6,994,968</u>		<u>6,994,968</u>
<b>Overlapping Subdivisions</b>			
Warren County			
General Obligation Bonds	5,183,008	3.72	192,808
Special Assessment Bonds	9,120,094	3.72	339,267
OPWC Loan	235,240	3.72	8,751
State 166 Loan	3,257,946	3.72	121,196
Franklin City School District			
General Obligation Bonds	2,403,499	52.77	1,268,326
Energy Conservation Bonds	831,134	52.77	438,589
Carlisle Local School District			
Capital Leases	99,535	0.11	109
Warren County Vocational School District			
Certificates of Participation	5,415,000	5.55	300,533
Energy Conservation Notes	740,000	5.55	41,070
Capital Leases	74,713	5.55	4,147
Total Overlapping Debt	<u>27,360,169</u>		<u>2,714,796</u>
Grand Total	<u><u>\$34,355,137</u></u>		<u><u>\$9,709,764</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
2004	\$8,112,976	\$771,962,020	12,285	1.05%	\$660
2005	7,803,872	719,769,939	12,410	1.08%	628.84
2006	7,489,768	717,007,040	12,457	1.04%	601.25
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

(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
2004	\$8,112,976	\$3,810,000	\$663,900	\$568,272	\$3,500,000	\$2,384,256	\$543,000
2005	7,803,872	3,557,000	1,005,000	0	3,385,000	2,252,061	1,284,500
2006	7,489,768	3,303,000	955,000	0	6,168,735	2,156,781	1,245,000
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

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
\$19,582,404	12,285	\$251,903,925	7.77	\$1,594
19,287,433	12,410	260,907,840	7.39	1,554
21,318,284	12,457	272,322,477	7.83	1,711
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

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

	2004	2005	2006	2007
Total Assessed Property Value	<u>\$240,632,700</u>	<u>\$253,954,030</u>	<u>\$240,026,372</u>	<u>\$246,303,533</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>25,266,434</u>	<u>26,665,173</u>	<u>25,202,769</u>	<u>25,861,871</u>
Debt Outstanding:				
General Obligation Bonds	\$8,130,000	\$7,820,000	\$7,505,000	\$7,170,000
Mortgage Revenue Bonds	3,500,000	3,385,000	6,140,000	5,815,000
Special Assessment Bonds	3,810,000	3,557,000	3,303,000	3,023,000
Bond Anticipation Notes	1,206,900	2,289,500	2,200,000	2,123,000
OWDA Loans	<u>2,384,256</u>	<u>2,252,061</u>	<u>2,156,781</u>	<u>2,107,550</u>
Total Gross Indebtedness	19,031,156	19,303,561	21,304,781	20,238,550
Less:				
Mortgage Revenue Bonds	(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)
Special Assessment Bonds	(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)
Bond Anticipation Notes	0	0	(1,245,000)	(1,245,000)
OWDA Loans	<u>(2,384,256)</u>	<u>(2,252,061)</u>	<u>(2,156,781)</u>	<u>(2,107,550)</u>
Total Net Debt Applicable to Debt Limit	<u>9,336,900</u>	<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$15,929,534</u>	<u>\$16,555,673</u>	<u>\$16,742,769</u>	<u>\$17,813,871</u>
Legal Debt Margin as a Percentage of the Debt Limit	63.05%	62.09%	66.43%	68.88%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$13,234,799</u>	<u>\$13,967,472</u>	<u>\$13,201,450</u>	<u>\$13,546,694</u>
Total Gross Indebtedness	19,031,156	19,303,561	21,304,781	20,238,550
Less:				
Mortgage Revenue Bonds	(3,500,000)	(3,385,000)	(6,140,000)	(5,815,000)
Special Assessment Bonds	(3,810,000)	(3,557,000)	(3,303,000)	(3,023,000)
Bond Anticipation Notes	0	0	(1,245,000)	(1,245,000)
OWDA Loans	<u>(2,384,256)</u>	<u>(2,252,061)</u>	<u>(2,156,781)</u>	<u>(2,107,550)</u>
Net Debt Within 5 ½ % Limitations	<u>9,336,900</u>	<u>10,109,500</u>	<u>8,460,000</u>	<u>8,048,000</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$3,897,899</u>	<u>\$3,857,972</u>	<u>\$4,741,450</u>	<u>\$5,498,694</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	29.45%	27.62%	35.92%	40.59%

Source: City Financial Records

2008	2009	2010	2011	2012	2013
<u>\$219,771,600</u>	<u>\$219,559,180</u>	<u>\$209,315,445</u>	<u>\$204,700,314</u>	<u>\$209,515,900</u>	<u>\$206,713,290</u>
<u>23,076,018</u>	<u>23,053,714</u>	<u>21,978,122</u>	<u>21,493,533</u>	<u>21,999,170</u>	<u>21,704,895</u>
\$6,830,000	\$6,560,000	\$6,275,000	\$5,975,000	\$5,595,000	\$5,255,000
5,460,000	5,095,000	4,715,000	4,320,000	3,905,000	3,475,000
2,733,000	2,421,000	2,088,000	1,743,000	1,507,000	1,259,000
2,000,000	1,800,000	1,282,500	982,500	582,500	0
<u>3,067,762</u>	<u>2,991,797</u>	<u>2,923,288</u>	<u>2,783,537</u>	<u>2,598,675</u>	<u>2,402,315</u>
20,090,762	18,867,797	17,283,788	15,804,037	14,188,175	12,391,315
(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)	(3,905,000)	(3,475,000)
(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)	(1,507,000)	(1,259,000)
(1,225,000)	(1,090,000)	(895,000)	(695,000)	(445,000)	0
<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>	<u>(2,598,675)</u>	<u>(2,402,315)</u>
<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>	<u>5,732,500</u>	<u>5,255,000</u>
<u>\$15,471,018</u>	<u>\$15,783,714</u>	<u>\$15,315,622</u>	<u>\$15,231,033</u>	<u>\$16,266,670</u>	<u>\$16,449,895</u>
67.04%	68.46%	69.69%	70.86%	73.94%	75.79%
<u>\$12,087,438</u>	<u>\$12,075,755</u>	<u>\$11,512,349</u>	<u>\$11,258,517</u>	<u>\$11,523,375</u>	<u>\$11,369,231</u>
20,090,762	18,867,797	17,283,788	15,804,037	14,188,175	12,391,315
(5,460,000)	(5,095,000)	(4,715,000)	(4,320,000)	(3,905,000)	(3,475,000)
(2,733,000)	(2,421,000)	(2,088,000)	(1,743,000)	(1,507,000)	(1,259,000)
(1,225,000)	(1,090,000)	(895,000)	(695,000)	(445,000)	0
<u>(3,067,762)</u>	<u>(2,991,797)</u>	<u>(2,923,288)</u>	<u>(2,783,537)</u>	<u>(2,598,675)</u>	<u>(2,402,315)</u>
<u>7,605,000</u>	<u>7,270,000</u>	<u>6,662,500</u>	<u>6,262,500</u>	<u>5,732,500</u>	<u>5,255,000</u>
<u>\$4,482,438</u>	<u>\$4,805,755</u>	<u>\$4,849,849</u>	<u>\$4,996,017</u>	<u>\$5,790,875</u>	<u>\$6,114,231</u>
37.08%	39.80%	42.13%	44.38%	50.25%	53.78%

**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	
2004	\$1,981,390	\$1,594,548	\$386,842	\$190,578	\$417,373	0.64
2005	2,295,691	1,188,049	1,107,642	247,195	445,222	1.60
2006	2,571,541	1,508,805	1,062,736	220,280	350,372	1.86
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

(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
2004	12,285	\$251,903,925	\$20,505	2,992	4.3%
2005	12,410	260,907,840	21,024	2,838	4.2
2006	12,457	272,322,477	21,861	2,927	4.9
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

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

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**City of Franklin, Ohio**

Principal Employers

2013 and 2006

**2013**

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	519	1	7.69%
CBS Personnel	454	2	6.73
Wal-Mart	404	3	5.99
Faurecia	364	4	5.39
Cox Media	360	5	5.33
Valued Relations	337	6	4.99
Burrows	265	7	3.93
Patrick Staffing	222	8	3.29
McDonalds	217	9	3.22
Ferco Tech	184	10	2.73
<b>Total</b>	<b>3,326</b>		<b>49.29</b>
<b>All Other Employers</b>	<b>3,422</b>		<b>50.71</b>
<b>Total Employment within the City</b>	<b>6,748</b>		<b>100.00%</b>

**2006 (1)**

Employer	Number of Employees	Rank	Percentage of Total Employment
Franklin City School District	493	1	3.87%
Adesa	468	2	3.67
Dayton Newspapers	436	3	3.43
Burrows	429	4	3.37
Faurecia	406	5	3.19
Ample Industries	305	6	2.40
Frisch Ohio	235	7	1.85
Atlas Roofing	210	8	1.65
City of Franklin	206	9	1.62
CHS Miami Valley	182	10	1.43
<b>Total</b>	<b>3,370</b>		<b>26.48</b>
<b>All Other Employers</b>	<b>9,357</b>		<b>73.52</b>
<b>Total Employment within the City</b>	<b>12,727</b>		<b>100.00%</b>

Source: City of Franklin Tax Department

(1) Information prior to 2006 was not available.

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

Function/Program	2004		2005		2006		2007	
	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
General Government	18	32	20	34	20	34	18	28
Security of Persons and Property	41	94	40	95	43	96	43	74
Leisure Time Activities	2	52	2	52	2	52	2	52
Economic Development	0	0	0	0	0	0	0	0
Basic Utility Services	16	22	16	24	16	24	18	27
<i>Total Number of Employees</i>	<u>77</u>	<u>200</u>	<u>78</u>	<u>205</u>	<u>81</u>	<u>206</u>	<u>81</u>	<u>181</u>

Source: City Payroll Records

2008		2009		2010		2011		2012		2013	
Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All	Full-Time	All
18	28	21	28	20	28	20	28	19	26	19	25
41	74	29	63	27	60	29	62	38	63	38	81
2	52	2	71	2	52	2	52	2	58	2	49
0	0	0	0	0	0	0	0	0	0	0	0
18	27	19	25	19	25	18	25	17	26	17	26
<u>79</u>	<u>181</u>	<u>71</u>	<u>187</u>	<u>68</u>	<u>165</u>	<u>69</u>	<u>167</u>	<u>76</u>	<u>173</u>	<u>76</u>	<u>181</u>

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

Function/Program	2004	2005	2006	2007	2008
<b>General Government:</b>					
Government Center	1	1	1	1	1
<b>Security of Persons and Property:</b>					
Number of Police Stations	1	1	1	1	1
Number of Fire/EMS Stations	1	1	1	1	1
<b>Leisure Time Activities:</b>					
Number of Parks	6	6	6	6	6
Number of Swimming Pools	1	1	1	1	1
Number of Libraries	1	1	1	1	1
<b>Basic Utility Services:</b>					
Miles of Water Mains	48	48	48	48	48
Miles of Sanitary Sewers	44.00	44.00	44.00	44.00	44.00
Water Treatment Facility	0	0	0	1	1
<b>Transportation:</b>					
Miles of Streets	110.00	110.00	110.00	110.00	110.00
Number of Street Lights	929	929	929	929	929

Source: City Capital Assets Records

2009	2010	2011	2012	2013
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
6	6	6	6	6
1	1	1	1	1
1	1	1	1	1
49	49	49	49	49
46.00	46.00	46.00	46.00	46.00
1	1	1	1	1
109.00	109.00	109.00	109.00	109.00
929	929	929	929	937

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

Function/Program	2004	2005	2006	2007	2008
General Government:					
Active Income Tax Accounts	8,772	9,470	8,972	7,400	7,468
Individual	6,266	6,888	6,432	5,402	5,551
Business	1,205	1,240	1,173	1,056	972
Withholding	1,301	1,342	1,367	942	945
Clerk of Courts:					
Traffic Court Cases	7,726	7,461	7,356	6,336	6,180
Civil Court Cases	804	779	643	658	965
Small Claims Court Cases	71	62	55	53	99
Security of Persons and Property:					
Police Calls	24,358	24,031	24,893	24,864	21,645
Physical Arrests	737	696	794	2,216	1,357
Citations	2,949	2,487	2,235	1,696	1,958

Source: Department reports



<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
7,276	6,974	7,027	7,454	7,683
5,430	5,409	5,528	5,508	5,759
867	842	768	847	855
979	663	731	1,099	1,069
6,014	8,273	8,052	7,170	6,322
632	601	659	626	524
98	49	42	37	41
24,655	25,202	24,810	23,759	23,543
1,190	2,189	2,003	2,226	2,192
1,809	767	895	1,654	1,708

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**CITY OF FRANKLIN  
WARREN COUNTY, OHIO**

*SUPPLEMENTAL REPORT*

*DECEMBER 31, 2013*

**SANDRA MORGAN, FINANCE DIRECTOR**

**CITY OF FRANKLIN  
WARREN COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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, Ohio as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Franklin's basic financial statements and have issued our report thereon dated June 19, 2014.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City of Franklin'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 of Franklin'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 of Franklin's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Members of Council and Mayor  
City of Franklin

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

Julian & Grube, Inc.  
June 19, 2014



# 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 29, 2014**