

The YouTube channel “City of Franklin WI” will be live streaming the Common Council meeting so that the public will be able to view and listen to the meeting.
<https://www.youtube.com/c/CityofFranklinWIGov>

CITY OF FRANKLIN
COMMITTEE OF THE WHOLE MEETING
FRANKLIN CITY HALL – COMMON COUNCIL CHAMBERS
9229 WEST LOOMIS ROAD, FRANKLIN, WISCONSIN
AGENDA*

MONDAY, MAY 3, 2021 AT 6:30 P.M.

- A. Call to Order and Roll Call.
- B. Volition Franklin: Drug-Free Community Grant Progress and Future Presentation.
- C. Presentation of the 2020 Annual Financial Report for the City of Franklin.
- D. Continued Discussion Regarding the Establishment/Use of the following – City of Franklin Common Council Reference Manual:
 - Form of Government.
 - Common Council Code of Conduct.
 - Common Council Rules of Order.
 - Handbook for Wisconsin Municipal Officials.
 - Plan to Update to Existing Policies/Need for Additional Policies.
 - Common Council Training/Professional Development Opportunities.
- C. Adjournment.

*Supporting documentation and details of these agenda items are available at City Hall during normal business hours

[Note Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services For additional information, contact the City Clerk’s office at (414) 425-7500]

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A DECADE OF COMMUNITY PREVENTION

Lauren Gottlieb, MPH, CHES
&

Ellen Henry, CHES

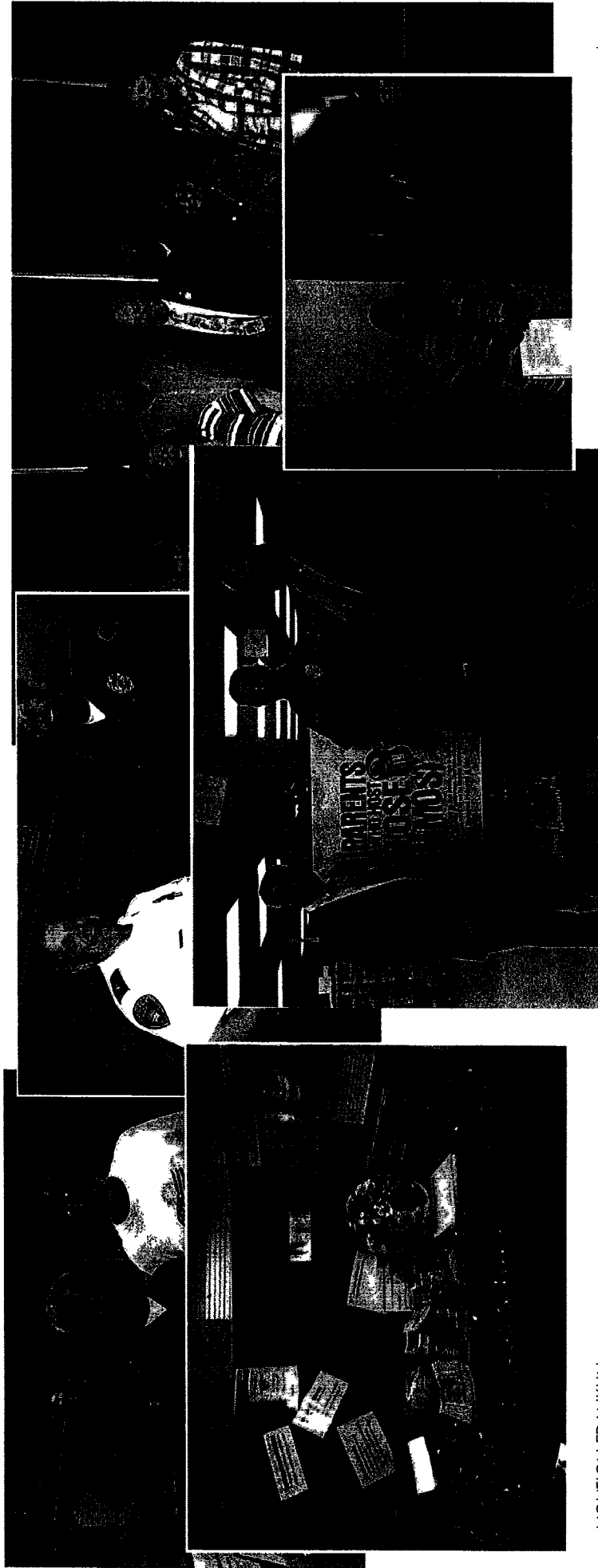


LOCAL PROBLEMS NEED LOCAL SOLUTIONS

Vollition Franklin DFC Goals

FRANKLIN

FAPSU PAST



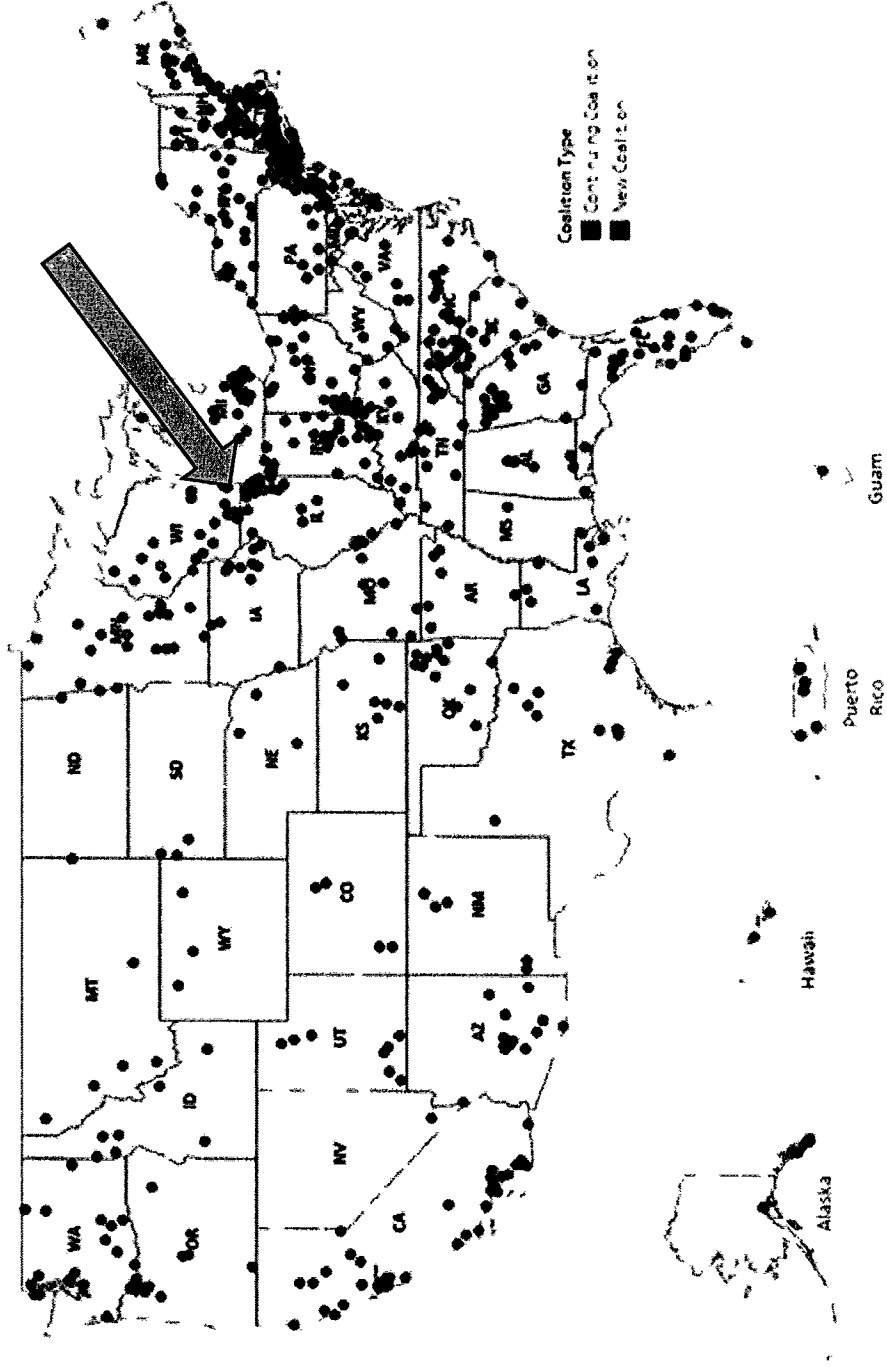
VOLITION FRANKLIN

Drug Free Communities Grant



- Office of National Drug Control Policy (ONDCP)
 - One of several Grant Programs
- Effort to mobilize communities to prevent youth substance use
- Directed by the White House Office of National Drug Control Policy in partnership with the Center for Disease Control and Prevention (CDC).
- Grant to community coalitions to strengthen infrastructure among local partners to create and sustain a reduction in local youth substance use

FIGURE 2. MAP OF FY 2019 DFC GRANT AWARD RECIPIENTS



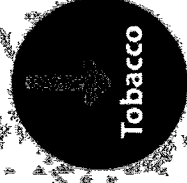
DRUG FREE COMMUNITIES GRANT

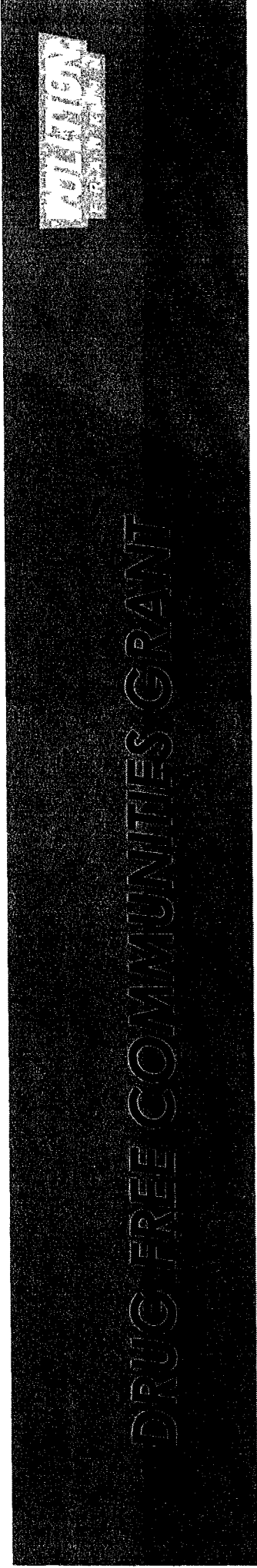


- 48% of American's have lived in a community with DFC-funded coalition since 2005
- In 2017, 58.6 million American's lived in a community with a DFC-funded coalition
 - 2.4 million middle school students
 - 3.3 million high school students

DFC Works!

Youth substance use has decreased among all grantees since program inception

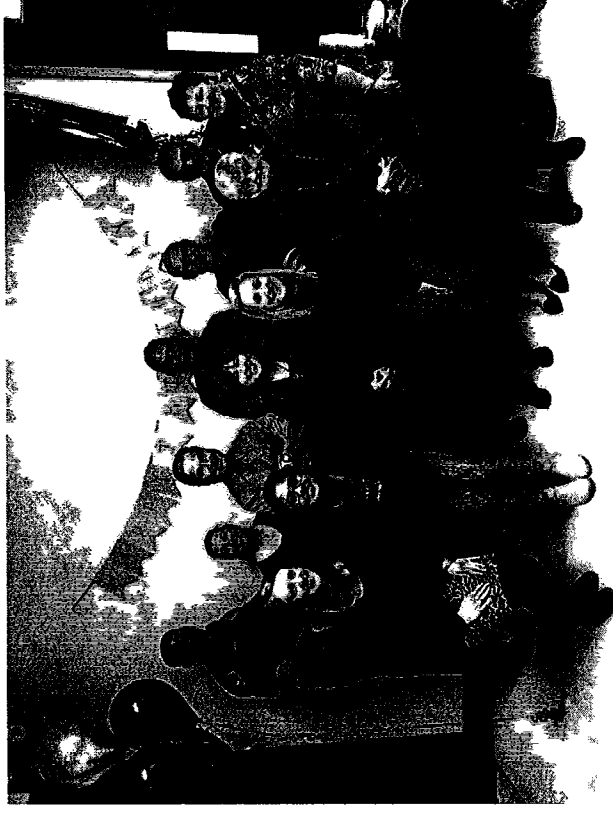




- **Four Core Measures must be tracked...**
 1. Past 30-day Prevalence of Use/Non-Use
 2. Perception of Risk
 3. Perception of Parental Disapproval
 4. Perception of Peer Disapproval

VOLITION FRANKLIN DFC

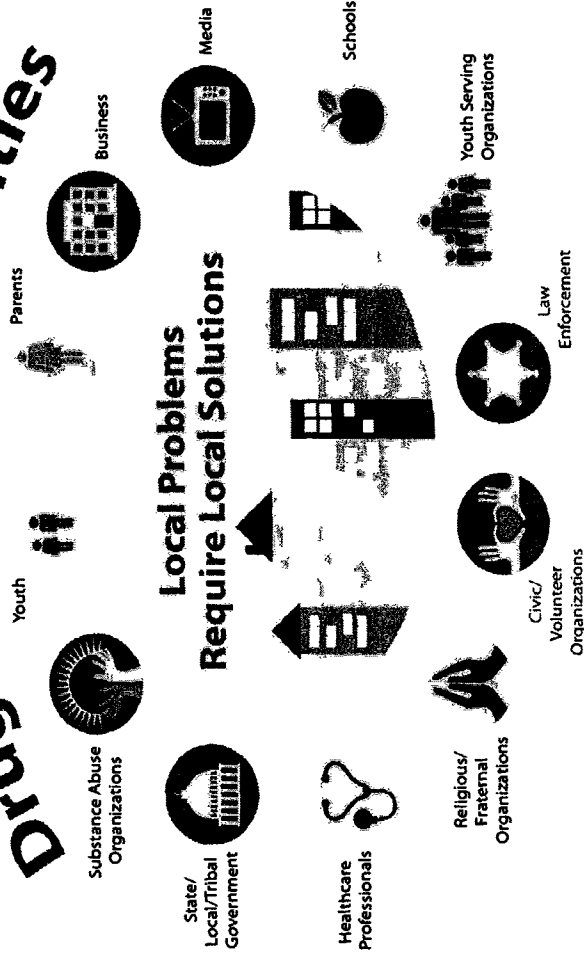
- Award received September 2016
- September 1, 2016 through September 20, 2021
- DFC Goals
 - Increase community collaboration
 - Reduce Youth Substance Use
 - Opioid Misuse
 - Underage Drinking
- Objectives and Strategies
 - Workplan
- DFC Coordinator Hired December 2016
- In Kind





SECTORS

Drug-Free Communities

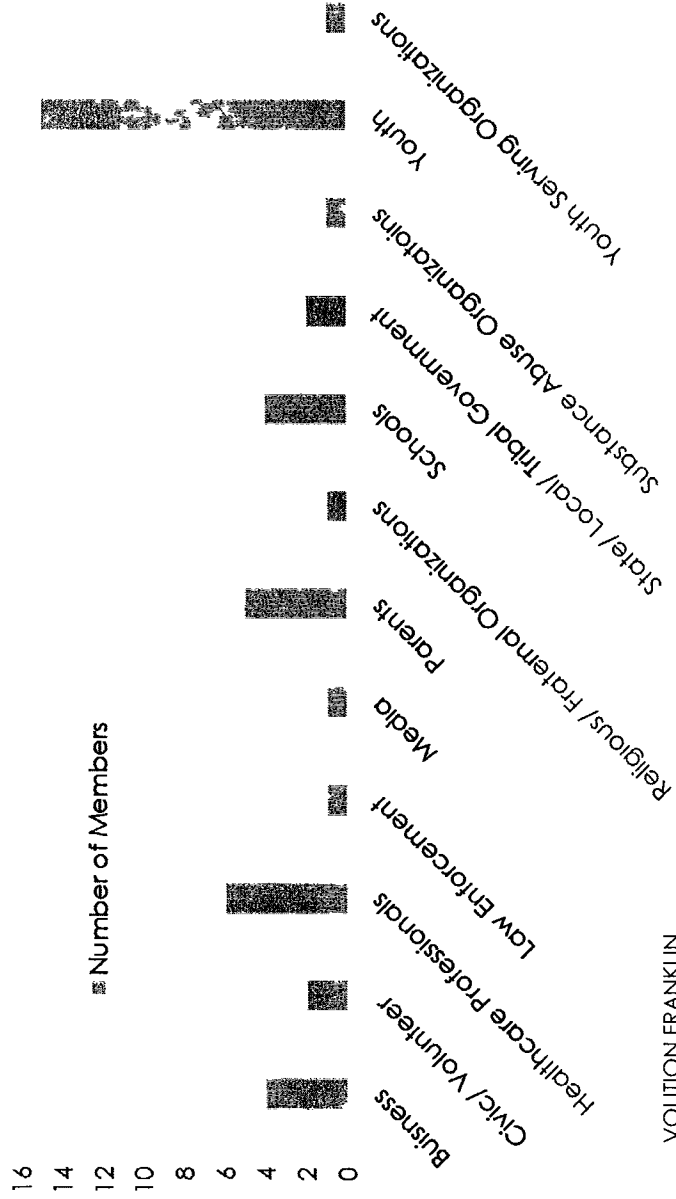


- 30 active members
- 165 on mailing list
- 12 Sectors

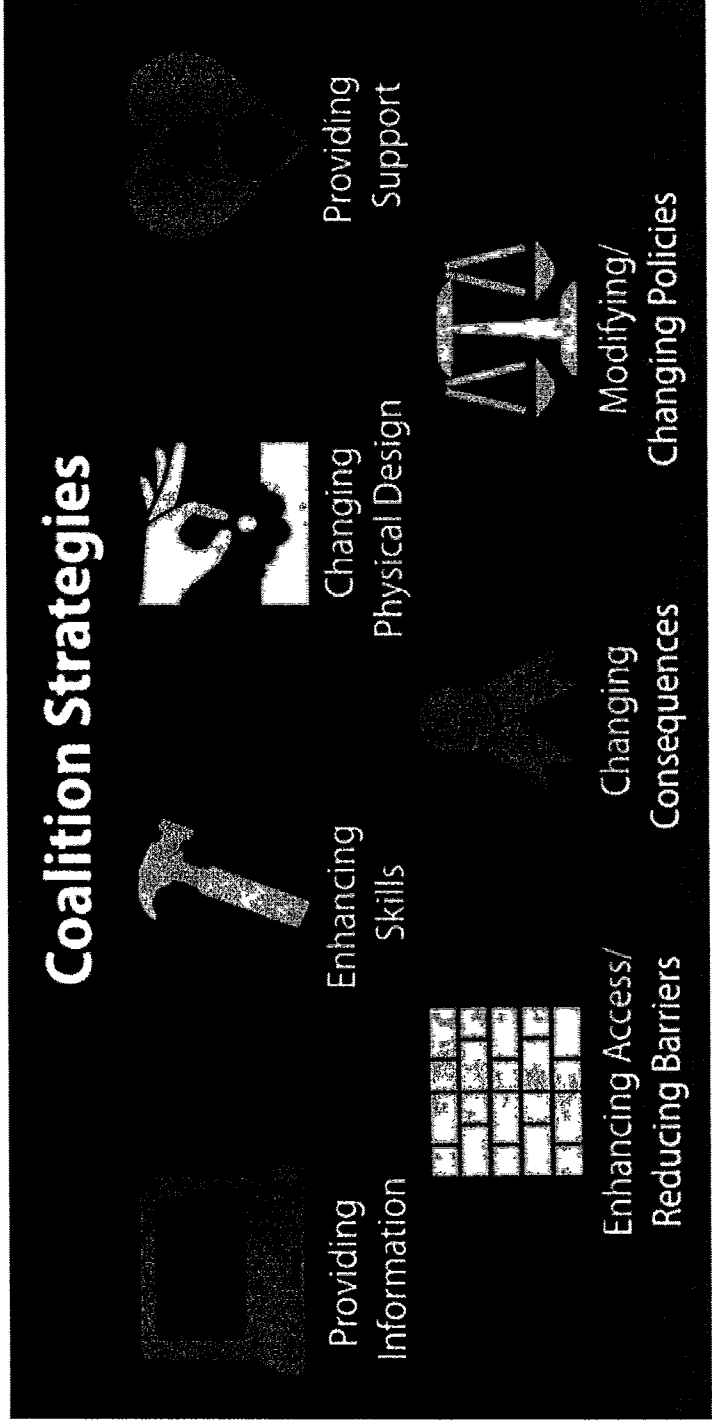


SECTORS

Sector Representation



HOW DO WE PREVENT?



HOW DO WE PREVENT?



- **Providing Information**
 - Educational presentations, workshops, seminars, service announcements, brochures, campaigns, meetings
- **Enhancing Skills**
 - Workshops, seminars or activities designed to increase the skills of community members (trainings, evidence based prevention programs for youth, educational presentations, workshops, seminars, service announcements, brochures, campaigns, meetings)
- **Providing Support**
 - Creating opportunity that reduce risk or enhance protection (providing alternative activities, youth clubs)
- **Enhancing Access/ reduce barriers**
 - Improving community and service delivery processes to increase the ease, ability, and opportunity to utilize those services
- **Changing Consequences**
 - Using incentives and disincentives to alter consequences of a specific behavior (increasing public recognition for deserved behavior, individual and business rewards, citations)
- **Changing the Physical Design of the Environment**
 - Altering the physical structure of the community so that individuals are less likely to engage in substance use (parks, lighting, signage)
- **Modifying/ changing policies**
 - Working to create formal changes in written procedures, proclamations, rules or laws (public policy actions)

ACTION GROUPS



- Action groups enable us to generate ideas and spearhead specific coalition initiatives

Parent Action Group

Lock your liquor campaign, annual 5th grade camping trip, Parents Who Host Lose the Most Campaign, Relay for Life, Activities around Franklin High School Graduation, Red Ribbon Week, Homecoming, etc...

Community Assessment Action Group

National Night Out, Adult Health and Wellness Day, Materials, handouts or data throughout the year, coalition speaker presentations, Civic celebration alcohol scans, etc...

Community Outreach Action Group

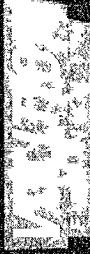
Light and Unite RED Week, National Prevention Week, Homecoming, Outdoor Movie Night, Community Events, Trunk-or-Treat, etc...

YOUTH ACTION GROUP



- Two active Youth Groups
 - Middle School:
 - 50 members
 - High School:
 - 25 members

ACTIVE MEMBERS



- We're successful because of our great members!
- **Be aware**
 - 1-2 hours monthly- sign up for coalition mailings, prevention updates, and attend monthly meetings
- **Be participatory**
 - 4 hours monthly- join a committee or work group, participate in events and donate your skills
- **Be involved**
 - 8 hours monthly- join the board and/or be active in your workgroup and participate in coalition events/ activities

SUSTAINABILITY

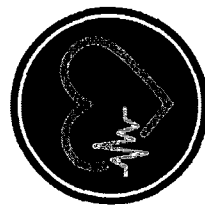


- We must ensure our work is sustainable
- Donations, Fundraising, In Kind
 - Years 1 – 6: 100% In-Kind Match
 - Years 7 – 8: 125% In-Kind Match
 - Years 9 – 10: 150% In-Kind Match

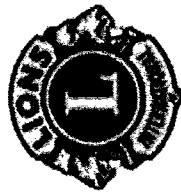




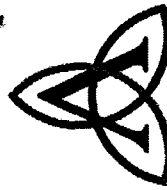
Volution Franklin supports our Community



FIT FRANKLIN



SOUTHWEST MILWAUKEE OPTIMIST CLUB



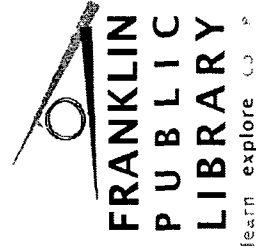
Ascension



the academy of performing arts



SOUTHBROOK church

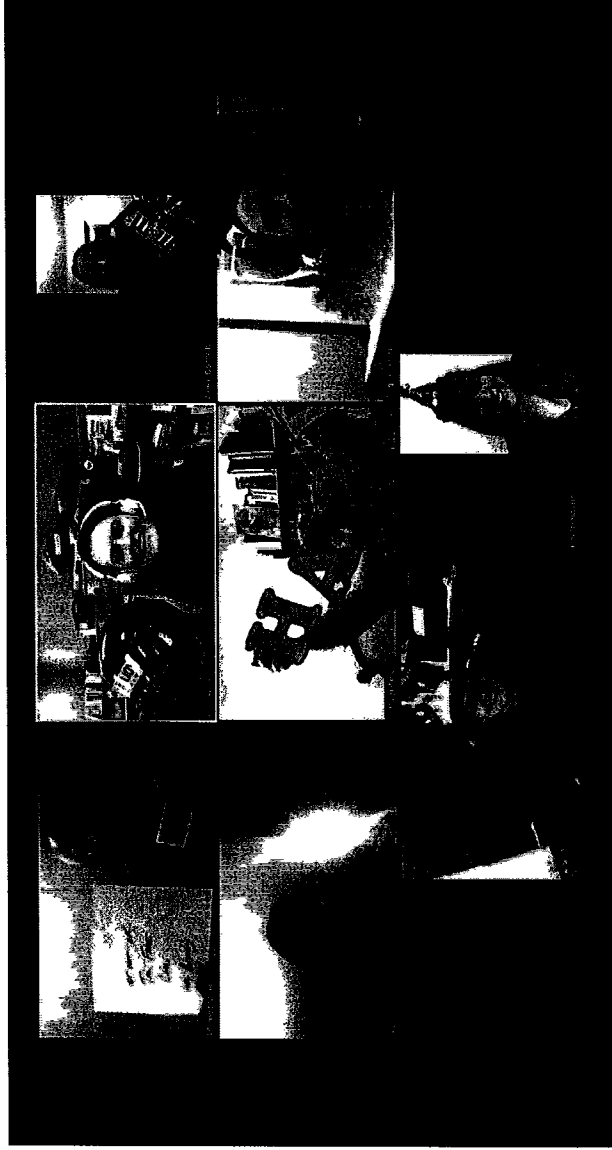


LOOKING AHEAD



- If granted the Drug Free Communities Grant (Years 6 – 10), Volition Franklin will bring an additional **\$625,000** of direct funding + **\$812,500 of in-kind contributions**
- **Public health prevention programs protect our communities and youth, saves lives, and saves money!**

THANK YOU!



Please Join Us for a Meeting!

Meetings Dates:

2nd Thursday of each month
From 6pm to 7:30 pm

On Zoom

APPROVAL	REQUEST FOR COMMITTEE OF THE WHOLE ACTION	MEETING DATE May 3, 2021
REPORTS & RECOMMENDATIONS	Presentation of the 2020 Annual Financial Report for the City of Franklin, WI	ITEM NUMBER

Background

The Finance Dept has prepared the 2020 Comprehensive Annual Financial Report (CAFR) for the City of Franklin, portions of which have been audited by Baker Tilly, LLP – CPA’s. A copy of the 2020 Annual Financial Report is attached for your review.

The Finance Committee reviewed & accepted the report at the April 27, 2021 meeting and recommends Common Council place the report on file.

The Baker Tilly, LLP partner, Paul Franz, CPA will be available to present a required communication to those charged with governance and management and the 2020 Report.

The Finance Director will review highlights of the report and be available for questions.

COMMITTEE OF THE WHOLE ACTION

Refer the 2020 Annual Financial Report to the Common Council for placement on file.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

**PREPARED BY THE
DEPARTMENT OF FINANCE**

**DIRECTOR OF FINANCE & TREASURER
PAUL ROTZENBERG, CPA**

CITY OF FRANKLIN, WISCONSIN

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CITY OF FRANKLIN, WISCONSIN

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INTRODUCTORY SECTION

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April 28, 2021

Citizens of Franklin, Honorable Mayor and Common Council members:

Introduction

The Comprehensive Annual Financial Report of the City of Franklin, Wisconsin for the fiscal year ended December 31, 2020, is hereby submitted. State law requires that all local governments with a population over 25,000 publish a complete set of financial statements that are presented in conformity with general accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Franklin (City). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The City's financial statements have been audited by Baker Tilly US, LLP, a firm of certified public accountants experienced in auditing governmental entities. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2020, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Baker Tilly US, LLP concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

City Profile

The City of Franklin, incorporated in 1956, is located in the southwestern corner of Milwaukee County. The City is 34.5 square miles in size and has a population of 36,514. Over the last ten years the City has experienced approximately 0.4% growth in population. The city is a residential community (75%) with a commercial and industrial component (25%). Median Family Income of \$106,300 is 143% of the national average. Approximately one third of the acreage in the City is undeveloped, which demands attention to growth issues. It is considered to be one of the more desirable communities in the Milwaukee metropolitan area in which to live and work. The City provides a typical range of municipal services for a suburban community including police, fire protection, emergency medical/paramedic, maintenance of streets and other infrastructure, library, public health services, recreational activities, building inspection, zoning control, refuse collection, recycling collection, sanitary sewer, storm sewer and water services, both construction and maintenance. The City is authorized to levy property tax on real and personal property located within its boundaries to support the services provided.

The City operates under the mayor/council form of government. Policy making and legislative authority are vested in a governing council consisting of a mayor and six council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring management. The City's Mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The Council is elected, by district, on a non-partisan basis. The Mayor and Council members serve staggered three-year terms. The City is organized into departments, headed by ten officials appointed by the Mayor or Director of Administration and confirmed by the Common Council. Numerous boards, commissions and committees allow for citizen involvement in government by providing a forum for policy input to the Council and guidance to the departments. Library service is provided through a separate Library Board that functions like a department of the City and engages the Library Director. Water service is provided through a separate Water Utility that functions like a department of the City. The Water Utility also has a Board of Water Commissioners which oversees water utility operations. In 2015, the State mandated that a portion of hotel taxes be dedicated to tourism, as such the City formed a separate Tourism Commission which utilizes those tax resources to promote the City in the area. These areas therefore have been included as an integral part of the City's financial statements. The City also is financially accountable for a legally separate Community Development Authority (Authority). This authority has been inactive since 2012. The Authority's activities are reported within the City's financial statements. Additional information on the Authority can be found in Note 1 in the notes to the financial statements.

The budgetary process serves as the foundation of the City's financial planning and control system. The objective of the budgetary process is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Common Council. The preparation of a forecast for the existing programs for the following year is prepared during July and August. Departmental requests for personnel changes and new capital outlay expenditures are made by the middle of August. The Mayor then reviews the forecast including recommended personnel and capital expenditures and determines by mid-August the personnel and capital expenditures that will be included in the initial departmental requested budgets. The departments take this information and submit their requested budgets by the end of August. The budgets are reviewed and the Mayor submits his recommended budget by the middle of September. A Finance Committee, composed of three aldermen and four citizens then reviews the budget and makes recommendations to the Common Council.

The Council reviews the recommended budget and agrees on a proposed budget by mid-October. The Council is required to hold a public hearing on the proposed budget in early November, and then adopts a final budget in mid-November. The adopted budget is prepared by fund, function (e.g. Public Safety), and department (e.g. Police). Transfers of appropriations between funds, functions or department require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each governmental fund with an adopted budget. The General Fund comparison is presented in Exhibit F as part of the basic financial statements for the governmental funds and in Schedules 3 & 4 of the supplementary information. For governmental funds with adopted budgets other than the General Fund, this comparison is presented in the supplementary information section of this report.

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the environment that the City operates

Economic Condition and Outlook

The economic activity in Franklin in both the residential and the non-residential sectors was stable. New construction was elevated in 2020 compared to 2019 as evidenced by increased construction permit revenues. The Ballpark Commons project, estimated to add \$160 million in new development saw several commercial projects initiated in 2019 and continue construction in 2020. In addition, the Bear Development project in the southwest portion of the City has substantially completed infrastructure for a new industrial park. Several new residential subdivisions are in various stages of completion.

Estimated actual property values have grown at an average annual rate of 2.5% since 2011. The new growth was \$32.5 million in 2020, \$64.6 million in 2019, and \$34.6 million in 2018. 2021 growth is expected to be larger still reflecting the impact of Commercial activity. New growth has averaged less than 1% the last ten years, with eight of the ten years having less than 1% growth. Limits on levy increases are currently restricted to new growth, and this has meaningfully dampened tax levy increases, the largest resource to the City. With the City over \$4.5 billion in market value, it become harder and harder to generate growth levels that support tax levy increases for operating cost increases.

The City has been successful in restricting tax levy increases by utilizing tools the State provided: retarding growth of employee benefits and shifting tax levy from debt service to operating needs. This is a non-sustainable process.

A landfill in the southwestern portion of the City received an expansion of its license in 2019 (from the State). The landfill has provided approximately \$1 million in revenues to the City in prior years. With the license expansion, the per ton rate increased 25% and volumes substantially increased, generating over \$2.2 million in resources. What this resource funds should be carefully considered, because while it will likely last more than a few years, it will eventually terminate. Utilizing this resource for recurring expenditures will challenge future budget decisions when it eventually ends.

Residential Growth

Over the past ten years, residential valuation have increased at a 2.5% compounded rate. However, new housing starts have still not recovered the pace prior to the recession of 2008. The development activity has increased in recent years, with several large developments in various stages of approval. Longer range, the City has the most developable land in the County and anticipates new subdivisions as economic activity increases again.

Commercial and Industrial Growth

Over the past ten years, commercial and industrial valuation has increased at an average annual rate of 2.4%.

In 2005, two TIF Districts (#3 & #4) were established on the eastern side of the City. The two districts have equalized value tax increments of \$64.8 and \$52.6 million, respectively. In 2016, a new District #5 was established to aid the Ballpark Commons project. A Developers agreement was signed in Q1 2018. The project estimates \$125 million in new taxable development. In Q4 2018, TID6 was formed to aid the development of an industrial park on the southwest portion of the City. That project could generate \$54 million in new development. In Q4 of 2019, TID7 was created to aid the multi-family portion of Ballpark Commons development, with estimated development of \$47 million. In May, 2020, TID8 was created to replace TID4 to continue the development of the business park in the southeast corner of the City.

Expansion of the commercial and industrial tax base is a goal of the City with respect to the overall tax rate. New TID creation in the last few years will aid in that Commercial development. Currently 74.9% of the City's property value is residential compared to 73.0% ten years ago. However, many of the multi-family projects are classified as Commercial, but could be considered residential. Thus Franklin is clearly a bedroom community. Future tax relief will need to come from industrial and commercial tax base expansion.

Organizational and Service Growth

2020 was a year where overall revenue of \$56.7 million barely changed from last year. The Pandemic reduced some charges for services, while landfill siting revenues made up for some of those decreases. In the near term, TID tax resources will rise as the development in Ballpark Commons, Bear Development and Velo Village come on line and replace the expiring TID 3 & 4.

2020 and 2019 were revaluation years. The last reassessment was done in 2018. Performing revaluations on a regular basis is in line with the Common Council policy to schedule more frequent revaluations to keep property values in line with current market values. The State determined that the local assessment, after reassessment, was 98% of fair value. The estimated actual value of City properties was approximately \$4.5 billion. The City has risen to the third largest city in Milwaukee County based upon equalized value.

2020's operating challenge centered upon addressing the Pandemic. Operating departments met that challenge with no real interruption of services. Longer term the caps on levy increases will challenge the City to provide the same or better service levels with fewer resources. The largest revenue resource – tax levy – is limited to this growth factor. Controlling expenditures at this level has challenged many Wisconsin cities, Franklin is no exemption.

One threat the City faces is the challenge by larger retail property owners of assessed values. Several large Commercial property owners have successfully challenged their assessed values in recent years, at a minimum this shifts the property tax burden to the residential tax base.

Internal Controls

The City's internal control structure is subject to ongoing evaluation by management. The City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws, regulations and good financial policies. The results of the City's audit for the fiscal year ended December 31, 2020 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws or regulations.

As a recipient of federal and state financial assistance, if the level of grant expenditures exceeds an established level, currently \$750,000, a single audit of grants is required. The City was required to have a single audit of grants in 2020 for the first time since 2010. Pandemic related grants pushed the City over the audit threshold.

Financial Planning

Long range financial planning is in place, especially for the capital funds and debt service funds, to ensure that resources are in place to meet committed projects, that there is adequate funding for projects prior to their approval, and that adequate funding is in place for debt that has been or will be incurred, with an appropriate plan for repayment.

Financial Policies

The City maintains policies on fund balance level, debt levels and term, investment policies, budget forecasting policy and a capitalization policy. The City also takes advantage of policies that has new development to finance infrastructure needs caused by the new development via special assessments and impact fees. Conservative management and the enumerated policies above have served the City well. The existence of a fund balance enabled the fund balance to be utilized during the 2009 revenue decline and replenished in 2010 and 2011 when revenue stabilized. Again, in 2020, the City tapped reserves to address the Pandemic

Awards

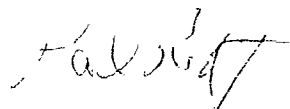
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the 27th consecutive year that the City has received this award.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements. We will be submitting the CAFR to the GFOA to determine its eligibility for a 2020 Certificate.

Acknowledgments

Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff. Appreciation is also extended to all other City employees who contributed to its preparation. Thanks are also extended to the Mayor, Common Council, and Finance Committee for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

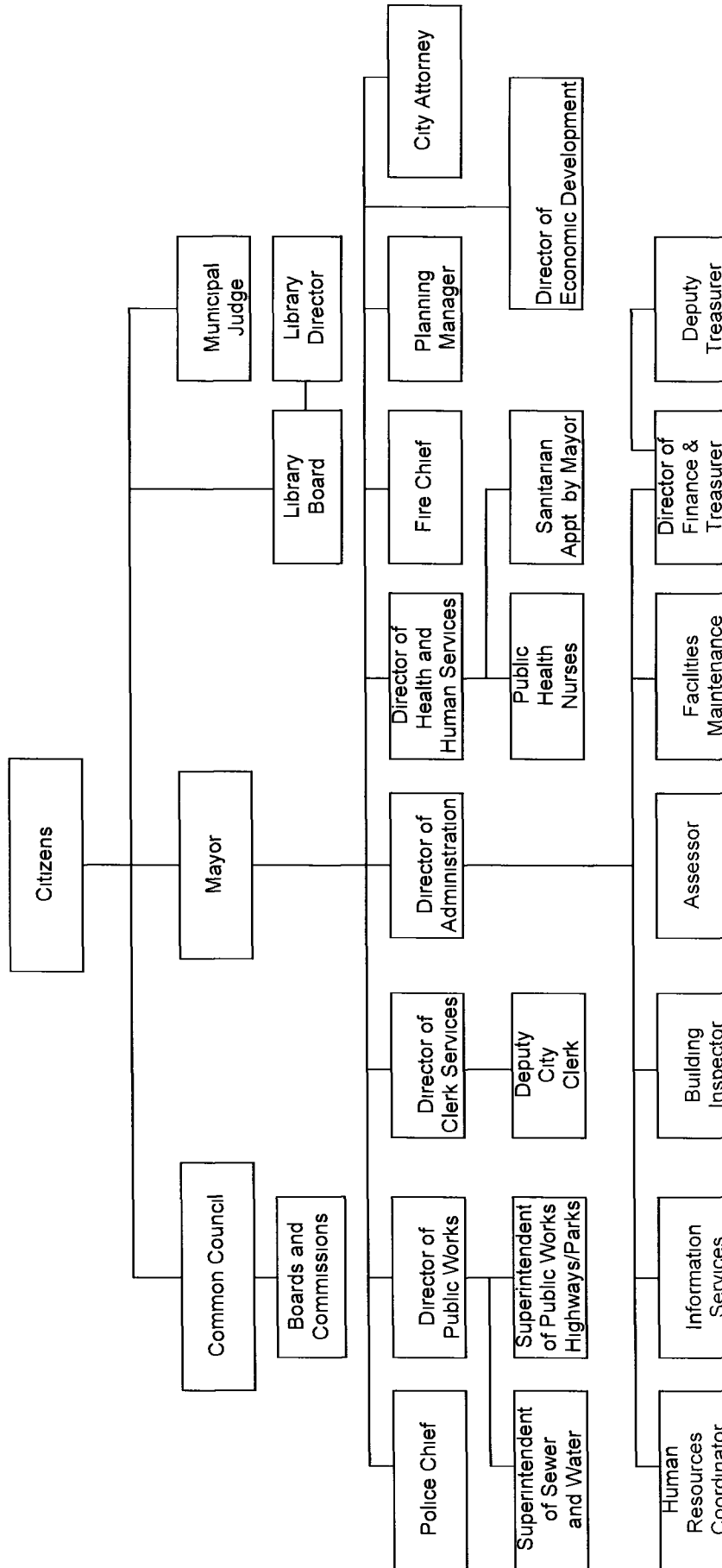
Respectfully submitted,



Paul Rotzenberg, CPA
Director of Finance & Treasurer

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CITY OF FRANKLIN, WISCONSIN
Organization Chart



**CITY OF FRANKLIN, WISCONSIN
LIST OF PRINCIPAL OFFICIALS**

Elected Officials

<u>Title</u>	<u>Name</u>	<u>First Elected</u>
Mayor	Stephen R Olson	2014
Aldermen		
District No. 1	Mark Dandrea	2013
District No. 2	Daniel M Mayer	2013
District No. 3	Kristen Wilhelm	2008
District No. 4	Shari Hanneman	2020
District No. 5	Mike Barber	2016
District No. 6	John Nelson	2017
Municipal Judge	Fred F Klimetz	2006

Non-elected Officials

Assessor	Mark Link
Building Inspector	Scott Satula
City Attorney	Jesse Wesolowski
City Clerk	Sandi Wesolowski
City Engineer/Public Works Director	Glen Morrow
Director of Administration	Peggy Steeno
Director of Economic Development	Calli Berg
Director of Finance & Treasurer	Paul Rotzenberg
Director of Health & Human Services	Courtney Day
Fire Chief	Adam Remington
Human Resources Coordinator	Dana Zahn
Information Services Manager	James Matelski
Library Director	Jennifer Loeffel
Planning Manager	Heath Eddy
Police Chief	Rick Oliva
Superintendent of Public Works	Kevin Schlueter
Superintendent of Sewer & Water	Mike Roberts



Government Finance Officers Association

Certificate of
Achievement
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in Financial
Reporting

Presented to

**City of Franklin
Wisconsin**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council
City of Franklin
Franklin Wisconsin

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 Wisconsin as of and for the year ended December 31, 2020, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting 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 for the purpose of expressing an opinion on the effectiveness of the City of Franklin's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Mayor and Common Council
City of Franklin

Opinions

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, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with 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 that the the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such 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, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Mayor and Common Council
City of Franklin

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

We have previously audited the City of Franklin's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated May 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Franklin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Franklin's 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.

Baker Tilly US, LLP

Milwaukee, Wisconsin
April 28, 2021

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**City of Franklin, Wisconsin
Management's Discussion and Analysis
(Unaudited)**

As management of the City of Franklin (the "City"), the following offers readers of the City's financial statements an overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. Readers are encouraged to consider this information in conjunction with additional information contained in the letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2020, by \$249.0 million (**net position**). The City now has a \$895,974 deficit (**in Unrestricted Net Position**), putting pressure on its ability to meet creditor obligations.
- The City's total net position increased by \$6.3 million. Net investment in capital assets increased by \$2.4 million, while unrestricted net position increased by \$6.3 million and restricted net position decreased by \$2.7 million. 2020 saw the City fund a \$4.5 million second mortgage for the Velo Village multi-family development, significant progress on the infrastructure in TID6 as well as Sanitary Sewer and water infrastructure in TID4.
- The City's governmental funds reported, as of December 31, 2020, combined ending fund balances of \$27.2 million, a decrease of \$18.4 million from the prior year. TID project costs accounted for nearly all of the decrease.
- The Non-spendable fund balance of \$245,134 increased with an Advance for organizational costs for TID8.
- The restricted fund balances totaling \$15.2 million, (a decrease of \$16.3 million), resulted from the TID infrastructure project expenditures and developer grants.
- The assigned fund balances in total of \$6.0 million increased \$353,000 with additional landfill siting resources in the Capital Funds.
- The unassigned fund balance as of December 31, 2020 for the General Fund was \$8.6 million. This represents approximately 33.0% of total 2020 General Fund expenditures. The 2020 increase in unassigned fund balance resulted from vacancies in various departments.
- The City's Business type activities generated a \$8.5 million surplus, including \$10.8 million of capital contributions (\$8.3 million from the City and \$2.5 million from developers). Depreciation on contributed assets reduced the surplus.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between the categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or

deteriorating Table 1 (page 137) provides a ten-year history of Net Position

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave) Table 2 (page 138 & 139) provides a ten-year history of the statement of activities

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The governmental activities of the City include general government, public safety, public works, health & human services, culture & recreation and conservation & development The business-type activities include the Franklin Water Utility and the Sanitary Sewer fund

The government-wide financial statements include not only the City itself (known as the primary government) but also a legally separate Community Development Authority for which the City is financially accountable Financial information for this blended component unit is reported as part of the financial information presented for the primary government itself

The government-wide financial statements can be found on Exhibits A and B (page 33 & 34) of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements All of the funds of the City can be divided into three categories governmental funds, proprietary funds and fiduciary funds

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements However, unlike government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year Such information may be useful in evaluating a government's near-term financing requirements

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements By doing so, readers may better understand the long-term impact of the government's near-term financing decisions Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities

The City maintains 17 individual governmental funds Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General, Debt Service and TIF Districts Funds, that are all considered to be major funds Data from the remaining 14 governmental funds are combined into a single, aggregated presentation Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report

City of Franklin, Wisconsin
For the Year Ended December 31 2020

The basic governmental fund financial statements can be found on Exhibits C, D, E and F (page 35 – 39) of this report. These statements include a budgetary comparison of the General Fund.

The City adopts an annual budget for its General Fund, Debt Service Fund, TIF District, Library Operating Fund, Library Auxiliary Fund, Solid Waste Fund, Tourism, Donations, Grant, Civic Celebrations, St Martin's Fair, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Development Fund, Utility Development Fund, Sanitary Sewer Fund and the Franklin Water Utility. A budgetary comparison statement has been provided for all governmental funds demonstrating compliance with their budgets.

Proprietary funds

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Franklin Water Utility, the Sanitary Sewer Fund and the Internal Service Fund.

The proprietary fund financial statements can be found on Exhibits G, H & I (page 40 – 44) of this report.

Custodial/Fiduciary funds

Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The custodial funds maintained by the City are the Property Tax Agency Fund, that records the tax roll and tax collections for the City and other taxing jurisdictions and other agency funds. Fiduciary funds include a post-employment benefits trust to hold funds until needed to pay designated health benefits for eligible current and future retirees as well as a Defined Benefit Retirement Income plan for certain Public Works employees.

The basic custodial fund financial statements can be found on Exhibit J & K (page 45 & 46) of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 47 – 96 of this report.

Other information

In addition to the basic financial statements, notes and accompanying notes, this report also presents certain **required supplementary information** concerning the City of Franklin's progress in funding its retiree health obligations to eligible full time employees and its participation in the Wisconsin Retirement System and City of Franklin Defined Benefit Retirement Income Plans. Required supplementary information can be found on pages 99 - 104 of this report.

The combining and individual fund financial statements and schedules section presents combining statements in connection with non-major governmental funds, a detailed budgetary comparison schedule for the General Fund, Special Revenue, Capital Projects and TIF Funds to demonstrate compliance with the budget complementing the statement included in the basic governmental fund financial statements, and other information related to the individual funds are presented immediately

following the required supplementary information Schedules 1 to 14 2 can be found on pages 108 - 133 of this report

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$249 million and \$242 million at the end of 2020 and 2019, respectively.

CITY OF FRANKLIN NET POSITION December 31, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 68 677 767	\$ 83 521 920	\$ 8 552 289	\$ 7 775 752	\$ 77 230 056	\$ 91 297 672
Long term Note Rec	4 500 000	-	14 973 399	16 280 068	19 473 399	16 280 068
Capital assets	<u>143 572 718</u>	<u>135 590 157</u>	<u>118 634 388</u>	<u>11 093 188</u>	<u>262 207 106</u>	<u>146 683,345</u>
Total assets	<u>216,750 485</u>	<u>219 112 077</u>	<u>142 160,076</u>	<u>35 149 008</u>	<u>358 910 561</u>	<u>254 261 085</u>
Deferred Outflows	<u>9 198 609</u>	<u>11 127 908</u>	<u>465 088</u>	<u>803 624</u>	<u>9 663 697</u>	<u>11 931 532</u>
Current liabilities	7 222 296	7 883 909	1 644 833	1 726 984	8 867 129	9 610 893
Long-term liabilities	<u>54 128 432</u>	<u>62 395 660</u>	<u>17 427 165</u>	<u>19 449 699</u>	<u>71 555 597</u>	<u>81 845 359</u>
Total liabilities	<u>61 350 728</u>	<u>70 279 569</u>	<u>19 071 998</u>	<u>21 176 683</u>	<u>80 422 726</u>	<u>91 456 252</u>
Deferred Inflows	<u>38 484 808</u>	<u>31 680 624</u>	<u>642 732</u>	<u>212 008</u>	<u>39 127 540</u>	<u>31 892 632</u>
Net position						
Net Investment in capital assets	122 636 518	123 769 857	101 401 639	92 371 165	215 006 957	212 636 523
Restricted	18 086 031	16 185 146	16 826 978	18 035 340	34 913 009	34 220 486
Unrestricted	<u>(14 608 991)</u>	<u>(11 675 211)</u>	<u>4 681 817</u>	<u>3 997 436</u>	<u>(895 974)</u>	<u>(4 173 375)</u>
Total net position	<u>\$ 126 113 558</u>	<u>\$ 128 279 792</u>	<u>\$ 122 910 434</u>	<u>\$ 114 403 941</u>	<u>\$ 249 023 992</u>	<u>\$ 242 683 634</u>

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities Amounts will not cross-foot as a result

The largest portion of the City's net position (approximately 86 and 88 percent, in 2020 and 2019, respectively) reflects its investment in capital assets (e g , land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding The City uses these capital assets to provide services to citizens, consequently, net position is not available for future spending Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities

Investment in capital assets accounted for \$215 million and \$213 million in 2020 and 2019, respectively of the year end net position

City of Franklin Wisconsin
For the Year Ended December 31 2020

In 2020, major infrastructure projects for Bear Development (TID6) and the S 27th Street Business Park (TID4) were progressing, but not completed. On the Development side, the City provided a \$4.5 million second mortgage for the Velo Village multi-family development.

In 2019, the Ballpark Commons \$28 million infrastructure project was substantially completed. In addition, the Statesman development was completed, as well as portions of three other developments. Other significant projects included a City Hall \$1.8 million roof replacement, Heating Ventilating and Air conditioning replacement, a \$1.4 million roundabout at S 51st and Drexel Ave installed and a \$634,000 fire engine replacement.

An additional portion of the City's net position (14% in 2020 and 13% in 2019) represents resources that are subject to external restrictions on how they may be used. There were \$34.8 million and \$34.2 million respectively in those net positions that were restricted to specific purposes.

The unrestricted total deficit of \$896,000 and \$4.2 million in 2020 and 2019, respectively, may be used to meet the City's ongoing obligations to citizens and creditors. The significant 2019 reduction in unrestricted net position relates to two developer grants. A \$5 million incentive was for a 180-unit apartment complex completed late in the year, and another \$5.9 million in site preparation costs at the Ballpark Commons project on an old landfill.

Government-wide activities

The details of changes in net position follow

**City of Franklin Changes in Net Position
For the Years Ending December 31, 2020 and 2019**

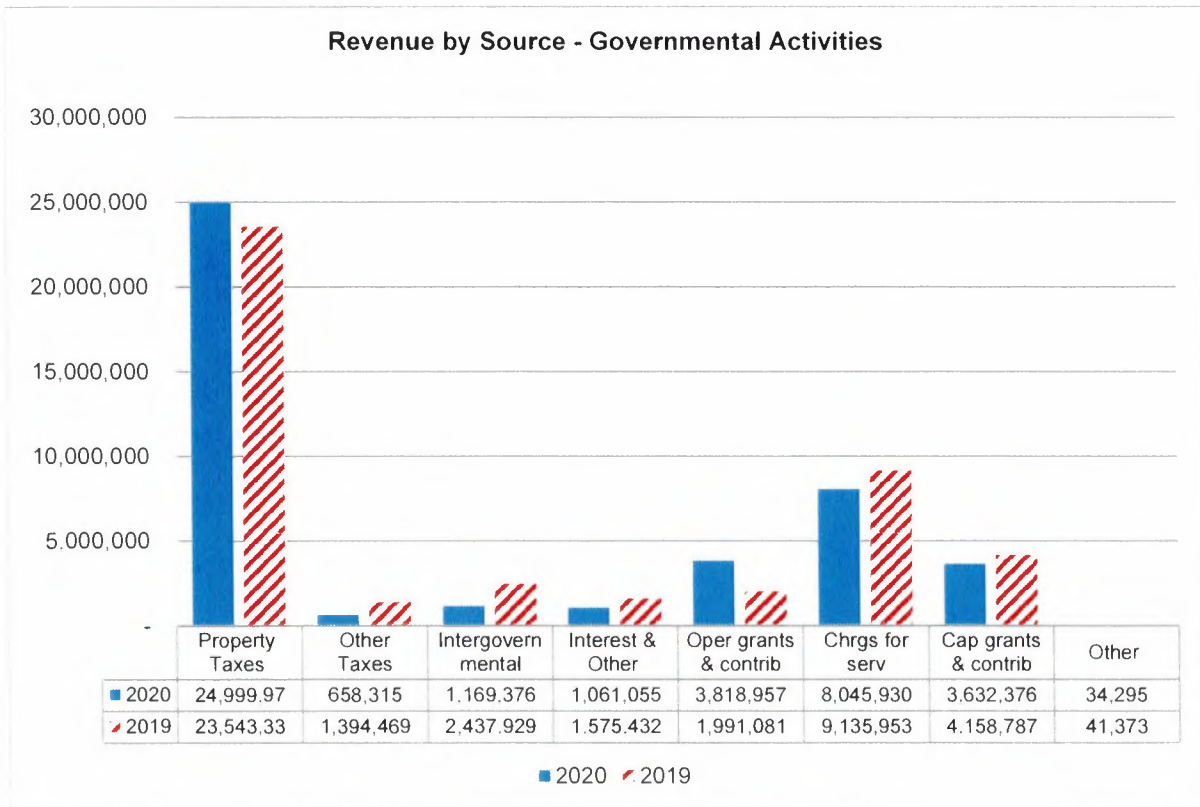
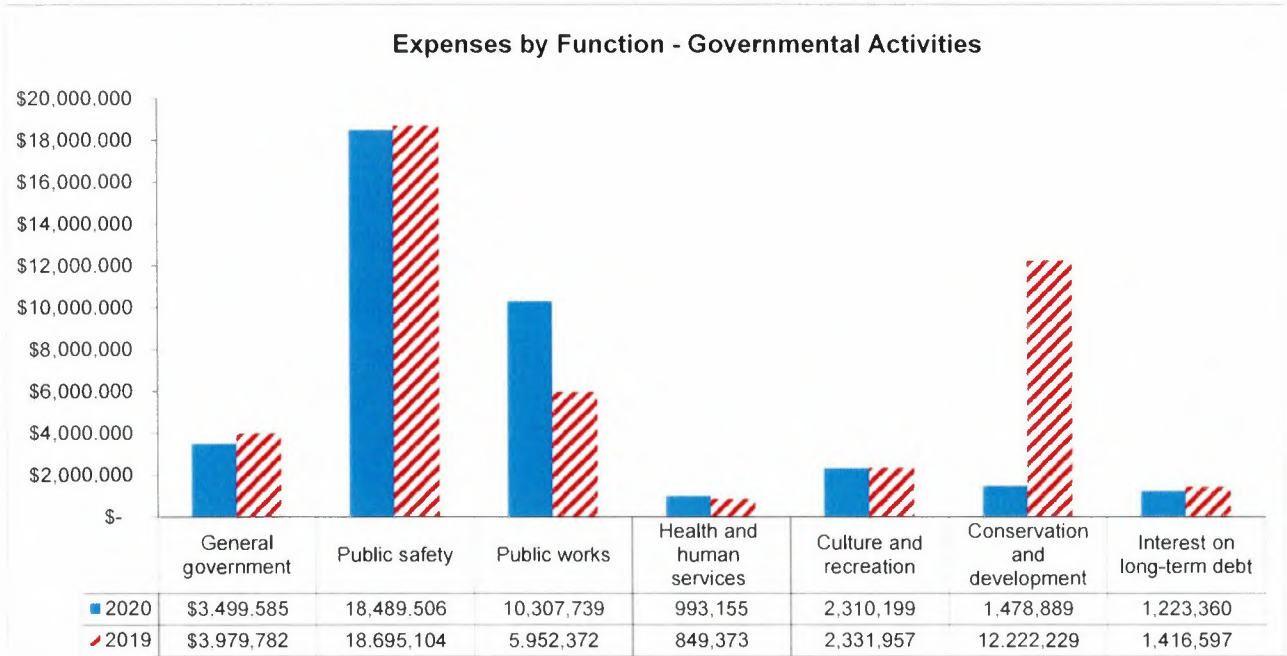
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue						
Charges for services	\$ 8 045 930	\$ 9 135 953	\$ 10 168 857	\$ 9 624 386	\$ 18 214 787	\$ 18 760 339
Operating grants & contributions	3 818 957	1 991 081		-	3 818 957	1 991 081
Capital grants & contributions	3 632 379	4 158 787	2 491 601	1 893 179	6 123 980	6 051 966
General revenue						
Property taxes	24 999 978	23 543 330		-	24 999 978	23 543 330
Other taxes	658 315	1 394 469		-	658 315	1 394 469
Intergovernmental	1 169 376	2 437 929		-	1 169 376	2 437 929
Investment earnings	1 061 055	1 575 432	513 188	554 542	1 574 243	2 129 974
Other	34 295	41 373	101 722	95 217	136 017	136 590
Total revenue	<u>43 420 285</u>	<u>44 278 354</u>	<u>13 275 368</u>	<u>12 167 324</u>	<u>56 695 653</u>	<u>56 445 678</u>
Expenses						
General government	3 499 585	3 979 782		-	3 499 585	3 979 782
Public safety	18 489 506	18 695 104		-	18 489 506	18 695 104
Public works	10 307 739	5 952 372		-	10 307 739	5 952 372
Health & human services	993 155	849 373		-	993 155	849 373
Culture & recreation	2 310 199	2 331 957		-	2 310 199	2 331 957
Conservation & development	1 478 889	12 222 229		-	1 478 889	12 222 229
Interest on long-term debt	1 223 360	1 416 597		-	1 223 360	1 416 597
Water	-	-	5 674 035	5 393 192	5 674 035	5 393 192
Sewer	-	-	6 378 926	6 167 989	6 378 926	6 167 989
Total expenses	<u>38 302 433</u>	<u>45 447 414</u>	<u>12,052 961</u>	<u>11 561 181</u>	<u>50 355 394</u>	<u>57 008 595</u>
Increase in net position before transfers	5 117 852	(1 169 060)	1 222 407	606 143	6 340 259	(562 917)
Transfers	<u>(7 284 086)</u>	<u>(4 966 506)</u>	<u>7 284 086</u>	<u>4 966 506</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(2 166 234)</u>	<u>(6 135 566)</u>	<u>8 506 493</u>	<u>5 572 649</u>	<u>6 340 259</u>	<u>(562 917)</u>
Net position - beginning	128 279 792	134 415 358	114 403 941	108 831 292	242 683 733	243 246 650
Net position - ending	<u>\$ 126 113 558</u>	<u>\$ 128 279,792</u>	<u>\$ 122 910 434</u>	<u>\$ 114 403 941</u>	<u>\$ 249 023 992</u>	<u>\$ 242 683 733</u>

Governmental Activities

The 2020 statements include grant revenues and expenses related to addressing the Pandemic that hit the United States beginning in March 2020. The City received grants of over \$1 million from other governments to address the Pandemic. Precipitous and rapidly declining interest rates depressed investment earnings while also providing the opportunity to refund \$9.5 million of City debt. TID infrastructure projects resulted in significant contributions to the Water and Sewer Utilities.

2019 saw development activity increase further, with a \$5.3 million grant to an apartment developer, over \$1 million of subdivision infrastructure contributions and the Ballpark Commons project winding up including \$5.9 million of developer grants for site preparation, along with significant infrastructure investment. The Intergovernmental revenue increase relates to a storm sewer project at Rawson Homes. \$3 million of developer impact fees added to total revenues. These developer grants will be

recovered in the future when TID tax collections are realized. Interest costs are rising on the increased debt levels.



Business-type activities

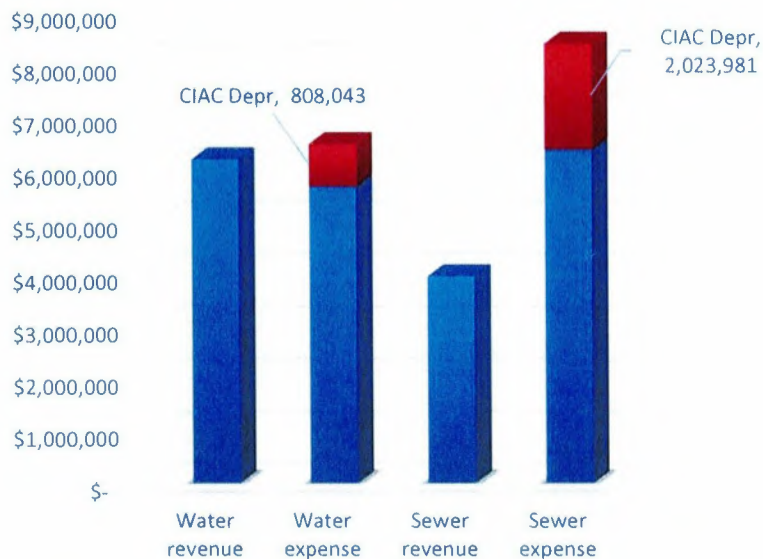
2020 saw additional TID activities contributing infrastructure to the Business-type funds. Bear Development in TID6 for a new Industrial park completed significant infrastructure as well as a Business Park on S 27th Street utilizing increment prior to TID4's expenditure period closing. In total there were over \$8 million on capital contributions in 2020. \$3 million of new GO Debt in TID6 as well as a \$2.5 million Advance to TID4 were used to fund the projects.

2019 Development activity impacted the Business-type activities with capital contributions from both the Government and Developers. City TID activities contributed \$5.9 of water and sanitary sewer assets (principally at Ballpark Commons, the new light industrial park and a water main replacement in Rawson Homes), along with residential subdivision infrastructure. \$3.5 million of City debt was used to support Business-type assets.

Utility rates in both Water & Sewer do not recover the cost of contributed assets. As replacements of those assets occur, future rates will rise to recover the replacement costs. Water mains were replaced in the older Rawson Homes subdivision in 2019.

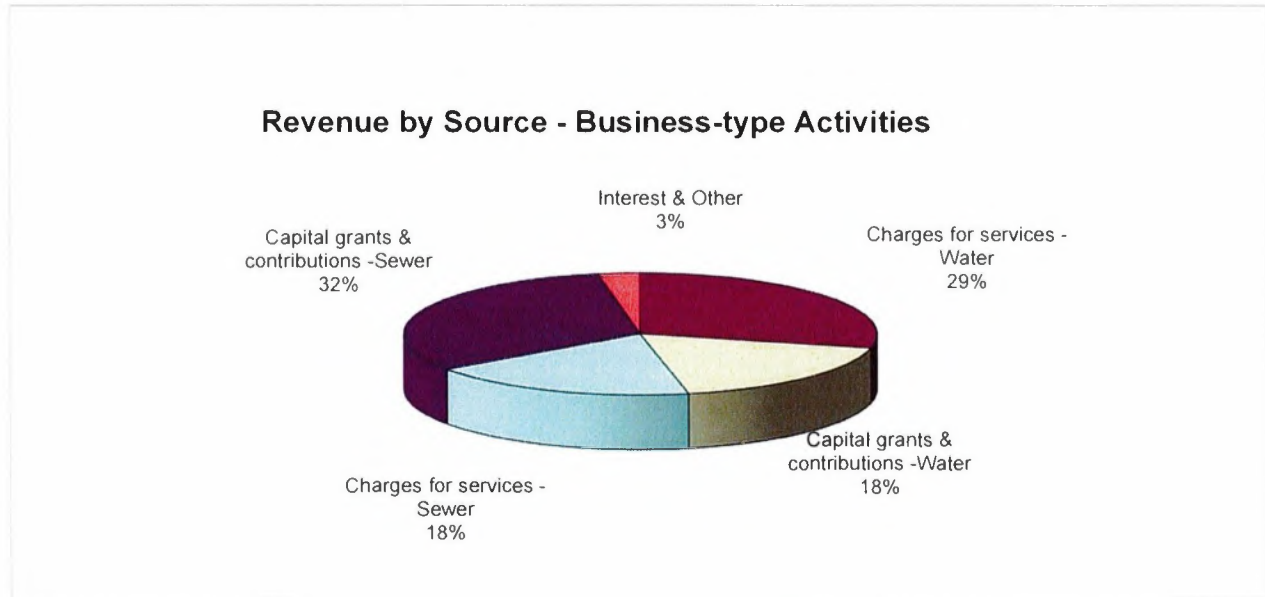
The following graph compares charges for services to the operating expenses for water and sewer activities.

**Operating Revenue and Expense -
Business-type Activities**



Water and Sewer expenses can exceed revenue due to the current policy of including only depreciation from City spending on capital assets in the rate formula. The large amount of infrastructure that has been contributed is the reason for this policy. 80% of the Business-type assets have been contributed by developers or new growth resources (impact fees). When maintenance and replacement costs increase, this policy may need to be reevaluated. The City replaced \$1.3 million of water mains in 2019 and is planning a \$3 million sanitary sewer project in 2021-22. An additional water tower is planned for construction in 2022.

As shown on the following chart, the Business-type revenue includes capital grants and contributions, investment earnings and miscellaneous income in addition to charges for services (operating revenue).



2020 utility charged increased on water volume compared to 2019. Water rates have not changed since 2016 when the last rate case was taken to the Public Service Commission. Sewer rates increase annually to compensate for rate increases from the regional sewer district which processes the City's waste water.

2019 was a wetter than normal summer, and irrigation usage declined as a result, reducing water revenues as compared to 2018. Average residential usage per household continues to decline as the new development installs more water efficient appliances. 2019 Sewer rates increased 2.2% driven by Milwaukee Metropolitan Sewerage District processing costs, increasing sewer revenues.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's **governmental funds** is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27.2 million, a decrease of \$18.4 million from the prior year. Major infrastructure projects in multiple TID's drove the decline. At year end the unassigned fund balance was \$5.7 million, a decrease of \$2.5 million related primarily to deficits generated in the TID's.

The City has assigned fund balances for activities of the Capital Projects of \$5.7 million. In addition, \$315,823 of General Fund Balance has been assigned for purchase commitments into 2021.

Outside party restrictions have resulted in restricted fund balances

1) to pay debt service \$476,871, the transfer out of \$600,000 Special Assessment balances reduced this balance in 2020

2) for utility improvements - \$2.4 million.

3) for development purposes - \$8.9 million Significant Park and Water impact fees are approaching the maximum holding period.

4) for TIF Districts of \$1.3 million. \$13.5 million was refunding in TID5 in 2020, an TID 6 took on \$3 million of new debt to fund infrastructure projects TID7 provided a \$4.5 million second mortgage, \$3 million funded by GO debt and \$1.5 million with an internal advance

5) for library services \$689,000

6) for Solid Waste services \$412,000

7) for Tourism activities - \$389,000 and

7) for donations, health, grant funds, and recreational activities – totaling \$581,000

The City also has nonspendable fund balances to indicate that it is not available for new spending because it has already been committed for prepaid expenses and inventories and for advances to other funds (\$206,450) The General Fund provided a 10 year advance to the Water Utility in 2017 to finance an extraordinary contribution to the Public Works Retirement plan (in excess of the Actuarially Determined Contribution). This was financed out of the collection of the Sewer Fund advance. The General Fund also advanced \$100,000 to TID8 for organizational and operating capital.

The **General Fund** is the chief operating fund of the City As of December 31, 2020, the total fund balance of the General Fund was \$9.2 million of which \$8.6 million was unassigned This unassigned fund balance represents approximately 33% of 2020 General Fund expenditures

The total General fund balance increased by \$565,000 in 2020 masks the fact that the City used \$650,000 of the 2019 General Fund surplus to fund 2020 extraordinary contributions to employee benefit plans. Vacancies in departments resulted in the surplus A planned \$500,000 transfer out to the Capital Improvement Fund did not occur as the City Hall security enhancement project was placed on hold when the Pandemic began in March Additional transfers out to Recreation funds did not occur when the events were cancelled due to the Pandemic

The **Debt Service Fund** has a total fund balance of \$476,000, restricted for the payment of debt service Much of the fund balance relates to collections of street special assessments

The **TIF Districts Fund** has a deficit fund balance of \$1.5 million There are \$1.3 million fund balances in some TIDs and \$2.9 million of deficit fund balance in other TID's TID's 3 & 4 are in their wind down stages, with final TID4 project costs partially funded with Advances TID 7's deficit is the result of funding \$1.5 million of the developer second mortgage anticipating early principal payments

The **Nonmajor Governmental Funds** have a total fund balance of \$19 million Special Revenue fund balances totaled \$2.1 million did not change in 2020 Capital Project funds had fund balances totaling \$16.5 million half of which is in the Development Fund (Impact fees) The City has extended the Park Impact Fee holding period until 2023.

The City's **Proprietary Funds** provide the same type of information found in the government-wide financial statements, but in more detail

Unrestricted net position of the Water Utility at the end of the year amounted to \$3.4 million, an increase of \$679,000 from the prior year The Utility continues to replace a large number of meters related to early 2000 new construction and a group of acquired customers

City of Franklin, Wisconsin
For the Year Ended December 31 2020

Unrestricted net position of the Sanitary Sewer Utility at the end of the year amounted to \$1.2 million, did not change. The Utility plans a \$3 million replacement of a lift station in 2021 or 2022.

The enterprise funds financial statements can be found on Exhibits G, H and I (page 40 – 44) of this report.

An Internal Service Fund providing resources related to employee health benefits had a \$755,000 surplus, increasing fund balance to \$3.2 million. The City introduced a high deductible option in 2019, with a larger than expected participation. As a result, claims costs continued favorable. The fund balance represents a significant percentage of annual health benefit costs (128%).

General Fund Budgetary Highlights

Revenue fell short of the amended budget by \$413,000. The Original Budget included a \$240,000 deficit for employee retirements. That was amended to include \$132,000 of 2019 encumbrances, a \$650,000 extraordinary contribution to under-funded employee benefit plans and \$250,000 for Pandemic related expenditures.

Actual expenditures were less than amended budgeted by \$2.4 million (8.3% of the amended budget). Employee vacancies and reduced benefit costs were the largest reductions in expenditures amounting to nearly \$2 million. The City did make a \$650,000 extraordinary contribution to employee benefit plans from the 2019 General Fund surplus. General Fund pandemic costs exceeded \$250,000. A planned \$500,000 transfer out to the Capital Funds was not made when the Pandemic sidelined a City Hall and Police security project.

A \$565,000 surplus compares favorably to the amended budgeted deficit of \$2.9 million including a \$1.0 million contingency. Removing the contingency, the \$565,000 surplus compared quite favorably to the amended budget.

Capital assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2020, amounts to \$262.5 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

City of Franklin's Investment in Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 26 367 796	\$ 25 450 016	\$ 888 479	\$ 888 479	\$ 27 256 275	\$ 26 338 495
Buildings and Improvements	29 057 720	28 404 573	6 739 800	6 328 241	35 797 520	34 732 814
Improvements other than buildings	123 915 126	119 046 303	147 850 920	142 378 652	271 766 046	261 424 955
Machinery and and equipment	20 172 843	20 023 758	5 832 024	6 129 239	26 004 867	26 152 997
Construction in process	<u>5 630 865</u>	<u>1 986,204</u>	<u>6 609 781</u>	<u>1 160 685</u>	<u>12 240,646</u>	<u>3,146 889</u>
Total capital assets	205 144 350	194 910 854	167 921 004	156 885 296	373 065 354	351 796 150
Less Accumulated depreciation	<u>(61 571 632)</u>	<u>(59 320,697)</u>	<u>(49 286 616)</u>	<u>(45 952,108)</u>	<u>(110 858 248)</u>	<u>(105 272 805)</u>
Capital assets net of depreciation	<u>\$ 143,572 718</u>	<u>\$ 135 590,157</u>	<u>\$ 118 634 388</u>	<u>\$ 110,933 188</u>	<u>\$ 262,207 106</u>	<u>\$ 246,523,345</u>

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was \$21.2 million or 6.0%. The largest increases centered on infrastructure projects in the S 27th Street business park (TID4) and the new Industrial Park (TID6). Much of this work is in Construction in Progress as year-end. The Police shooting range was replaced for \$1.4 million.

For further details on capital asset activity refer to Note 1(D)6 and Note 3(E) of the Notes to Financial Statements and Schedules 14 – 14.2 (page 131 – 133)

Long-term debt

State statutes limit the amount of general obligation debt a governmental entity may issue up to 5 percent of its total equalized valuation. At December 31, 2020, the City had general obligation note and bond issues outstanding totaling \$67.6 million. The current legal debt limitation for the City is \$220.7 million. The City's current outstanding general obligation debt is 30.6% of the statutory debt limit.

By City policy, outstanding general obligation debt is limited to 2% of total equalized value or \$88.3 million. Outstanding debt represents 77% of this internal limit, leaving an internal debt limit margin of \$20.7 million. The Finance Committee reviewed the Debt Policy in July, 2020 and noted that supporting current development activity is likely to cause the City to exceed its internal debt limit and urged the Common Council to consider that when evaluating new debt issues.

The City's present rating from Moody's for its general obligation debt is "Aa2". The "Aa2" rating was affirmed with 2020 debt issues.

In May, 2018 the City issued \$23.48 million in Note Anticipation Notes to finance projects in the Ballpark Commons development. The City agreed to reserve this much of the General Obligation Debt limit for the future refunding of this issue. Those NAN's were all refunded by the end of 2020 with new GO Bonds.

City of Franklin, Wisconsin
 For the Year Ended December 31 2020

In 2019, City had four new debt issues, two in February and two in December 2019A (a \$13.7 million Bond was issued to support a \$3 million grant in TID#3 and refund \$10 million of the 2018A NAN 2019B (A \$6.3 million bond) was issued to support infrastructure projects in TID#6 2019C (a \$12.4 million bond) was issued to support \$5.2 of infrastructure at the Ballpark Commons development, \$3 million to fund a second mortgage financing commitment to Velo Village and \$4 million to refund a portion of the 2018A NAN Finally, 2019D (a \$2.3 million note) provided resources for the 2019 Capital Improvement projects.

In December 2020, the City issued two new Bonds 2020A for \$9.5 million refunded the balance of the 2018 NAN's related to TID5. 2020B for \$3 million provided resources to TID6 funding infrastructure in the new Industrial Park

City of Franklin's Outstanding Debt (All purposes)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation						
Premium (Discount)	\$ 614,680	\$ 446,398	\$ (7,320)	\$ (8,318)	\$ 607,360	\$ 438,080
Note Anticipation Notes	-	13,480,000	-	-	-	13,480,000
Bonds	45,450,000	34,620,000	17,240,069	18,570,341	62,690,069	53,190,341
Notes	4,870,000	5,200,000	-	-	4,870,000	5,200,000
Total	\$ 50,934,680	\$ 53,746,398	\$ 17,232,749	\$ 18,562,023	\$ 68,167,429	\$ 72,308,421

Additional information of the City's long-term debt can be found in Note 3(H) (page 72-76), Schedule 5 (page 116) and Tables 11 – 13 (page 149 -152) in the statistical section of the report

In 2018, the City issued two Municipal Revenue Obligations to developers The first was a \$3.5 million incentive grant to the Ballpark Commons Developer, payable over the life of the TID The note carries a 5.5% interest rate. No interest or principal payments are being made on note at this time The second was a \$2 million instrument payable over the remaining years of TID3 This note bears interest at 4.5% A \$684,000 payment was made in 2020 In April 2020, the City issued a non-interest bearing MRO to TID7's developer for \$14.952 million. No payments were made in 2020. The remaining balance of all the notes at December 31, 2020 was \$19,457,000

A 2019 Developer agreements committed the City to an additional MRO, a \$3.1 million grant in TID#6 issuable upon acceptance of donated infrastructure

Other Changes of Significance

Post Employment Health Care Benefits

The City of Franklin provides retiree health care benefits to certain retiree groups from the date of retirement until age 65 Prior to 2008 the City's portion of health care cost was recognized as an expenditure in the period premiums were paid Funding for those costs was provided out of the current operating budget of the City This was referred to as financing on a pay as you go basis

The Government Accounting Standards Board (GASB) issued Statement #45 effective for the City of Franklin on January 1, 2008 that said that the expense of these benefits has to be recognized over the working lives of the employees The Common Council concluded that the City of Franklin should not

City of Franklin Wisconsin
For the Year Ended December 31 2020

only recognize the expense on its financial statements but should fund those amounts out of its general revenue starting in 2008 with the establishment of a section 115 trust

In 2017, the City adopted GASB 75, which treats OPEB liabilities similarly to pension obligations

More detailed information can be found in Note 4(C)

Economic Factors, Tax Rates and Next Year's Budgets

- The unemployment rate as of December 31, 2020 for the City was 4.7% and Milwaukee County which includes the City, was 7.1%. This compares with an unemployment rate of 4.0% for the State of Wisconsin
- The 2020 Budget assessed tax rate of \$5.32 was down from \$5.43 from the prior year. Tax rates are declining as the State imposed levy limits are resulting in smaller increases in the tax levy, while property values are rising faster
- The City's tax levy rose from \$21.4 million to \$21.7 million in 2020
- 2021 budgeted General Fund expenditures increased \$891,000 (3.0%). The smaller increase in 2021 expenditures as compared to 2020's increase was accomplished by a reduction of \$1.6 million of restricted contingency

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance & Treasurer, City of Franklin 9229 West Loomis Road, Franklin, WI 53132

General information or more detailed financial and budget information relating to the City of Franklin can be found at the City's website, www.franklinwi.gov - Finance Department tab

BASIC FINANCIAL STATEMENTS

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CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
As of December 31, 2020

	Governmental Activities	Business type Activities	Total
ASSETS			
Cash and investments	\$ 35 763 070	\$ 4 052 275	\$ 39 815 345
Receivables - net			
Accounts	1 631 311	2 503 851	4 135 162
Interest	176 403	-	176 403
Taxes	27 292 334	249 034	27 541 368
Notes	4 500 000	-	4 500 000
Special assessments	287 206	-	287 206
Due from other governments	49 975	1 306 669	1 356 644
Prepaid items	6 769	-	6 769
Inventories	31 915	-	31 915
Long term advances	106 450	(106 450)	-
Restricted cash and investments	-	482 900	482 900
Restricted pension assets	3 332 334	64 010	3 396 344
Due from other governments long term	-	14 973 399	14 973 399
Capital assets (net of accumulated depreciation)			
Land	26 367 796	888 480	27 256 276
Buildings and improvements	16 775 047	4 390 940	21 165 987
Machinery and equipment	7 345 942	1 828 236	9 174 178
Infrastructure	87 453 068	104 916 951	192 370 019
Construction in progress	5 630 865	6 609 781	12 240 646
Total assets	<u>216 750,485</u>	<u>142 160 076</u>	<u>358 910 561</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	9 198 609	465 088	9 663 697
Total deferred outflow of resources	<u>9 198 609</u>	<u>465 088</u>	<u>9 663 697</u>
LIABILITIES			
Accounts payable	1 678 365	1 560 264	3 238 629
Accrued liabilities	5 002 819	12 045	5 014 864
Due to other governments	128 413	-	128 413
Accrued interest	379 206	72 524	451 730
Special deposits	33 493	-	33 493
Noncurrent liabilities			
Benefit obligations due within one year	753 536	79 512	833 048
Benefit obligations due in more than one year	2 440 216	114 904	2 555 120
General obligation debt due within one year	2 445 000	1 366 669	3 811 669
General obligation debt due in more than one year	48 489 680	15 866 080	64 355,760
Total liabilities	<u>61 350 728</u>	<u>19 071 998</u>	<u>80 422 726</u>
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	11 295 855	642 732	11 938 587
Subsequent year property taxes	27 188 953	-	27 188 953
Total Deferred Inflow of Resources	<u>38 484,808</u>	<u>642 732</u>	<u>39 127 540</u>
NET POSITION			
Net Investment in capital assets	122 636 518	101 401 639	215 006 957
Restricted for			
Utility improvements	2 656 621	-	2 656 621
Development	8 891 715	-	8 891 715
TID Funds	1 133 608	-	1 133 608
Library	689 390	-	689 390
Solid Waste	412 407	-	412 407
Recreation services	72 904	-	72 904
Health	272 376	-	272 376
Donations	235 736	-	235 736
Tourism Commission	388 940	-	388 940
Sewer equipment replacement	-	482 900	482 900
Intergovernmental Cooperation Agreement	-	16 280 068	16 280 068
Pensions	3 332 334	64 010	3 396 344
Unrestricted (deficit)	(14 608 991)	4 681,817	(895 974)
Total net position	<u>\$ 126 113 558</u>	<u>\$ 122 910 434</u>	<u>\$ 249 023 992</u>

See accompanying notes to the financial statements

CITY OF FRANKLIN, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 3 499 585	\$ 220 817	\$ -	\$ 6 713	\$ (3 272 055)	\$ -	\$ (3 272 055)
Public safety	18 489 506	2 588 486	310 439	150 610	(15 439 971)	-	(15 439 971)
Public works	10 307 739	4 909 364	2 380 554	3 152 604	134 783	-	134 783
Health and human services	993 155	128 691	1 074 058	-	209 594	-	209 594
Culture and recreation	2 310 199	59 478	53 406	322 452	(1 874 863)	-	(1 874 863)
Conservation and development	1 478 889	139 094	500	-	(1 339 295)	-	(1 339 295)
Interest on long term debt	1,223,360	-	-	-	(1 223 360)	-	(1 223 360)
Total governmental activities	38,302,433	8 045 930	3 818 957	3 632 379	(22 805 167)	-	(22 805 167)
Business-type activities							
Water	5 674 035	6 196 559	-	1 456 660	-	1 979 184	1 979 184
Sewer	6,378,926	3,972,298	-	1,034,941	-	(1,371,687)	(1,371,687)
Total business-type activities	12,052,961	10 168 857	-	2 491 601	-	607 497	607 497
Total primary government	\$ 50 355 394	\$ 18 214 787	\$ 3 818 957	\$ 6,123,980	(22,805,167)	607,497	(22,197,670)
General revenue							
Property taxes levied for general purposes					20 638 067	-	20 638 067
Property taxes levied for debt service					1 100 000	-	1 100 000
Property taxes levied for TIF Districts					3 261 911	-	3 261 911
Other taxes					658 315	-	658 315
Intergovernmental revenue not restricted to specific programs					1 169 376	-	1 169 376
Investment earnings					1 061 055	513 188	1 574 243
Miscellaneous revenue					34 295	101 722	136 017
Transfers					(7 284 086)	7 284 086	-
Total general revenue and transfers					20 638 933	7 898,996	28 537 929
Change in net position					(2 166 234)	8 506 493	6 340 259
Net position - beginning					128,279 792	114 403 941	242 683 733
Net position - ending					\$ 126 113 558	\$ 122 910,434	\$ 249 023 992

CITY OF FRANKLIN, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>TIF Districts</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 9 239 521	\$ 463 657	\$ 6 729 948	\$ 15 773 679	\$ 32 206 805
Receivables - net					
Accounts	767 317	-	23 264	840 730	1 631 311
Taxes	19 193 314	1 113 214	3 718 985	3 266 820	27 292 333
Notes	-	-	4 500 000	-	4 500 000
Special assessments	-	18 692	-	268 514	287 206
Interest	86 403	-	90 000	-	176 403
Due from other governments	4 380	-	-	45 595	49 975
Prepaid items	6 769	-	-	-	6 769
Inventories	31 915	-	-	-	31 915
Advances to other funds	206 450	-	-	4 245 000	4 451 450
TOTAL ASSETS	\$ 29 536 069	\$ 1 595 563	\$ 15 062 197	\$ 24 440,338	\$ 70 634 167
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 577 664	\$ -	\$ 154 429	\$ 945 438	\$ 1 677 531
Accrued liabilities	408 752	-	3 804 623	477 644	4 691 019
Due to other governments	128 413	-	-	-	128 413
Special deposits	33 493	-	-	-	33 493
Advance from other funds	-	-	4 345 000	-	4 345 000
Total liabilities	1 148 322	-	8 304 052	1 423 082	10 875 456
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	18 692	4 590 000	776 514	5 385 206
Deferred revenue	19 188 734	1 100 000	3 718 985	3 181 235	27 188 954
Total deferred inflows of resources	19 188 734	1 118 692	8 308 985	3 957 749	32 574 160
FUND BALANCES (DEFICIT)					
Nonspendable					
Inventories and prepaid items	38 684	-	-	-	38 684
Advances to other funds	206 450	-	-	-	206 450
Restricted					
Debt service	-	476 871	-	-	476 871
Utility improvements	-	-	-	2 388 177	2 388 177
Development	-	-	-	8 891 715	8 891 715
TIF Districts	-	-	1 353 308	-	1 353 308
Donations	-	-	-	235 736	235 736
Health services	-	-	-	272 376	272 376
Library services	-	-	-	689 390	689 390
Solid waste	-	-	-	412 407	412 407
Recreational services	-	-	-	72 904	72 904
Tourism	-	-	-	388 940	388 940
Assigned					
Purchases on order	315 823	-	-	-	315 823
Capital projects	-	-	-	5 707 862	5 707 862
Unassigned (deficit)	8 638 056	-	(2 904 148)	-	5 733 908
Total fund balances (deficit)	9 199 013	476 871	(1 550 840)	19 059 507	27 184 551
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 29 536 069	\$ 1 595 563	\$ 15 062 197	\$ 24 440 338	\$ 70 634 167

See accompanying notes to the financial statements

CITY OF FRANKLIN, WISCONSIN
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of December 31, 2020

Fund balances - total governmental funds	\$ 27,184,551
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental funds are not financial resources and are therefore are not reported in the funds	
Capital assets, net of depreciation	143,572,718
Some receivables that are not currently available are reported as unavailable resources in the fund financial statements but are recognized as revenues when earned in the government-wide statements	
Unavailable revenue	5,385,206
Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are applicable to future periods, and, therefore are not reported in fund statements	
Deferred outflows	9,198,609
Deferred inflows	(11,295,854)
Internal Service Fund net position	3,243,631
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	
General obligation debt	(50,320,000)
Compensated absences	(2,357,958)
Net pension and OPEB obligations	(835,794)
Pension asset	3,332,334
Unamortized debt premiums	(614,680)
Accrued Interest	(379,205)
Net position of governmental activities	<u>\$ 126,113,558</u>

CITY OF FRANKLIN, WISCONSIN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	<u>General</u>	<u>Debt Service</u>	<u>TIF Districts</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE					
Taxes	\$ 19 650 840	\$ 1 100 000	\$ 3 427 361	\$ 1 668 071	\$ 25,846 272
Intergovernmental revenue	1 790 134	-	576 667	2 856 503	5 223 304
Licenses and permits	1 061 488	-	-	-	1 061 488
Fines forfeitures and penalties	390 124	-	-	-	390 124
Public charges for services	2 172 980	-	-	4 009 106	6 182 086
Special assessments	-	17 853	-	1 398 086	1 415 939
Intergovernmental charges for services	183 423	-	-	-	183 423
Investment earnings	317 064	19 726	293 174	290 673	920 637
Miscellaneous revenue	210,975	-	-	174 898	385 873
Total revenue	<u>25 777,028</u>	<u>1 137 579</u>	<u>4,297 202</u>	<u>10,397 337</u>	<u>41 609 146</u>
EXPENDITURES					
Current					
General government	3 080 025	-	86 074	72 618	3 238 717
Public safety	17 471 370	-	-	588 507	18,059 877
Public works	4 065 611	-	658 669	2 024 374	6 748 654
Health and human services	663 974	-	-	346 721	1 010 695
Culture recreation and education	288 387	-	-	1 369 451	1 657 838
Conservation and development	597 411	-	5 295 005	6 429	5 898 845
Capital outlay	-	-	14 157 306	5 900 859	20 058 165
Debt service					
Principal	-	1 425 000	14 145 000	-	15,570 000
Interest	-	152 218	1 359 402	-	1 511 620
Debt issuance costs	-	-	190 327	-	190 327
Total expenditures	<u>26 166 778</u>	<u>1 577,218</u>	<u>35 891,783</u>	<u>10 308 959</u>	<u>73 944,738</u>
Excess (deficiency) of revenue over expenditures	<u>(389 750)</u>	<u>(439 639)</u>	<u>(31 594 581)</u>	<u>88 378</u>	<u>(32 335,592)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	77 185	77 185
Transfers in	1 003 388	397 950	-	951 966	2 353 304
Transfers out	(48 379)	(600 000)	-	(701 537)	(1 349 916)
General obligation debt issued	-	-	3 045 000	-	3 045 000
Refunding debt issued	-	-	9 545 000	-	9 545 000
Premium on debt issued	-	-	254 320	-	254,320
Total other financing sources and uses	<u>955 009</u>	<u>(202 050)</u>	<u>12 844 320</u>	<u>327 614</u>	<u>13 924,893</u>
Net change in fund balances	565 259	(641 689)	(18 750 261)	415 992	(18 410 699)
Fund balances - beginning	<u>8 633,754</u>	<u>1 118,560</u>	<u>17 199,421</u>	<u>18,643 515</u>	<u>45 595 250</u>
Fund balances (deficit) - ending	<u>\$ 9 199 013</u>	<u>\$ 476 871</u>	<u>\$ (1 550,840)</u>	<u>\$ 19,059 507</u>	<u>\$ 27 184 551</u>

CITY OF FRANKLIN, WISCONSIN
Reconciliation of the Statement of Revenue
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$ (18,410,699)
Amounts reported for governmental activities in the statement of activities are different because	
Governmental funds report capital outlays as expenditures	
However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense or losses when disposed of	
Capital outlays	20,058,165
Capital outlay contributed to business-type units	(8,287,474)
Items capitalized from non-outlay accounts	(1,594,202)
Depreciation	(4,012,833)
Net book value of assets disposed	(583,161)
Contributed capital assets are reported as revenues in the statement of activities	
	2,402,066
The issuance of long-term debt (e g notes, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes current financial resources of government funds Neither transaction, however, has any effect on net position	
Principal paid on long-term debt	15,570,000
Proceeds from long-term debt, including premium	(12,844,320)
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 the government funds	
Compensated absences, pensions and OPEB	711,389
Accrued interest payable and amortization of debt premium	288,258
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities	
	3,781,467
Internal service fund change in net position	755,110
Net change in net position of governmental activities	\$ (2,166,234)

CITY OF FRANKLIN, WISCONSIN
General Fund
Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Budgeted Amount			Actual	Variance with final budget - Excess (Deficiency)
	Original	Change Inc (Dec)	Final		
REVENUE					
Taxes	\$ 20 741 600	\$ -	\$ 20 741 600	\$ 20 654 228	\$ (87 372)
Intergovernmental revenue	1 746 400	-	1 746 400	1 790 134	43 734
Licenses and permits	905 700	-	905 700	1 061 488	155 788
Fines forfeitures and penalties	546 000	-	546 000	390 124	(155 876)
Public charges for services	2 527 300	64 600	2 591 900	2 172 980	(418 920)
Intergovernmental charges for services	182 000	-	182 000	183 423	1 423
Investment earnings	343 580	-	343 580	317 064	(26 516)
Miscellaneous revenue	136 750	-	136 750	210 975	74 225
Total revenue	27 129 330	64 600	27 193 930	26 780 416	(413 514)
EXPENDITURES					
Current					
General government	3 202 982	136 689	3 339 671	3 078 205	261 466
Public safety	18 446 978	220 648	18 667 626	17 499 307	1 168 319
Public works	4 151 677	845 108	4 996 785	4 245 902	750 883
Health and human services	737 635	2 000	739 635	663 974	75 661
Culture and recreation	210 448	122 385	332 833	292 930	39 903
Conservation and development	619 400	52 000	671 400	569 890	101 510
Total expenditures	27 369 120	1 378 830	28 747 950	26 350 208	2 397 742
Excess (deficiency) of revenue over (under) expenditures	(239 790)	(1 314 230)	(1 554 020)	430 208	1 984 228
OTHER FINANCING SOURCES (USES)					
Transfers out	(524 000)	(48 379)	(572 379)	(48 379)	524 000
Net change in fund balance budgetary basis	(763 790)	(1 362 609)	(2 126 399)	381 829	2 508 228
Adjustments to generally accepted accounting principles basis					
Restricted contingency	(1 335 000)	300 000	(1 035 000)	-	1 035 000
2020 encumbrances	-	-	315 823	315 823	-
2019 encumbrances	-	-	(132 393)	(132 393)	-
Net change in fund balance generally accepted accounting principles basis	(2 098 790)	(1 062 609)	(2 977 969)	565 259	3 543 228
Fund Balances - beginning	8 633 754		8 633 754	8 633 754	-
Fund Balances - ending	\$ 6 534 964		\$ 5 655 785	\$ 9 199 013	\$ 3 543 228

See accompanying notes to the financial statements

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
ASSETS						
Current assets						
Cash and investments	\$ 2 941 618	\$ 2 425 883	\$ 1 110 657	\$ 1 049 880	\$ 4 052 275	\$ 3 556 265
Receivables						
Accounts	1 432 878	1 395 461	1 070 973	991 518	2 503 851	-
Taxes	145 647	161 985	103 387	118 953	249 034	-
Due from other governments	-	-	1 306 669	1 275 272	1 306 669	-
Total current assets	<u>4 520 143</u>	<u>3 983 329</u>	<u>3 591 686</u>	<u>3 435 623</u>	<u>8 111 829</u>	<u>3 556 265</u>
Noncurrent assets						
Restricted cash and investments	-	-	482 900	480 000	482 900	-
Restricted pension assets	32 005	-	32 005	-	64 010	-
Due from other governments	-	-	14 973 399	16 280 068	14 973 399	-
Capital assets						
Land	162 886	162 885	725 594	725 594	888 480	-
Buildings and improvements	3 414 032	3 020 191	3 325 768	3 308 050	6 739 800	-
Improvements other than buildings	63 681 798	60 725 142	84 169 120	81 653 509	147 850 918	-
Machinery and equipment	4 614 505	4 920 074	1 217 519	1 209 165	5 832 024	-
Construction in progress	1 995 890	1 065 176	4 613 891	95 510	6 609 781	-
Less accumulated depreciation	<u>(22 638 818)</u>	<u>(21 423 626)</u>	<u>(26 647 797)</u>	<u>(24 528 482)</u>	<u>(49 286 615)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>51 230 293</u>	<u>48 469 842</u>	<u>67 404 095</u>	<u>62 463 346</u>	<u>118 634 388</u>	<u>-</u>
Total noncurrent assets	<u>51,262 298</u>	<u>48 469 842</u>	<u>82 892 399</u>	<u>79 223 414</u>	<u>134 154 697</u>	<u>-</u>
Total assets	<u>55,782 441</u>	<u>52 453 171</u>	<u>86 484 085</u>	<u>82 659,037</u>	<u>142 266 526</u>	<u>3 556 265</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension and OPEB related	<u>232 638</u>	<u>346 811</u>	<u>232 450</u>	<u>301,287</u>	<u>465 088</u>	<u>-</u>

Continued

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
LIABILITIES						
Current liabilities						
Accounts payable	\$ 785 652	\$ 943 378	\$ 774 612	\$ 662 064	\$ 1 560 264	\$ 834
Accrued liabilities	689	689	11 356	37 255	12 045	311 800
Accrued interest payable	10 829	11 563	61 695	72 035	72 524	-
Current portion of accrued compensated absences	39 756	40 243	39 756	40 243	79 512	-
Current portion of long-term advances	17 250	16 750	-	-	17 250	-
Current portion of long-term obligations	60 000	55 000	1 306,669	1 275 272	1 366 669	-
Total current liabilities	<u>914 176</u>	<u>1 067 623</u>	<u>2,194,088</u>	<u>2 086 869</u>	<u>3,108 264</u>	<u>312 634</u>
Noncurrent liabilities						
Net pension liability		379 808	-	328 016	-	-
Net OPEB liability	20 150	14 026	20 150	14 026	40 300	-
General obligation notes payable	892 680	951 682	14 973 400	16 280 069	15 866 080	-
Accrued compensated absences	37 302	35 657	37 302	35 657	74 604	-
Long-term advances	89 200	106 450	-	-	89 200	-
Total noncurrent liabilities	<u>1 039 332</u>	<u>1 487 623</u>	<u>15,030,852</u>	<u>16 657 768</u>	<u>16 070 184</u>	<u>-</u>
Total liabilities	<u>1 953 508</u>	<u>2 555 246</u>	<u>17 224,940</u>	<u>18 744 637</u>	<u>19,178 448</u>	<u>312 634</u>
DEFERRED INFLOWS OF RESOURCES						
Pension and OPEB related	<u>321 366</u>	<u>29,911</u>	<u>321 366</u>	<u>26 571</u>	<u>642 732</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	50 277 613	47 463 160	51 124 026	44 908 005	101 401 639	
Restricted						
Sewer equipment replacement	-	-	482 900	480 000	482 900	-
Pensions	32 005	-	32 005	-	64 010	-
Intergovernmental cooperation agreement	-	-	16 280 068	17 555 340	16 280 068	-
Unrestricted	<u>3 430 587</u>	<u>2 751 665</u>	<u>1,251 230</u>	<u>1 245 771</u>	<u>4,681 817</u>	<u>3 243 631</u>
Total net position	<u>\$ 53 740 205</u>	<u>\$ 50 214 825</u>	<u>\$ 69,170 229</u>	<u>\$ 64 189 116</u>	<u>\$ 122 910 434</u>	<u>\$ 3 243 631</u>

See accompanying notes to the financial statements

CITY OF FRANKLIN, WISCONSIN
Statement of Revenue, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility	Water Utility	Sanitary Sewer	Sanitary Sewer		
	Current Year	Prior Year	Current Year	Prior Year		
OPERATING REVENUE						
Metered sales						
Residential	\$ 3 194 326	\$ 2 874 381	\$ 2 162 732	\$ 2 066 966	\$ 5 357 058	\$ -
Multi-Family	767 351	741 263	546 143	503 338	1 313 494	-
Commercial	640 582	648 437	606 230	591 845	1 246 812	-
Irrigation	147 081	108 212	-	-	147 081	-
Industrial	461 103	438 327	470 862	430 270	931 965	-
Public authority	247 258	268 223	166 674	171 112	413 932	-
Total metered sales	<u>5 457 701</u>	<u>5 078 843</u>	<u>3 952 641</u>	<u>3 763 531</u>	<u>9 410 342</u>	<u>-</u>
Group health & dental charges	-	-	-	-	-	3 224 268
Unmetered sales	37 524	20 928	1 990	2 355	39 514	-
Public fire protection service	548 256	544 847	-	-	548 256	-
Private fire protection service	127 368	125 087	-	-	127 368	-
Forfeited discounts penalties and other	25 710	52 554	17 667	36 241	43 377	-
Total operating revenue	<u>6,196 559</u>	<u>5 822,259</u>	<u>3,972 298</u>	<u>3 802 127</u>	<u>10 168 857</u>	<u>3 224 268</u>
OPERATING EXPENSES						
Cost of sales and services	3 734 436	3 539 664	2 665 188	2 534 298	6 399 624	2 519 579
Depreciation	1 304 891	1 245 739	2 205 203	2 172 379	3 510 094	-
Amortization	-	42 059	-	-	-	-
Administration	601 626	529 598	1 102 361	1 018 886	1 703 987	-
Total operating expenses	<u>5,640 953</u>	<u>5,357 060</u>	<u>5 972 752</u>	<u>5 725 563</u>	<u>11 613 705</u>	<u>2 519 579</u>
Operating income (loss)	<u>555 606</u>	<u>465 199</u>	<u>(2 000 454)</u>	<u>(1 923 436)</u>	<u>(1 444 848)</u>	<u>704 689</u>
NONOPERATING REVENUE (EXPENSES)						
Investment earnings	25 473	66 996	487 715	487 546	513 188	50 421
Sundry	101 677	92 997	45	2 220	101 722	-
Interest expense	(33 082)	(36 132)	(406 174)	(442 426)	(439 256)	-
Total non-operating revenue (expenses)	<u>94 068</u>	<u>123,861</u>	<u>81 586</u>	<u>47 340</u>	<u>175 654</u>	<u>50 421</u>
Income (loss) before capital contributions and transfers	<u>649 674</u>	<u>589 060</u>	<u>(1 918 868)</u>	<u>(1 876 096)</u>	<u>(1 269 194)</u>	<u>755 110</u>
Capital contributions - Developers	1 456 660	1 189 743	1 034 941	703 436	2 491 601	-
Capital contributions - City	2 419 423	3 739 332	5 868 051	2 195 622	8 287 474	-
Transfers In (Out)	(1,000 377)	(965 368)	(3 011)	(3 080)	(1 003 388)	-
Change in net position	<u>3 525 380</u>	<u>4 552 767</u>	<u>4 981 113</u>	<u>1 019 882</u>	<u>8 506 493</u>	<u>755 110</u>
Net position - beginning	<u>50,214 825</u>	<u>45 662 058</u>	<u>64,189 116</u>	<u>63 169 234</u>	<u>114 403 941</u>	<u>2 488 521</u>
Net position - ending	<u>\$ 53,740 205</u>	<u>\$ 50,214 825</u>	<u>\$ 69 170 229</u>	<u>\$ 64 189,116</u>	<u>\$ 122 910 434</u>	<u>\$ 3 243 631</u>

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6 271 743	\$ 5 936 577	\$ 3 903 346	\$ 3 767 823	\$ 10 175 089	\$ 3 224 268
Payments to suppliers	(3 903 483)	(3 329 430)	(3 225 124)	(3 065 756)	(7 128 607)	(2 410 224)
Payments to employees	(462 620)	(416 854)	(353 991)	(352 076)	(816 611)	-
Payments for interfund services used	(108 518)	(131 823)	(103 550)	(104 410)	(212 068)	-
Net cash flows provided by (used in) operating activities	<u>1 797 122</u>	<u>2 058 470</u>	<u>220 681</u>	<u>245,581</u>	<u>2 017 803</u>	<u>814 044</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer out - paid for tax equivalent	(1 000 377)	(965 368)	(3 011)	(3,080)	(1 003,388)	-
Net Cash Flows from Noncapital Financing Activities	<u>(1,000 377)</u>	<u>(965 368)</u>	<u>(3 011)</u>	<u>(3 080)</u>	<u>(1 003 388)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments on capital debt	(55 000)	(55 000)	(1 275 272)	(1 244 628)	(1 330 272)	-
Payments from other governments	-	-	1 275 273	1 244 628	1 275 273	-
Payment of advances from other funds	(16 750)	(16 500)	-	-	(16 750)	-
Interest on capital debt	(32 818)	(34 730)	(416 514)	(447 535)	(449 332)	-
Capital contribution received	2 134 602	-	1 034 941	-	3 169 543	-
Acquisition of capital assets	(2,336,517)	(1 359 407)	(1 265,244)	(130,748)	(3 601 761)	-
Net cash provided (used) by capital and related financing activities	<u>(306 483)</u>	<u>(1 465 637)</u>	<u>(646,816)</u>	<u>(578,283)</u>	<u>(953 299)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings	25 473	66 996	492 823	482,437	518 296	50 421
Net cash provided (used) by investing activities	<u>25,473</u>	<u>66 996</u>	<u>492 823</u>	<u>482,437</u>	<u>518 296</u>	<u>50 421</u>
Net increase (decrease) in cash and cash equivalents	515 735	(305 539)	63 677	146 655	579 412	864 465
Cash and cash equivalents - Beginning	<u>2,425,883</u>	<u>2 731 422</u>	<u>1 529 880</u>	<u>1 383 225</u>	<u>3 955 763</u>	<u>2,691 800</u>
Cash and cash equivalents - Ending	<u>\$ 2,941,618</u>	<u>\$ 2 425 883</u>	<u>\$ 1 593 557</u>	<u>\$ 1 529,880</u>	<u>\$ 4 535 175</u>	<u>\$ 3,556,265</u>
Cash and Investments - Unrestricted	\$ 2 941 618	\$ 2 425 883	\$ 1 110 657	\$ 1 049 880	\$ 4 052 275	\$ 3 556 265
Cash and Investments - Restricted	-	-	482 900	480 000	482 900	-
	<u>\$ 2 941 618</u>	<u>\$ 2 425 883</u>	<u>\$ 1 593,557</u>	<u>\$ 1 529,880</u>	<u>\$ 4,535 175</u>	<u>\$ 3,556 265</u>

Continued

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 555,606	\$ 465,199	\$ (2,000,454)	\$ (1,923,436)	\$ (1,444,848)	\$ 704,689
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities						
Depreciation	1,304,891	1,245,740	2,205,203	2,172,379	3,510,094	
Depreciation allocated to other funds	12,657	12,809	(12,657)	(12,809)		
Amortization	-	42,059	-	-		
Nonoperating revenues	101,677	92,997	45	-	101,722	-
(Increase) decrease in assets and deferred outflows of resources						
Accounts receivable	(37,417)	4,498	(84,563)	(29,651)	(121,980)	-
Taxes receivable	16,338	11,409	15,566	(10,067)	31,904	-
Prepaid expense		2,291	-	2,291	-	-
Pension assets	6,124	2,139	3,611	630	9,735	-
Deferred outflows of resources	4,042	918	-	918	4,042	
Increase (decrease) in liabilities and deferred inflow of resources						
Accounts payable	(157,727)	182,720	112,547	41,489	(45,180)	(27,445)
Accrued liabilities	1,158	540	(24,741)	8,686	(23,583)	136,800
Deferred inflow of resources	(5,414)	5,414		5,414	(5,414)	
Post employment retirement benefit	(4,813)	(10,263)	6,124	(10,263)	1,311	
Total adjustments	<u>1,241,516</u>	<u>1,593,271</u>	<u>2,221,135</u>	<u>2,169,017</u>	<u>3,462,651</u>	<u>109,355</u>
Net cash flows provided by (used in) operating activities	<u>\$ 1,797,122</u>	<u>\$ 2,058,470</u>	<u>\$ 220,681</u>	<u>\$ 245,581</u>	<u>\$ 2,017,803</u>	<u>\$ 814,044</u>
Noncash Capital Activities						
Cost of Utility plant installed and/or financed by external parties or the City	<u>\$ 3,876,083</u>	<u>\$ 4,929,075</u>	<u>\$ 6,902,992</u>	<u>\$ 2,899,058</u>	<u>\$ 10,779,075</u>	<u>\$</u>

CITY OF FRANKLIN, WISCONSIN
Statement of Fiduciary Net Position
As of December 31, 2020

	Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash	\$ 160,124	\$ 14,792,742
Investments		
Fixed Income Securities	6,657,535	42,707,743
Domestic Equities	10,700,821	-
International Equities	2,386,041	-
Total Cash & Investments	19,904,521	57,500,485
Taxes receivable	-	18,155,429
Accounts receivable	-	3,134
Due from other governments	-	7,290
Total assets	\$ 19,904,521	\$ 75,666,338
LIABILITIES		
Accounts payable	\$ -	\$ 1,083
Accrued liabilities	16,600	2,329
Special deposits	-	75,662,926
Total liabilities	16,600	75,666,338
Net Position		
Restricted for employee benefits	19,887,921	-
Total Net Position	\$ 19,887,921	\$ -

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2020

	Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Tax collections	\$ -	\$ 75,554,712
Contributions		
City of Franklin	1,300,788	-
Retirees	146,308	-
Net investment earnings (losses)	2,125,978	-
Total additions	<u>3,573,074</u>	<u>75,554,712</u>
DEDUCTIONS		
Tax distributions	-	75,554,712
Incurred claims	638,632	-
Prescription drug claims	69,774	-
Claims fees	50,190	-
Stop loss premiums less claims received	61,488	-
Total deductions	<u>820,084</u>	<u>75,554,712</u>
Change in net position	2,752,990	-
Net Position Beginning of year	<u>17,134,931</u>	<u>-</u>
Net Position End of year	<u>\$ 19,887,921</u>	<u>\$ -</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying summary of the City of Franklin's (the "City") more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be reviewed as an integral part of the accompanying financial statements. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. A summary of the significant accounting policies follows:

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents, (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization, and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government. The City has not identified any component units required to be discretely presented.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Blended Component Unit

The Community Development Authority (Authority) was created by the City in 1992 to serve as a financing vehicle for certain Tax Incremental Districts (TID) development within the City. That District was closed in 2012. The Authority is governed by a seven member board appointed by the Mayor and confirmed by the Common Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and manage certain TID development projects for the benefit of the City. The Authority had no financial transactions during 2020, nor does the Authority own any assets or liable for any debt. Therefore, no financial statements are presented in this report. The Authority does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position (Exhibit A) and statement of activities (Exhibit B) display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services provided.

The statement of activities demonstrates the degree that direct expenses of a given segment or function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate all indirect expenses to functions in the statement of activities. Program revenue includes 1) charges to customers or applicants, who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported as general revenue. Internally dedicated resources are reported as general revenue rather than as program revenue.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds with a fund considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenue and expenditures/expenses. Funds are organized as major funds or nonmajor funds within the governmental and enterprise fund statements. An emphasis is placed on major funds within the governmental and enterprise categories.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

A fund is considered major if it is the primary operating fund of the City or meets the following criteria

- a Total assets and deferred outflows, liabilities and deferred inflows, revenue, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type
- b The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined
- c In addition, any other governmental or enterprise fund that the City believes is important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds with the latter being excluded from government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements

Major Governmental Funds

General Fund – accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund

Debt Service Fund – accounts for resource accumulation from taxes, special assessments and other revenue along with payments made for principal and interest on long-term debt other than enterprise fund debt

TIF Districts Fund – accounts for resource accumulation from tax increments and other revenue of the TID along with payments made for capital outlay, other expenditures, principal and interest on long-term debt obligations of the TIDs. Each TID is a sub fund of the TID Fund.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Major Enterprise Funds (continued)

Water Utility Fund – accounts for operations of providing water services to City residents and bills for those services.

Sanitary Sewer Fund – accounts for the operations of providing sanitary sewer services for City residents and bills for those services

In addition the City reports

Nonmajor Governmental Funds

Special Revenue Funds – account for the proceeds of specific revenue sources (other than major capital projects) that are legally or policy restricted to expenditures for specified purposes. The funds include Library Operating, Library Auxiliary, Solid Waste Collection, St Martin's Fair, Donation, Civic Celebrations, Tourism Commission and Grant

Capital Projects Funds – account for resources accumulated to be used for the purchase of equipment, street replacement, acquisition of land and the construction of capital improvement projects. The funds include Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Improvement and Development

Other Fund Types

Internal Service Funds – account for the payment by the City for active employees of group health and dental charges for services and stop loss insurance charges and the billing of departments or agencies of the City on a cost-reimbursement basis for the services received

Custodial Funds – used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and for other governmental entities.

Employee Benefit Trust Funds – used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans and other post employment benefit plans

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenue, expenses, gains, losses, assets, deferred inflows, liabilities and deferred outflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year that they are levied for.

Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Receivables are recorded as revenue when services are performed. At December 31, 2020, there were \$405,606 of anticipated future assessments. This is not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water Utility and Sanitary Sewer fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when it is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers grant revenue to be available if they are collected within 150 days of the end of the current fiscal period and all other revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures which are recorded as a fund liability when due and payable.

Property taxes are recorded the year levied as receivable and deferred inflow of resources and are recognized as revenue the next year when services financed by the levy are provided.

Intergovernmental aids and grants are recognized as revenue in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City are recorded as receivables. Amounts not available or received prior to the entitlement period are recorded as deferred inflows of resources.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(continued)**

Fund Financial Statements (continued)

Special assessments levied for benefits to property owners for installation of sanitary sewers, water mains, roads, and other improvements are recorded as revenue when they become measurable and available. Annual installments due in future years are recorded as receivables and deferred inflows of resources.

Revenue susceptible to accrual includes property taxes, room taxes, public charges for services and interest. Other general revenue such as permits, fines and forfeitures, licenses and miscellaneous revenue are recognized when received or when measurable and available under the criteria mentioned above.

Deferred inflows of resources are reported on the governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year that are for subsequent year's operations. For governmental fund financial statements unearned revenues arise where potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue arises when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal operations. The principal operating revenue of the Water and Sanitary Sewer funds are charges to customers for sales and services provided. The rates billed in the Water Utility are approved by the Public Service Commission. Sanitary sewer charges are billed at rates established by City policy based on the charges received from the Milwaukee Metropolitan Sewerage District and local operation and maintenance expenses. The principal operating revenue of the internal service fund is charges to other funds for group health coverage.

Operating expenses for proprietary funds include the cost of sales and services, administration and depreciation on capital assets. Revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

All Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could vary from those estimates.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Cash and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The City of Franklin maintains two investment policies. The first covers all funds except fiduciary funds for retiree health purposes. The objective of this policy is to generate current income, consistent with safety and reasonable risk as defined under prudent person rules. As operating reserves, the quality, liquidity and maturity structure of the portfolio are most important. The investment policy

- a Requires a minimum rating at time of purchase of Aa3 by either Moody's or Standard & Poor's
- b Limits an issuer to 10% or less and asset classes to 35% or less of the fair value of the portfolio with the exception of U.S. Government Treasury and Agency securities that have the full faith guarantee of the U.S. Government
- c Specifies a minimum amount of cash equivalents be maintained, an average life of the portfolio not exceeding 6 years and no individual issue with a maturity exceeding seven years at the date of purchase to limit interest rate risk.
- d Limits investments highly sensitive to market changes through its duration and diversification policies to limit interest rate risk.
- e Prohibits the investment in foreign owned securities
- f Limits derivative investments to those with a final maturity of seven years or less

In addition the City's investment policy restricts allowable investments to investments that follow state statutes, section 66.0603, which limits investments to

- a Time deposits in any credit union, bank, savings bank, trust company or loan association authorized to transact business in the state and maturing in three years or less.
- b The Local Government Investment Pool (LGIP).
- c Bonds or securities issued or guaranteed by the federal government
- d Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority and the Wisconsin Aerospace Authority
- e Any security maturing in seven years or less and having the highest or second highest rating category assigned of a nationally recognized rating agency
- f Securities of an open-ended management investment company or investment trust subject to various conditions and investment options
- g Repurchase agreements with public depositories, with certain conditions

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

1. Cash and Investments (continued)

The second investment policy is for its fiduciary fund for retiree health purposes. The policy

- a Requires the investment to be in a section 115 trust for retiree health purposes
- b Requires compliance with the "prudent person" standard
- c Requires asset allocation policy that considers the liability stream of benefits, the relationship to current and projected assets, the historical performance of capital markets and the perception of future economic conditions
- d Primary investment objectives are safety, diversification and return
- e Allows investment in various asset classes
- f Limits investment in equities to no more than 75% of total assets to be invested
- g Limits investment in fixed income securities to no less than 25% of total assets to be invested.

The City manages the various risks in its cash and investments as follows

- a Custodial credit risk – investments are held by a trustee or third party custodian
 - deposits in excess of FDIC insurance limits are maintained in the State LGIP or secured bank balances in amounts of at least 75% of the year end cash balances
- b Credit risk – securities purchased need to have an AA or better investment rating.
- c Concentration of credit risk – issuer or asset class not to exceed 10% of the market value of the portfolio with the exception of U S issued securities.
- d Interest rate risk – managed by limiting the length of maturity of newly purchased investments and limits the average life of the portfolio to control risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3 A. No investments are reported at amortized cost.

Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income (loss). Investment income (loss) on commingled investments of various City Funds is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the municipality, taxes are collected for and remitted to the county government, three local school districts, technical college district and metropolitan sewerage district. Taxes for all other governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying fiduciary funds statement of fiduciary net position within the reported Custodial Funds. The Solid Waste fee is billed and collected along with Property Taxes.

Property tax calendar – 2020 tax roll

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Personal property taxes in full	January 31, 2021
Final tax settlement with County	August 20, 2021
Tax deed by County – 2020	
Delinquent real estate taxes	October 2023

Accounts receivable have been shown net of an allowance for uncollectible accounts. No provision for uncollectible accounts receivable has been made for enterprise funds because of their right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long term interfund loans are reported as “advances from and to other funds.”

Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

In the general fund financial statements, advances to other funds are offset equally by nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. Advances in all other governmental funds are classified in fund balance based on the availability of repayments for use.

It is the City’s policy to record unavailable revenue for the net amount of the receivable balance. As notes are repaid, revenue is recognized. When new notes are made from the repayments,

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

expenditures are recorded, interest received from loan repayments is recognized as revenue when received in cash

3. Inventories and Prepaid Items

Governmental fund inventory items, except fuel inventory, are charged to expenditures when purchased. The fuel inventory is recorded at cost on a first-in first-out basis using the consumption method of accounting. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Year-end inventory was not significant.

Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for sale. Material and supplies on hand at year end are considered immaterial.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by agreements with external parties. Current liabilities payable from restricted assets are so classified. The Pension Asset, if any, is reported as restricted. This asset represents funds held by the Plan Trust, which can only be used to settle Plan obligations. The excess of restricted assets over current liabilities will be used first for equipment replacement. The remainder, if generated from earnings, is shown as restricted net position.

5. Benefit Obligations

For purposes of measuring the net pension obligations (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Wisconsin Retirement System (WRS) and the City of Franklin Defined Benefit Retirement Income Plan (DPW) and additions to/deductions from WRS and DPW's fiduciary net position have been determined on the same basis as they are reported by WRS and DPW. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

5. Benefit Obligations (continued)

For purposes of measuring the net Other Post Employment Benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Franklin Post Employment Benefits Trust and additions to/deductions from the City of Franklin Post Employment Benefits Trust's fiduciary net position have been determined on the same basis as they are reported by the City of Franklin Post Employment Benefits Trust. For this purpose, the City of Franklin Post Employment Benefits Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

6. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets with estimated useful lives of two years or more. Capital assets are recorded at historical cost or estimated historical cost if actual amounts are not available. Donated capital assets are recorded at acquisition value at the date of donation. Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead.

The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to the applicable function.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by asset type follows:

Buildings and improvements	5-50 Years
Machinery and equipment	2-30 Years
Water and sewer infrastructure	20-100 Years
Infrastructure	20-90 Years

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

6. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same in the government-wide statements

7. Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

In governmental funds, property taxes receivable, special assessments and interest revenue not yet due are not recognized as revenue in the current period. For the government-wide and proprietary fund type financial statements, special assessments and interest revenue are recognized as revenue in the current period. This leaves property tax receivable as a deferred inflow of resources in the statement of net position.

Certain items affect the net pension obligation (asset) are amortized over the period determined to be affected by the change. The balance at year end of these items is reported as deferred outflows of resources or deferred inflows of resources section of the statement of net position.

8. Compensated Absences

Under terms of employment, employees may earn compensatory time and are granted sick leave, severance pay and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. All vested compensatory time, severance pay and vacation pay are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. For example a liability, as a result of employee resignations or retirements are payable with expendable available resources.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

8. Compensated Absences (continued)

Payments for vested compensatory time, severance pay and vacation pay will be made at rates in effect when the benefits are used. Accumulated vested compensatory time, severance pay and vacation pay liabilities are determined on the basis of current salary rates and include salary related payments. Vacation and compensatory time are used on a first-in, first-out basis. Accordingly all accrued amounts are considered to be due within one year. Severance due within one year is estimated based on employee age and expected retirement.

9. Long-term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premium) is reported as other financing sources and payments of principal and interest are reported as expenditures. The proprietary fund accounting is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the interest rate method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

The City has approved issuance of industrial development revenue bonds (IDRB) for the benefit of private business enterprises. IDRB's are secured by mortgages or revenue agreements on associated projects of the business enterprises. The IDRB's do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the financial statements. An Industrial Revenue Bond originally issued with an aggregate principal amount of \$3,750,000 is outstanding with a December 31, 2020 balance of \$2,800,000.

10. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the government funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in governmental fund financial statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

11. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components

- a Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- b Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation, and includes restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- c Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of “net investment in capital assets”, and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Adjustment</u>	<u>Total</u>
Net investment in capital assets	\$ 122,636,518	\$ 101,401,639	\$ (9,031,200)	\$ 215,006,957
Unrestricted	(14,608,991)	4,681,817	9,031,200	(895,974)

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

11. Equity Classifications (continued)

Fund Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City does not report any committed fund balance.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (Common Council) has by resolution authorized the Director of Finance & Treasurer to assign fund balance (Resolution 2014-7025). The Common Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, as additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

When committed, assigned and unassigned resources are available for use, it is the City's policy to use committed resources first, then assigned resources and then unassigned resources, as they are needed.

The City has adopted a fund balance policy (Res. 2016-7216) for all governmental funds supported by tax levy as follows: the ratio of year end fund balance to current year Expenditures shall target a range between 20 and 30%. The amount of Fund Balance will be taken into consideration when establishing the following year's budget. At least 15% of the succeeding year expenditure budget be maintained for working capital. Any non-spendable fund balance of the General Fund shall be excluded from the ratio. As of the year ended December 31, 2020, the City exceeded the 30% upper level by 5.2%.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

12. Comparative Data

The basic financial statements include comparative data for the prior year for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. This comparative data is not at the level of detail required for a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2020 from which the data was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 C with the exception of encumbrances, transfers from the General Fund to Special Revenue Funds and tax equivalent from the Water Utility. Actual (budgetary basis) expenditures presented reflect actual (GAAP) expenditures adjusted for expenditures budgeted under the prior period and encumbrances expected to be liquidated under the current period budget. Actual (budgetary basis) revenue presents the tax equivalent from the Water Utility as tax revenue while GAAP basis statements present this item as a transfer.

A budget has been adopted for the General, Debt Service, TID #3, TID #4, TID #5, TID #6, TID #7, Library Operating, Library Auxiliary, Solid Waste Collection, Civic Celebrations, St Martin's Fair, Donations, Grant, Tourism, Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Improvement, Development, Sanitary Sewer and Water Utility funds. The City has not adopted a budget for TID #8 fund.

The budget amounts presented include any amendments made during the year. The City may authorize transfers of budget amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds vote of the Common Council. Supplemental appropriations during the year were not significant. Appropriations lapse at the end of the year unless specifically carried over. Carryovers to the following year were not significant. Budgets are adopted for personnel and non-personnel expenditures at the function level.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF Districts and Debt Service Levy), increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue increase it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum. The Solid Waste fee was enacted prior to this restriction.

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

The City controls General Fund expenditures at the Department personnel and non-personnel level (e.g. police personnel). Other funds are controlled activity level. For the year ended December 31, 2020 the following funds had expenditures exceeding budget:

Fund/Function	Budget Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Elections - Personnel	\$ 70,404	\$ 77,959	\$ 7,555
Finance - Other Services	123,310	124,008	698
Library Operating Fund			
Culture and recreation	\$ 1,312,619	\$ 1,314,671	\$ 2,052
Solid Waste Fund			
Public Works	\$ 1,971,287	\$ 2,013,227	\$ 41,940
Grant Fund			
Culture and recreation	\$ -	\$ 8,790	\$ 8,790
Capital Outlay	25,000	28,528	3,528

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is utilized by all funds. Each fund's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments of the City. In addition, investments are separately held by several of the funds.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in institutions outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

The City's bank accounts are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, although the fund had reserves available at December 31, 2020, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 35 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

The City maintains a collateral arrangement with its main bank to provide collateralization in excess of deposits maintained at the bank. The collateral is maintained in the form of a letter of credit from the Federal Home Loan Bank of Cincinnati in the amount of \$20,000,000.

The City maintains both Non-FDIC insured and collateralized balances with an investment manager that deposits funds with US Banks. The funds are held in accounts 'As Agent for its Customers'. The manager utilizes FDIC insurance, third party insurance and Federal Home Loan Bank letters of credit as collateral for balances.

Cash and investments as shown on the December 31, 2020 statement of net position are subject to the following risks:

	Carrying Value	Bank & Investment Balances	Risks
Local Government Investment Pool	\$ 3,286,284	\$ 3,286,284	Credit
Money market funds	35,780	35,780	Custodial credit
Certificates of deposit	2,813,629	2,813,629	Custodial credit
U.S. treasuries	7,075,625	7,075,625	Custodial credit, interest rate and concentration risk
U.S. agencies	7,198,853	7,198,853	
Municipal bonds	505,300	505,300	
Total fixed income investments	<u>20,915,471</u>	<u>20,915,471</u>	
Equity funds	13,086,862	13,086,862	Custodial credit
Fixed income funds	6,657,535	6,657,535	Credit and interest rate
Cash and demand deposits	<u>77,043,383</u>	<u>68,122,486</u>	Custodial credit
Total	<u>\$ 117,703,251</u>	<u>\$ 108,782,354</u>	

Reconciliation to the financial statements is shown below:

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

Per Statement of Net Position	
Primary Government	
Unrestricted cash and investments	\$ 39,815,345
Restricted cash and investments	482,900
Per Statement of Fiduciary Net Position - Fiduciary Funds	
Custodial Fund	57,500,485
Employee Benefit Trust Funds	<u>19,904,521</u>
	<u>\$ 117,703,251</u>

Custodial Credit Risk For deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. As of December 31, 2020, none of the City's total bank balances were uninsured and uncollateralized and therefore exposed to custodial credit risk. For investments - 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 in the possession of an outside party. All of the City's investments have a tri-party relationship with the investments held by a party independent of the party managing the investment.

Credit Risk Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. The City's policy requires a minimum credit rating of Aa3 at time of purchase. The City's fixed income investments subject to credit risk include agencies securities, corporate asset backed securities, corporate bonds, government repurchase agreements and money market funds and were rated by Moody's Investor Service.

As of December 31, 2020, 99% of the fixed income investments were in rated fixed income investments and subject to credit risk. The ratings as a percentage of the total investment portfolio were as follows: Aaa at 96% and Aa2 at 3%.

The portfolio makeup of fixed income investments was treasury and agency securities at 38%, Local Government Investment Pool at 9%, municipal bonds at 1% and money market funds at <1%. The Local Government Investment Pool is not rated. Equities and fixed income mutual funds held in trust at 52% make up the remainder of the investments and are not individually rated.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to a large investment position in a single issuer. As of December 31, 2020, no issuer other than U.S. Treasury and Agency securities that have the full faith guarantee of the U.S. government had a position of greater than ten percent of the portfolio.

Interest Rate Risk Interest rate risk is the risk that rising interest rates will have an adverse impact on the fair value of the investments in the portfolio. The longer the maturities in the portfolio, the greater the risk of loss is in portfolio value.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

The portfolio policy limits this risk by limiting the length of permitted investments and limits the purchase of investments highly sensitive to market changes

As of December 31, 2020, the City's investments exposed to interest rate risk were as follows

Investment type	Fair Value	Investment Maturity in years			
		Less than 1	2 - 3	4 - 5	6 - 7
US treasuries	\$ 7,075,625	\$ 7,075,625	\$ -	\$ -	\$ -
US agencies	7,198,853	2,015,933	5,182,920	-	-
Municipal bonds	505,300	505,300	-	-	-
Fixed income funds	6,657,535	575,255	748,521	414,618	4,919,141
Total	<u>\$ 14,361,688</u>	<u>\$ 3,096,488</u>	<u>\$ 5,931,441</u>	<u>\$ 414,618</u>	<u>\$ 4,919,141</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows

Market approach – prices or other information from market transactions involving identical or similar assets.

Investment Type	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
US treasuries	\$ -	\$ 7,075,625	\$ -	\$ 7,075,625
US agencies	-	7,198,853	-	7,198,853
Municipal bonds	-	505,300	-	505,300
Total	-	14,779,778	-	14,779,778
Equity funds	13,086,862	-	-	13,086,862
Fixed income funds	6,657,535	-	-	6,657,535
Total	<u>\$ 19,744,397</u>	<u>\$ 14,779,778</u>	<u>\$ -</u>	<u>\$ 34,524,175</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Receivables consist of accounts, taxes, notes and special assessments from citizens and others. Receivables are reported net of uncollectible amounts. The reserve for bad debts, principally for personal property taxes, special assessments and ambulance revenue, was \$128,526 at December 31, 2020. Other than the special assessment receivables, all other receivables are expected to be collected within one year.

Governmental funds report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Governmental funds			
Subsequent year property taxes	\$ -	\$ 25,640,920	\$ 25,640,920
Charges for services on tax roll	-	1,548,034	1,548,034
Intergovernmental grant receivable	508,000	-	508,000
Note receivable	4,500,000	-	4,500,000
Interest on note receivable	90,000	-	90,000
Special assessments not yet due	287,206	-	287,206
Total deferred inflows of resources for governmental funds	\$ 5,385,206	\$ 27,188,954	\$ 32,574,160

C. DUE FROM OTHER GOVERNMENTS

In 2011, the City entered into an intergovernmental cooperation agreement with another government for the construction and financing of the Ryan Creek Interceptor Sewer. The terms of this agreement include that the other government will reimburse the City for substantially all of the debt service costs resulting from the City taking on a State Clean Water Fund Loan. Those reimbursements will continue over the life of the loan, ending in 2031. This is presented as due from other governments in the statement of net position. Annual principal and interest payments to maturity received as part of this agreement are as follows:

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS (continued)

Year Ending December 31	Business-type Activities	
	Principal	Interest
2021	\$ 1,306,669	\$ 384,731
2022	1,338,839	352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026-2030	7,750,547	670,952
2031	1,666,455	41,028
Total	<u>\$ 16,280,068</u>	<u>\$ 2,301,853</u>

D. RESTRICTED ASSETS

In accordance with the City's ordinance enacting a sewer user charge system and regulations of the Department of Natural Resources, the Sanitary Sewer Fund – an Enterprise Fund,

incorporated an equipment replacement charge as a component of the rate structure to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. Revenue generated from this charge is accumulated and used for replacement of certain equipment. The balance in this account at December 31, 2020 is \$482,900.

Restricted assets have been reported in connection with the net position asset balance since this balance must be used to fund employee benefits. The balance as of December 31, 2020 is \$3,396,344.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated				
Land	\$ 25,450,016	\$ 917,780	\$ -	\$ 26,367,796
Construction in progress	1,986,204	5,122,777	1,478,116	5,630,865
Total capital assets not depreciated	<u>27,436,220</u>	<u>6,040,557</u>	<u>1,478,116</u>	<u>31,998,661</u>
Capital assets depreciated				
Buildings & improvements	28,404,573	1,603,897	950,750	29,057,720
Machinery & equipment	20,023,758	1,454,771	1,305,686	20,172,843
Infrastructure	119,046,303	4,957,446	88,623	123,915,126
Total capital assets depreciated	<u>167,474,634</u>	<u>8,016,114</u>	<u>2,345,059</u>	<u>173,145,689</u>
Less Accumulated depreciation for				
Buildings & improvements	11,845,819	828,685	391,831	12,282,673
Machinery & equipment	13,042,842	1,065,503	1,281,444	12,826,901
Infrastructure	34,432,036	2,118,645	88,623	36,462,058
Total accumulated depreciation	<u>59,320,697</u>	<u>4,012,833</u>	<u>1,761,898</u>	<u>61,571,632</u>
Net capital assets depreciated	<u>108,153,937</u>	<u>4,003,281</u>	<u>583,161</u>	<u>111,574,057</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 135,590,157</u>	<u>\$ 10,043,838</u>	<u>\$ 2,061,277</u>	<u>\$ 143,572,718</u>

Depreciation expense was charged to functions as follows

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS (continued)

Governmental Activities

General government	\$ 287,449
Public safety	716,965
Public works	2,503,554
Health & human services	894
Culture & recreation	502,603
Conservation & development	<u>1,368</u>
 Total governmental activities depreciation expense	 <u><u>\$ 4,012,833</u></u>

	Beginning Balance	Additions	Dispositions	Transfers	Ending Balance
Business-type Activities					
Capital Assets not depreciated					
Land	\$ 888,480	\$ -	\$ -	\$ -	\$ 888,480
Construction in progress	1,160,686	5,449,095	-	-	6,609,781
Total capital assets not depreciated	<u>2,049,166</u>	<u>5,449,095</u>	<u>-</u>	<u>-</u>	<u>7,498,261</u>
Capital assets depreciated					
Buildings & improvements	6,328,241	37,584	-	373,975	6,739,800
Machinery & equipment	6,129,239	252,347	175,587	(373,975)	5,832,024
Infrastructure	142,378,650	5,472,268	-	-	147,850,918
Total capital assets depreciated	<u>154,836,130</u>	<u>5,762,199</u>	<u>175,587</u>	<u>-</u>	<u>160,422,742</u>
Less Accumulated depreciation for					
Buildings & improvements	2,131,866	216,994	-	-	2,348,860
Machinery & equipment	3,879,262	300,113	175,587	-	4,003,788
Infrastructure	39,940,980	2,992,987	-	-	42,933,967
Total accumulated depreciation	<u>45,952,108</u>	<u>3,510,094</u>	<u>175,587</u>	<u>-</u>	<u>49,286,615</u>
Net capital assets depreciated	<u>108,884,022</u>	<u>2,252,105</u>	<u>-</u>	<u>-</u>	<u>111,136,127</u>
Business-type Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 110,933,188</u></u>	<u><u>\$ 7,701,200</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 118,634,388</u></u>

Depreciation expense was charged to functions as follows

Business-Type Activities:

Water	\$1,304,891
Sewer	<u>2,205,204</u>
Total Business—Type Activities Depreciation Expense	<u>\$3,510,095</u>

**CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2020**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

F. LEASE DISCLOSURES

OPERATING LEASES

The City has entered into several lease agreements with telecommunications companies, wherein the City has agreed to allow the use of water utility property for the purpose of telecommunication relays. Revenue from this activity totaled \$167,037 for the year ended December 31, 2020. Future minimum lease payments receivable in conjunction with the leases are as follows:

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		
2021	\$ 76,550	\$	76,550	\$	153,100
2022	76,457		76,457		152,914
2023	78,367		78,367		156,734
2024	46,457		46,457		92,914
2025	15,750		15,750		31,500

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund receivables/payables result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. In all cases amounts are repaid within one year.

There were no interfund receivables and payables at December 31, 2020.

Advances

The City of Franklin provides short and long term advances to its TIF Districts and Water Utility. The amounts advanced are either from proceeds of a borrowing or from fund reserves. They are used to enable the TIF Districts to carry out approved project plans. The TIF Districts interest rate is based upon the interest rate incurred by the Debt Service Fund on its borrowings or the reinvestment rate available to other funds. The advances will be repaid as the TIF District resources are available. In 2017, the City made an advance payment on the Public Works Defined Benefit Pension Plan. In doing so, advanced \$155,700 to the Water Utility on a ten year note to aid the Water Utility portion of the payment. In 2019, the Development Fund advanced \$1.5 million to TIF District 7 as funding for a 10-year Mortgage to a Developer. In 2020, the General Fund advanced TID8 to pay for organizational expenses. The balances at December 31, 2020 were

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (continued)

Payable Fund	Receivable Fund			Due within one year
	General	Development Fund	Total	
TIF Districts Fund	\$ 100,000	\$ 4,245,000	\$ 4,345,000	\$ 1,345,000
Water Utility	106,450	-	106,450	17,250
	<u>\$ 206,450</u>	<u>\$ 4,245,000</u>	<u>\$ 4,451,450</u>	<u>\$ 1,362,250</u>

Transfers

Generally, transfers are used to (1) move revenue from the funds that collect them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund and (3) use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations

Transfers as presented on the fund financial statements during the year ended December 31, 2020 were as follows

	Transfers Out				
	General Fund	Debt Service	Nonmajor Governmental Funds	Enterprise Funds	Fund Totals
Transfers In					
General Fund	\$ -	\$ -	\$ -	\$ 1 003 388	\$ 1 003,388
Debt Service Fund	-	-	397 950	-	397 950
Nonmajor Governmental Funds	48,379	600 000	303,587	-	951,966
Total	<u>\$ 48,379</u>	<u>\$ 600 000</u>	<u>\$ 701,537</u>	<u>\$ 1 003 388</u>	<u>\$ 2,353 304</u>

Current year transfers into the debt service fund from nonmajor governmental funds were completed for principal and interest payments. Transfers from the enterprise funds to the general fund were for tax-equivalent payments. All other transfers were completed for general operational purposes and capital activities.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (continued)

Transfers (continued)

A reconciliation of fund statement transfers to government wide transfers for the year ended December 31, 2020 is as follows

	Governmental Funds	Enterprise Funds
Transfers in per fund statements	\$ 2,353,304	\$ -
Transfers out per fund statements	(1,349,916)	(1,003,388)
Municipality financed addition to Utility Plant	(8,287,474)	8,287,474
Government Wide Transfers	<u>\$ (7,284,086)</u>	<u>\$ 7,284,086</u>

H. LONG TERM OBLIGATIONS

General Obligation Debt

Long-term liabilities for the year ended December 31, 2020 were as follows

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Governmental Activities					
General obligation debt	\$ 53,300,000	\$ 12,590,000	\$ 15,570,000	\$ 50,320,000	\$ 2,445,000
Premium	446,398	254,322	86,040	614,680	-
Sub-total	<u>53,746,398</u>	<u>12,844,322</u>	<u>15,656,040</u>	<u>50,934,680</u>	<u>2,445,000</u>
Compensated absences					
Accrued vacation pay	475,103	1,159,085	1,159,525	474,663	474,661
Accrued severance pay	1,478,576	308,034	108,991	1,677,619	73,200
Accrued compensatory time	<u>194,705</u>	<u>270,572</u>	<u>259,601</u>	<u>205,676</u>	<u>205,675</u>
Total compensated absences	2,148,384	1,737,691	1,528,117	2,357,958	753,536
Net pension obligation - WRS	3,258,799	-	3,258,799	-	-
Net pension obligation - City of Franklin Defined Benefit Retirement Plan	1,450,175	-	1,450,175	-	-
Net OPEB obligation	<u>1,791,904</u>	-	<u>956,110</u>	835,794	-
Total benefit obligations	<u>8,649,262</u>	<u>1,737,691</u>	<u>7,193,201</u>	<u>3,193,752</u>	<u>753,536</u>
Governmental activities					
Long-term liabilities	<u>\$ 62,395,660</u>	<u>\$ 14,582,013</u>	<u>\$ 22,849,241</u>	<u>\$ 54,128,432</u>	<u>\$ 3,198,536</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Business-type Activities					
General obligation debt	\$ 1,015,000	\$ -	\$ 55,000	\$ 960,000	\$ 60,000
General obligation bonds from					
direct borrowings	17,555,341	-	1,275,272	16,280,069	1,306,669
Discount	(8,318)	998	-	(7,320)	-
Subtotal	<u>18,562,023</u>	<u>998</u>	<u>1,330,272</u>	<u>17,232,749</u>	<u>1,366,669</u>
Compensated absences					
Accrued vacation pay	47,722	48,456	49,816	46,362	46,362
Accrued severance pay	79,926	3,290	-	83,216	8,612
Accrued compensatory time	<u>24,152</u>	<u>2,928</u>	<u>2,542</u>	<u>24,538</u>	<u>24,538</u>
Total compensated absences	151,800	54,674	52,358	154,116	79,512
Net OPEB obligation	28,052	12,248	-	40,300	-
Net pension obligation -					
City of Franklin Defined					
Benefit Retirement Plan	<u>707,824</u>	-	<u>707,824</u>	-	-
Total Benefit Obligations	<u>887,676</u>	<u>66,922</u>	<u>760,182</u>	<u>194,416</u>	<u>79,512</u>
Business-type activities					
Long-term liabilities	<u>\$ 19,449,699</u>	<u>\$ 67,920</u>	<u>\$ 2,090,454</u>	<u>\$ 17,427,165</u>	<u>\$ 1,446,181</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

Details of general obligation notes and bonds payable as of December 31, 2020 are as follows

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance Outstanding 12/31
General obligation Refunding Bonds	4/20/2016	2 0%	3/1/17-21	3/1 & 9/1	\$ 5 770,000	\$ 1,115,000 ⁴
General obligation Promissory Notes	12/18/14	2 0% - 2 5%	3/1/15-24	3/1 & 9/1	5,320,000	1 170,000 ¹
General obligation Notes	12/21/17	2 5% - 3 0%	3/1/19-27	3/1 & 9/1	1 630,000	1,515,000 ⁴
General obligation Bonds - 2019A	2/20/19	3 0% - 3 5%	3/1/20 - 32	3/1 & 9/1	13 685,000	13 020,000 ⁶
General obligation Bonds - 2019B	2/20/19	3 0% - 4 0%	3/1/22 - 34	3/1 & 9/1	6,365,000	6,365,000 ⁷
General obligation Bonds - 2019C	12/4/19	1 75% - 3 05%	3/1/22 - 37	3/1 & 9/1	12,360,000	12,360,000 ⁸
General obligation Notes - 2019D	12/4/19	2 0% - 3 0%	3/1/20 - 27	3/1 & 9/1	2,285,000	2,185,000 ⁴
General obligation Bonds - 2020A	12/10/20	1 6% - 2 05%	3/1/20 - 37	3/1 & 9/1	9 545,000	9,545,000 ⁵
General obligation Bonds - 2020B	12/10/20	1 0% - 2 0%	3/1/20 - 34	3/1 & 9/1	3,045,000	<u>3,045,000</u> ⁹
Total Governmental Activities Debt						<u>\$ 50,320,000</u>
Business-type Activity Debt						
General obligation Clean Water Fund Loan - direct	1/25/12	2 46%	5/1/14-31	5/1 & 11/1	27,562,754	\$ 16,280,069 ²
General obligation Bonds	12/18/14	2 0% - 3 125%	3/1/15-34	3/1 & 9/1	1,290,000	<u>960,000</u> ³
Total Business-type Activities Debt						<u>\$ 17,240,069</u>

¹ Issued 63% for capital TIF purposes and 37% for general capital purposes, ² Issued for a sewer extension on W Ryan Rd, ³ Issued for water building purposes ⁴ Issued for general Capital Improvement purposes. ⁵ Refunded 2018A NAN for projects in TID5 ⁶ Issued to Refund \$10 mil of the 2018A NAN's and a Developer Grant in TID 3 ⁷ Issued for infrastructure projects in TID 6 ⁸ Issued to refund \$4 million of the 2018A NAN, capital projects in TID 5 & 7 and finance a Developer Mortgage in TID 7 ⁹ Issued for Capital projects in TID6

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TRM OBLIGATIONS (continued)

Annual principal and interest payments to maturity on general obligation notes and bonds payable are as follows

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 2,445,000	\$ 1,220,236	\$ 60,000	\$ 28,288
2022	2,775,000	1,212,066	60,000	26,488
2023	2,365,000	1,138,360	60,000	24,688
2024	2,820,000	1,065,598	60,000	22,888
2025	2,890,000	985,310	65,000	21,013
2026-30	18,975,000	3,517,124	345,000	75,063
2031-35	14,645,000	1,191,880	310,000	19,688
2036-37	3,405,000	83,090	-	-
Total	<u>\$ 50,320,000</u>	<u>\$ 10,413,664</u>	<u>\$ 960,000</u>	<u>\$ 218,116</u>

	Business-type Activities	
	Notes from Direct Borrowings	
	Principal	Interest
2021	\$ 1,306,669	\$ 384,730
2022	1,338,839	352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026-30	7,750,547	691,467
2031	1,666,456	20,514
Total	<u>\$ 16,280,069</u>	<u>\$ 2,301,853</u>

The City's statutory debt limit and margin of indebtedness at December 31, 2020 are \$220,686,245 and \$153,126,176, respectively. By City debt policy, the debt limit and margin of indebtedness limit are \$88,274,498 (40% of the limit prescribed by law) and \$20,714,429, respectively.

In 2018, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$2 million, and is payable to the developer solely from tax increments collected from a development in TID #3. A \$684,000 payment was made in 2020. The MRO bears interest at 4.5% payable March 1 annually. The balance of the MRO was \$1,005,000 at December 31, 2020.

In 2018, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$3.5 million, and is payable to the developer solely from tax increments collected from a development in TID #5. The MRO bears interest at 5.5% payable March 1 annually. No payments have been made on the MRO. The balance of the MRO was \$3.5 million at December 31, 2020.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

In 2020, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$14,952,000, and is payable to the developer solely from tax increments collected from a development in TID #7. The MRO bears no interest. It is payable from tax increment collected until 2040.

The obligations do not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the City. Since the amount of future payments is contingent on the collection of future TID increments, the obligations are not reported as a liability in the accompanying financial statements. The balance of the outstanding MRO principal at year end was \$19,457,000.

On December 4, 2019, the City issued 2019C, \$12,360,000 of taxable general obligation bonds with an average coupon rate of 2.43% to partially refund \$4,000,000 of outstanding notes with a coupon rate of 2.50%. \$4,000,000 of the proceeds along with existing funds were used to prepay the outstanding debt on March 1, 2020.

On December 10, 2020, the City issued 2020A, \$9,545,000 of taxable general obligation bonds with an average coupon rate of 1.91% to refund \$9,480,000 of outstanding notes with a coupon rate of 2.50%. The net proceeds along with existing funds were used to prepay the outstanding debt.

The cash flow requirements on the five year Note Anticipation Notes prior to the current two refundings were \$13,480,000 due March 1, 2023. The cash flow requirements on the refunding bonds are \$13,590,000 from March 1, 2022 thru March 1, 2037. The two current refundings resulted in an economic gain of \$297,968.

I. NET POSITION/FUND BALANCES

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2020 include the following:

Net investment in capital assets	
Land	\$ 26,367,796
Construction in process	5,630,865
Other capital assets, net of accumulated depreciation	111,574,057
Less related long term debt outstanding, net of unspent bond proceeds	<u>(20,936,200)</u>
Net investment in capital assets	<u>\$ 122,636,518</u>

Business-type Activities

Business-type activities net position reported on the government-wide statement of net position include the following:

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

I. NET POSITION/FUND BALANCES (continued)

Net investment in capital assets	
Land	\$ 888,480
Construction in process	6,609,781
Other capital assets, net of accumulated depreciation	111,136,127
Less related long term debt outstanding	<u>(17,232,749)</u>
Net investment in capital assets	<u>\$ 101,401,639</u>

Reported on the fund financial statements at December 31, 2020 include the following

Nonspendable fund balances	
General Fund - advances	\$ 206,450
General Fund - prepaid items and inventory	<u>38,684</u>
Total nonspendable fund balance	<u>\$ 245,134</u>
Restricted fund balances	
Debt service	\$ 476,871
Utility improvements	2,388,177
Development	8,891,715
TIF Districts	1,353,308
Donations	235,736
Health services	272,376
Library services	689,390
Solid waste	412,407
Recreational services	72,904
Tourism commission	388,940
Total restricted fund balance	<u>\$ 15,181,824</u>
Assigned Fund balances	
General Fund - purchases on order	\$ 315,823
Capital Projects	
Capital outlay	692,243
Equipment replacement	2,389,836
Capital improvement	2,022,793
Street improvement	<u>602,990</u>
Total assigned fund balances	<u>\$ 6,023,685</u>
Unassigned fund balances	
General Fund	\$ 8,638,056
TIF Districts (Deficit)	<u>(2,904,148)</u>
Total unassigned fund balances	<u>\$ 5,733,908</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

Wisconsin Retirement System (Protective Occupation Employees only)

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings are the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s§ 40 27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	2.2
2011	(1.2)	1.1
2012	(7.0)	(.7)
2013	(9.6)	.9
2014	4.7	2.5
2015	2.9	.2
2016	0.5	(.5)
2017	2.0	.4
2018	2.4	1.7
2019	0.0	(1.0)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,273,388 in contributions from the employer.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

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

Contribution rates as of December 31, 2020 are

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%

At December 31, 2020, the City reported an asset of \$3,338,448 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.10353524%, which was an increase of 0.01193641%, from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$1,220,654, which includes amounts paid to WRS related to duty disability payments.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,337,139	\$ 3,171,314
Changes in assumptions	260,153	-
Net differences between projected and actual earnings on pension plan investments	-	6,824,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	141,619	23,762
Employer contributions subsequent to the measurement date	1,568,169	-
Total	\$ 8,307,080	\$ 10,020,052

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

\$1,568,169 reported as deferred outflows resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows

<u>Year ended December 31</u>	
2021	\$ (981,119)
2022	(721,671)
2023	151,584
2024	(1,729,935)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement

Actuarial Valuation Date	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Long-Term Expected Rate of Return	7.0%
Discount Rate	7.0%
Salary Increases	
Inflation	3.0%
Seniority/Ment	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post retirement discount rate.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table.

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
<u>Variable Fund Asset Class</u>			
US Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast 2.75%
Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Single discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 8,597,102	\$ (3,338,448)	\$ (12,261,645)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan

General Information about the Pension Plan

Plan Description - The City sponsors the City of Franklin Defined Benefit Retirement Income Plan, a single employer defined benefit pension plan covering eligible public works employees. The assets of this Plan are administered by Principal Life Insurance Company. An annual financial report may be obtained by writing to the plan administrator at Principal Financial Group, P O Box 9693, Des Moines, IA 50306-9396.

Vesting – Participants with five years of credible service are 50% vested in the plan. Upon reaching 10 years of credible service participants are fully vested in the plan.

Benefits provided – The City of Franklin Defined Benefit Retirement Income Plan provides retirement benefits to former bargaining employees of the City that are not covered under Wisconsin State Pension Plan (Wisconsin Retirement System), or who are regular part-time employees as defined by Civil Service and who have a minimum of 6 months of service. Employees who retire at or after age 60 are entitled to receive an unreduced retirement benefit.

The factors influencing the benefit are (1) average compensation at retirement, (2) years of creditable service, and (3) a formula factor.

Average compensation at retirement is the average of the participant's three highest consecutive years' earnings out of the ten latest years prior to retirement. Creditable service is the creditable current and prior service expressed in years or fractional partial years for which a participant receives earnings. The formula factor is a standard percentage based on the plan provisions.

Employees may retire at age 55, with a minimum of 10 completed years of service and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may receive either normal retirement benefits at normal retirement date, or a lump-sum cash payment of participant's vested accumulations.

The plan also provides death and disability benefits for employees.

Participating employees - Membership in the plan as of date of study consisted of the following classes of participants:

Active employees	27
Terminated vested participants	9
Retirees	26
Total	62

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

General Information about the Pension Plan (continued)

Contributions - Contribution requirements are established through action of the City Council and may be amended only through city ordinance. Employees make a non-elective and non-discretionary pension contribution that is equal to 8.2% of their payroll. The City contributes all remaining amounts necessary to fund the pension plan. During the reporting period, contributions of \$256,000 were made by the City to the plan.

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

At December 31, 2020, the City reported an asset of \$57,896 for its net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Current year changes in the net pension liability (asset) were as follows:

	Total Pension Liability <u>(a)</u>	Increase (Decrease) Plan Fiduciary Net Position <u>(b)</u>	Net Pension Liability (Asset) <u>(a) - (b)</u>
Balance at December 31, 2019	\$ 11,268,865	\$ 9,110,866	\$ 2,157,999
Changes for the year:			
Service cost	157,837	-	157,837
Interest	662,710	-	662,710
Difference between expected and actual experience	(466,918)	-	(466,918)
Changes of assumptions	(615,012)	-	(615,012)
Contributions - employer	-	256,000	(256,000)
Net investment income	-	1,724,318	(1,724,318)
Benefit payments	(469,209)	(469,209)	-
Administrative Expense	-	(25,806)	25,806
Balance at December 31, 2020	<u>\$ 10,538,273</u>	<u>\$ 10,596,169</u>	<u>\$ (57,896)</u>

Plan fiduciary net position as a percentage of the total pension liability 100.55%

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 58,170	\$ 319,261
Changes in assumptions	506,328	420,465
Net differences between projected and actual earnings on pension plan investments	-	603,737
Employer contributions subsequent to measurement date	<u>503,702</u>	<u>-</u>
Total	<u>\$ 1,068,200</u>	<u>\$ 1,343,463</u>

The \$503,702 reported as deferred outflows resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows

Year Ended December 31

2021	\$ (119,900)
2022	(403,348)
2023	(26,965)
2024	(228,752)

Actuarial assumptions - The pension liability in the December 31, 2019 actuarial valuation was determined use the following actuarial assumptions, applied to all periods in the measurement

Actuarial Valuation Date	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method	Entry Age
Asset Valuation Method	Market Value
Long-Term Expected Rate of Return	6.50%
Discount Rate	6.50%
Salary increase - Seniority/Merit	4.00%
Mortality	2020 IRS Prescribed Mortality - Optional Combined Table for Small Plans

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

Actuarial assumptions are based upon an experience study conducted in 2018 using historical experience. The total pension liability for December 31, 2020 is based upon the liability calculated from the December 31, 2019 actuarial valuation.

Long-term Expected Return on Plan Assets - The long-term expected rate of return on pension plan investments was determined using the weighted average rate based on the target asset allocation and the Long-Term Capital Market Assumptions. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equity - Large Cap	7.70%	35.76%
US Equity - Mid Cap	7.95%	4.15%
US Equity - Small Cap	8.50%	2.05%
Non-US Equity	7.95%	13.70%
Core Bonds	4.00%	36.50%
High Yield	6.45%	1.98%

Discount rate - A discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.50% and a long-term bond rate of 3.97%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City’s net pension liability calculated using the discount rate of 6.50%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate

	1% Decrease to Discount Rate <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase to Discount Rate <u>(7.50%)</u>
City’s net pension liability (asset)	\$ 1,060,026	\$ (57,896)	\$ (1,012,477)

For the year ended December 31, 2020, the City recognized pension expense of \$400,102

B. DEFINED CONTRIBUTION PLAN

Based on City ordinances all eligible City of Franklin non-protective employees (except public works employees) participate in the City of Franklin Defined Contribution Plan (the “Plan”). The Plan assets are administered by the Principal Life Insurance Company.

Employees after completing six months of service with the City are eligible to participate. The Plan requires the City to make periodic contributions to each participant’s account equal to 10% of such participant’s annual compensation. Employees are required to make contributions of 5% of wages. A participant’s accrued benefit for City contributions is 100% vested and non-forfeitable upon death, normal retirement, early retirement or permanent and total disability as defined in the Plan. If employment is terminated for any other reason, each participant’s accrued benefit vests at various percentages, based on years of service. During 2020, total contributions of \$84,104 or 10% of covered payroll were made. The City contributed \$42,049 and employees \$42,049. The City may make amendments to the Plan.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS

General Information About the OPEB Plan

Plan administration and description. The City administers the City of Franklin Post-Employment Benefits Trust (City OPEB Plan) a single-employer defined benefit OPEB plan that is used to provide post-employment health care benefits for all eligible full-time employees of the City. Management of the City OPEB Plan is vested in the City's Common Council. Separate financial statements are not prepared for the City OPEB Plan.

Benefits provided. City of Franklin eligible full-time employees meeting minimum age and service requirements may receive group health care benefits at a reduced cost during the period from their normal retirement date until they reach age 65. This results in another post-employment benefit (OPEB) obligation for those groups. These groups commonly have higher medical costs than anticipated in the blended premium rates. That differential is referred to as an implicit rate subsidy.

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

Active employees	174
Inactive employees entitled to but not yet receiving benefits	-
Retirees receiving benefits	26
Total	200

Contributions. Contribution requirements are established by either City ordinance or collective bargaining and may be amended only by the groups establishing the requirements. The City's periodic contribution is determined and fixed at the time of retirement. The retiree pays the balance of the periodic blended premium. The eligibility for the benefit follows:

Employee Group	#	City Amount	Age	Years Service
Non-represented	33	75% of Premium at Retirement	62	20
Police	71	75% of Premium at Retirement	53	15
Dispatch	13	75% of 2005 Premium	62	20
Fire	54	75% of Premium at Retirement	53	20
DPW	29	75% of Premium at Retirement	60	15

Investments

Investment policy. The City is authorized to invest funds of the City OPEB Plan in accordance with the City's investment policy for the City OPEB Plan.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

The long-term expected rate of return on OPEB plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity (maximum)	75%	10.0%
Domestic equity (minimum)	25	10.0
Fixed income (maximum)	50	2.5
Fixed income (minimum)	25	2.5

Concentrations. All OPEB plan assets have been invested in bonds and equity securities. See Note 3 A for additional information.

Rate of return. The annual money-weighted rate of return on investments, net of investment expense for 2020 was 10.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The City's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00 percent, average, including inflation
Investment rate of return	6.50 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	2021 and 2022: 6.75%; 2023 and 2024: 6.25%; 2025 and 2026: 5.75%; 2027 and 2028: 5.25%; and 2029+: 5.00%

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Net OPEB Liability

Mortality rates were based on a blend of the Death-In-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2015-2017 Experience Study" with the MP-2018 generational improvement scale (multiplied by 50%)

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2017

Discount rate. The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates over the next 40 years. This rate is a blend of expected earnings on Plan assets and the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

	<u>Total OPEB Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a) - (b)</u>
Balance at December 31, 2019	\$ 8,358,716	\$ 6,538,760	\$ 1,819,956
Changes for the year			
Service cost	223,819	-	223,819
Interest	557,865	-	557,865
Difference between expected and actual experience	-	190,666	(190,666)
Contributions - employer	-	719,788	(719,788)
Contributions - employees	-	146,308	(146,308)
Net investment income	-	421,249	(421,249)
Benefit payments	<u>(469,392)</u>	<u>(469,392)</u>	<u>-</u>
Estimated Balance at December 31, 2020	\$ 8,671,008	\$ 7,547,379	\$ 1,123,629
Difference between estimated and actual Plan Fiduciary Net Position	<u>-</u>	<u>247,535</u>	<u>(247,535)</u>
Actual Balance at December 31, 2020	<u>\$ 8,671,008</u>	<u>\$ 7,794,914</u>	<u>\$ 876,094</u>
Plan fiduciary net position as a percentage of the total OPEB liability			89.90%

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates The following presents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate

	1% Decrease to Discount Rate (-5.5%)	Current Discount Rate (6.50%)	1% Increase to Discount Rate (7.50%)
City's net OPEB liability	\$ 1,644,937	\$ 876,094	\$ 182,970

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

For the year ended December 31, 2020 the City recognized OPEB expense of \$312,292

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,862	\$ 176,000
Changes in assumptions	176,555	-
Net differences between projected and actual earnings on pension plan investments	-	399,071
Total	\$ 288,417	\$ 575,071

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows

Year ended December 31	Deferred Outflow of Resources and Deferred Inflows of Resources (net)
2021	\$ (62,358)
2022	(62,355)
2023	(190,192)
2024	(37,954)
2025	11,553
Thereafter	54,652

Payable to the OPEB Plan

The City does not report a payable for any outstanding amount of contributions to the City OPEB Plan required for the year ended December 31, 2020

D. CONTINGENCIES AND COMMITMENTS

The City at times is party to claims and legal proceedings. Although the outcome of such matters is not presently determinable, it is the opinion of City management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City receives impact fees for new development projects. The fees are to be used to fund specific projects within a specific period of time. In the event the projects are not completed or the time period elapses, the City will be required to refund the impact fees to the current owners of properties that the fees were originally collected.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

D. CONTINGENCIES AND COMMITMENTS

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits and other miscellaneous revenue. The State of Wisconsin provides a variety of aid and grant programs that benefit the City. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget process. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on future operating results of the City.

E. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, natural disasters, and workers' compensation claims that the City carries commercial insurance. No significant reductions in insurance coverage occurred for any risk of loss in the past year, and settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The City also offers a group medical and dental insurance plan to employees for which the City is self-insured. This activity is accounted for in the City's Self Insurance Internal Service Fund. Group medical and dental costs are charged to City departments and retirees participating in the program. A third-party administrator handles claims payments. The City carries stop loss insurance for claims in excess of \$60,000 per year per individual and \$75,000 per year per group. Liabilities are reported when it is probable that claims have occurred and the amount of the claim can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported ("IBNR").

Changes in the balance of claims payable for the years ended December 31, 2019 and 2020 are as follows:

Fiscal Year	Balance Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Balance End of Year
2020	\$ 175,000	\$ 2,656,379	\$ 2,519,579	\$ 311,800
2019	290,700	2,537,281	2,652,981	175,000

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following

- Statement No 87, *Leases*
- Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No 14 and No 84, and a supersession of GASB Statement No 32*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2020

WRS Fiscal Year Ending Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0 084116700%	\$ (2,065,567)	\$ 8,071,472	25 59%	102 74%
12/31/15	0 082739220%	1,344,496	8,459,850	15 89%	98 20%
12/31/16	0 084036620%	692,662	8,682,689	7 98%	99 12%
12/31/17	0 087815360%	(2,607,342)	8,950,304	29 13%	102 93%
12/31/18	0 091598830%	3,258,799	9,094,718	35 83%	96 45%
12/31/19	0 103535240%	(3,338,448)	13,827,279	24 14%	102 96%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2020

City Fiscal Year Ending Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 689,692	\$ 689,692	\$ -	\$ 8,459,850	8 15%
12/31/16	869,137	869,137	-	8,682,689	10 01%
12/31/17	1,074,037	1,074,037	-	8,950,304	12 00%
12/31/18	1,119,560	1,119,560	-	9,094,719	12 31%
12/31/19	1,380,924	1,380,924	-	13,827,280	9 99%
12/31/20	1,568,169	1,568,169	-	15,176,375	10 33%

See independent auditors' report and accompanying notes to required supplementary information

CITY OF FRANKLIN, WISCONSIN

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
For the Year Ended December 31 2020**

	2015	2016	Fiscal Year Ending		2019	2020
			2017	2018		
Total Pension Liability						
Service Cost	\$ 165 130	\$ 180 074	\$ 154 889	\$ 182 107	\$ 161 806	\$ 157 837
Interest on the Total Pension Liability	531 850	603 514	606 747	651 297	675 093	662 710
Benefit Changes		-	-		(656 529)	
Difference between Expected and Actual Experience	527 384	(460 357)	425 998	(154 963)	149 778	(466 918)
Assumption Changes	213 402	12 332	709 323	(203 418)	1 303 694	(615 012)
Benefit Payments	<u>(191,375)</u>	<u>(239,861)</u>	<u>(296,465)</u>	<u>(370 146)</u>	<u>(434 808)</u>	<u>(469,209)</u>
Net Change in Total Pension Liability	1 246 391	95 702	1 600 492	104 877	1 199 034	(730 592)
Total Pension Liability - Beginning	<u>7,022,369</u>	<u>8,268,760</u>	<u>8 364 462</u>	<u>9 964 954</u>	<u>10 069 831</u>	<u>11 268 865</u>
Total Pension Liability - Ending	<u>\$ 8 268 760</u>	<u>\$ 8,364,462</u>	<u>\$ 9 964,954</u>	<u>\$ 10 069,831</u>	<u>\$ 11,268,865</u>	<u>\$ 10 538,273</u>
Plan Fiduciary Net Position						
Employer Contributions	293 632	339 927	302 518	1 133 559	251 009	256 000
Pension Plan Net Investment Income	377 842	(41 577)	409 272	1 372 321	(363 980)	1 724 318
Benefit Payments	(191 375)	(239 861)	(296 465)	(370 146)	(434 808)	(469 209)
Pension Plan Administrative Expense	(27 941)	(22 802)	(20 307)	(31 410)	(28 890)	(25 806)
Other		-	-		(4,564)	
Net Change in Plan Fiduciary Net Position	452 158	35 687	395 018	2 104 324	(581 233)	1 485 303
Plan Fiduciary Net Position - Beginning	<u>6 704,912</u>	<u>7 157 070</u>	<u>7 192 757</u>	<u>7 587 775</u>	<u>9 692 099</u>	<u>9 110 866</u>
Plan Fiduciary Net Position - Ending	<u>\$ 7 157,070</u>	<u>\$ 7 192,757</u>	<u>\$ 7 587,775</u>	<u>\$ 9 692 099</u>	<u>\$ 9 110 866</u>	<u>\$ 10 596 169</u>
Net Pension Liability (Asset) Ending	<u>\$ 1 111 690</u>	<u>\$ 1 171 705</u>	<u>\$ 2 377 179</u>	<u>\$ 377 732</u>	<u>\$ 2 157 999</u>	<u>\$ (57 896)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87%	86%	76%	96%	81%	101%
Covered Payroll	\$ 1 792 628	\$ 1 876 995	\$ 1 853 074	\$ 1 792 628	\$ 1 776 639	\$ 1 731 027
Net Pension Liability as a Percentage of Covered Payroll	62%	62%	128%	21%	121%	-3%

See independent auditors report and accompanying notes to required supplementary information

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CONTRIBUTIONS
 CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
 For the Year Ended December 31, 2020

<u>Fiscal Year Ending Date</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
12/31/15	\$ 293,632	\$ 293,632	\$ -	\$ 1,792,628	16%
12/31/16	339,927	339,927	-	1,876,995	18%
12/31/17	302,518	302,518	-	1,853,074	16%
12/31/18	233,559	1,133,559	(900,000)	1,792,628	63%
12/31/19	251,009	251,009	-	1,776,639	14%
12/31/20	255,552	256,000	(448)	1,731,027	15%

See independent auditors' report and accompanying notes to required supplementary information

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
For the Year Ended December 31 2020

	Fiscal Year Ending			
	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 223 719	\$ 238 261	\$ 210 159	\$ 223 819
Interest on the Total OPEB Liability	489 875	509 975	516 342	557 865
Difference between Expected and Actual Experience	-	-	132 200	-
Assumption Changes	-	-	208 654	-
Benefit Payments	(418,905)	(622 193)	(442,196)	(469 392)
Net Change in Total OPEB Liability	294 689	126 043	625 159	312 292
Total OPEB Liability - Beginning	<u>7 312,825</u>	<u>7 607 514</u>	<u>7,733 557</u>	<u>8 358 716</u>
Total OPEB Liability - Ending	<u>\$ 7,607,514</u>	<u>\$ 7,733,557</u>	<u>\$ 8,358,716</u>	<u>\$ 8,671,008</u>
Plan Fiduciary Net Position				
Employer Contributions	422 684	444 364	377 172	719 788
Employee Contributions	91 969	128 294	215 296	146 308
OPEB Plan Net Investment Income	673 624	(294 824)	1 159 084	421 249
Benefit Payments	(500 350)	(622 193)	(442 196)	(469 392)
Deferred Inflows	-	-	-	438,201
Net Change in Plan Fiduciary Net Position	687 927	(344 359)	1 309 356	1 256 154
Plan Fiduciary Net Position - Beginning	<u>4,885 836</u>	<u>5 573 763</u>	<u>5 229 404</u>	<u>6 538,760</u>
Plan Fiduciary Net Position - Ending	<u>\$ 5 573 763</u>	<u>\$ 5 229 404</u>	<u>\$ 6 538 760</u>	<u>\$ 7 794 914</u>
Net OPEB Liability Ending	<u>\$ 2 033 751</u>	<u>\$ 2 504 153</u>	<u>\$ 1 819 956</u>	<u>\$ 876 094</u>
Plan Fiduciary	1 568 169	1 568 169		
	73%	68%	78%	90%
Covered Payroll	\$ 13 879 896	\$ 14 188 222	\$ 14 300 000	\$ 14 300 000
Net OPEB Liability as a Percentage of Covered Payroll	15%	18%	13%	6%

See independent auditors report and accompanying notes to required supplementary information

CITY OF FRANKLIN, WISCONSIN

**SCHEDULE OF CONTRIBUTIONS
OPEB PLAN**

For the Year Ended December 31 2020

	Fiscal Year Ending			
	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 422 684	\$ 441 859	\$ 377 172	\$ 394 788
Actual Contribution	<u>422 684</u>	<u>444 364</u>	<u>377,172</u>	<u>719 788</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (2,505)</u>	<u>\$ -</u>	<u>\$ (325,000)</u>
Covered Payroll	\$ 13 879 896	\$ 14 188 222	\$ 14 300 000	\$ 14 300 000
Actual Contribution as a Percentage of Covered Payroll	3%	3%	3%	5%

See independent auditors' report and accompanying notes to required supplementary information

CITY OF FRANKLIN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2020

NOTE 1 – PRESENTATION

The City is required to present the last ten years of data on each schedule, however, the standards allow the City to present as many years as are available until ten years are presented

NOTE 2 – WISCONSIN RETIREMENT SYSTEM

The data presented in the Schedule of Proportionate Share of the Net Pension Liability (Asset) for the Wisconsin Retirement System was taken from the reports issued by the Wisconsin Retirement System

Changes of benefit terms There were no changes of benefit terms

Changes of assumptions There were no changes in the assumptions

NOTE 3 – CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN

The data presented in the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions for the City of Franklin Defined Benefit Retirement Income Plan was taken from the reports issued by the actuary

Changes of benefit terms There were no changes of benefit terms.

Changes of assumptions There were no changes in the assumptions

NOTE 4 – OPEB PLAN

The data presented in the Schedule of Changes in Net OPEB Liability and Related Ratios and the Schedule of Contributions for the City of Franklin Post Employment Benefit Trust was taken from the reports issued by the actuary

Changes of benefit terms There were no changes of benefit terms.

Changes of assumptions There were no changes in the assumptions

SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted for specified purposes

Library Operating Fund – This fund accounts for the budgetary operation of the Library

Library Auxiliary Fund – This fund accounts for Library donations, fines and forfeitures

Solid Waste Collection Fund – This fund accounts for solid waste collection activities

Donation Fund – This fund accounts for donations received for specific purposes

St Martin's Fair Fund – This fund accounts for activities related to the farmers/flea market held the first Monday of the spring and summer months and the Labor Day weekend

Civic Celebrations Fund – This fund accounts for activity related to the City's Fourth of July and other celebrations.

Tourism Commission – The State mandated that certain portions of the Hotel Tax be dedicated for tourism promotion. The Common Council formed a Tourism Commission which determines how those funds are spent

Grant Fund – The City reports its grant activities in this fund. Grant activities include Fire Department, Police Department, Health Department, Community Development Block Grants and miscellaneous grants received by the City that are not accounted for elsewhere.

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds)

Capital Outlay Fund – This fund accounts for the departmental capital outlays. These expenditures are funded by the tax levy, normally are less than \$25,000 and are under the direction of the department supervisor

Equipment Replacement Fund – This fund accounts for the rolling stock replacement program that accumulates annual funding (from landfill siting fees) for replacement of vehicles and similar equipment in lieu of using borrowed monies

Capital Improvement Fund – This fund accounts for land acquisitions, building projects and all public works projects and are usually funded with landfill siting revenues, borrowed money or funding from some other source other than the tax levy.

Street Improvement Fund – This fund accounts for the activities of the local road improvement program. Funding is provided by landfill siting fees and a portion of General Transportation Aids and an every other year local road improvement grant from the State.

Utility Improvement Fund – This fund is used to account for water and sewer connection fees and special assessments that are used for water and sewer construction projects

Development Fund – This fund is used to account for impact fees restricted for use to capital improvements.

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CITY OF FRANKLIN, WISCONSIN
 Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2020

	Special Revenue Funds								Total
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Collection Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	
ASSETS									
Cash and investments	\$ 547,196	\$ 140,842	\$ 815,575	\$ 3,636	\$ 241,256	\$ 69,568	\$ 448,905	\$ 224,650	\$ 2,491,628
Receivables	-	-	-	-	-	-	-	-	-
Accounts	-	-	1,645	-	-	-	-	96,855	98,500
Taxes	1,337,200	-	1,548,035	-	-	-	32,832	-	2,918,067
Due from other governments	45,595	-	-	-	-	-	-	-	45,595
Total assets	\$ 1,929,991	\$ 140,842	\$ 2,365,255	\$ 3,636	\$ 241,256	\$ 69,568	\$ 481,737	\$ 321,505	\$ 5,553,790
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 42,289	\$ -	\$ 404,586	\$ -	\$ 5,520	\$ 300	\$ 92,797	\$ 49,129	\$ 594,621
Accrued liabilities	1,874	80	227	-	-	-	-	-	2,181
Total liabilities	44,163	80	404,813	-	5,520	300	92,797	49,129	596,802
DEFERRED INFLOWS OF RESOURCES									
Unearned revenue	1,337,200	-	1,548,035	-	-	-	-	-	2,885,235
FUND BALANCES									
Restricted	-	-	-	-	235,736	-	-	-	235,736
Donations	-	-	-	-	-	-	-	272,376	272,376
Health services	-	-	-	-	-	-	-	-	689,390
Library services	548,628	140,762	-	-	-	-	-	-	412,407
Solid waste	-	-	412,407	-	-	-	-	-	72,904
Recreational services	-	-	-	3,636	-	69,268	-	-	388,940
Tourism Commission	-	-	-	-	-	-	388,940	-	388,940
Total fund balances	548,628	140,762	412,407	3,636	235,736	69,268	388,940	272,376	2,071,753
Total liabilities, deferred inflows and fund balances	\$ 1,929,991	\$ 140,842	\$ 2,365,255	\$ 3,636	\$ 241,256	\$ 69,568	\$ 481,737	\$ 321,505	\$ 5,553,790

(Continued)

CITY OF FRANKLIN, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2020

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund	
ASSETS							
Cash and investments	\$ 768,627	\$ 2,435,786	\$ 2,016,864	\$ 602,990	\$ 2,335,424	\$ 5,122,360	\$ 13,282,051
Receivables							
Accounts	5,100	-	737,130	-	-	-	742,230
Taxes	296,000	-	-	-	52,753	-	348,753
Special assessments	-	-	-	-	268,514	-	268,514
Due from other governments	-	-	-	-	-	-	45,595
Long-term advances	-	-	-	-	-	4,245,000	4,245,000
Total assets	\$ 1,069,727	\$ 2,435,786	\$ 2,753,994	\$ 602,990	\$ 2,656,691	\$ 9,367,360	\$ 18,886,548
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 81,484	\$ 45,950	\$ 223,201	\$ -	\$ -	\$ 182	\$ 350,817
Accrued liabilities	-	-	-	-	-	475,463	475,463
Total liabilities	81,484	45,950	223,201	-	-	475,645	826,280
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	508,000	-	268,514	-	776,514
Unearned revenue	296,000	-	-	-	-	-	296,000
Total Unavailable and Unearned Revenue	296,000	-	508,000	-	268,514	-	1,072,514
FUND BALANCES							
Restricted							
Utility improvements	-	-	-	-	2,388,177	-	2,388,177
Development	-	-	-	-	-	8,891,715	8,891,715
Donations	-	-	-	-	-	-	235,736
Health services	-	-	-	-	-	-	272,376
Library services	-	-	-	-	-	-	689,390
Solid waste	-	-	-	-	-	-	412,407
Recreational services	-	-	-	-	-	-	72,904
Tourism Commission	-	-	-	-	-	-	388,940
Assigned	692,243	2,389,836	2,022,793	602,990	-	-	5,707,862
Capital projects							
Total fund balances	692,243	2,389,836	2,022,793	602,990	2,388,177	8,891,715	16,987,754
Total liabilities, deferred inflows and fund balances	\$ 1,069,727	\$ 2,435,786	\$ 2,753,994	\$ 602,990	\$ 2,656,691	\$ 9,367,360	\$ 18,886,548
							\$ 24,440,338

CITY OF FRANKLIN, WISCONSIN
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Special Revenue Funds								Total
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	
REVENUE									
Taxes	\$ 1,340,500	-	\$ -	\$ -	\$ -	\$ -	\$ 31,871	\$ -	\$ 1,372,371
Intergovernmental revenue	45,595	-	68,834	-	-	-	-	1,059,037	1,173,466
Public charges for services	20,000	5,149	1,883,329	-	-	-	-	-	1,908,478
Investment earnings	13,404	1,713	16,344	-	-	-	2,633	-	34,094
Miscellaneous revenue	-	32,477	2,002	-	103,511	-	500	14,203	152,693
Total revenue	1,419,499	39,339	1,970,509	-	103,511	-	35,004	1,073,240	4,641,102
EXPENDITURES									
Current									
General government	-	-	-	-	149	-	-	44,700	44,849
Public safety	-	-	-	-	28,968	-	-	559,539	588,507
Public works	-	-	2,013,227	-	-	-	-	11,147	2,024,374
Health and human services	-	-	-	-	-	-	-	346,721	346,721
Culture and recreation	1,314,671	37,942	-	-	-	8,048	-	8,790	1,369,451
Conservation and development	-	-	-	-	-	-	6,429	-	6,429
Capital outlay	119,627	8,080	-	-	-	-	109,586	28,528	265,821
Total expenditures	1,434,298	46,022	2,013,227	-	29,117	8,048	116,015	999,425	4,646,152
Excess (deficiency) of revenue over expenditures	(14,799)	(6,683)	(42,718)	-	74,394	(8,048)	(81,011)	73,815	(5,050)
Fund balances - beginning	563,427	147,445	455,125	3,636	161,342	77,316	469,951	198,561	2,076,803
Fund balances - ending	\$ 548,628	\$ 140,762	\$ 412,407	\$ 3,636	\$ 235,736	\$ 69,268	\$ 388,940	\$ 272,376	\$ 2,071,753

(Continued)

CITY OF FRANKLIN, WISCONSIN
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Capital Projects Funds					Total Nonmajor Governmental Funds	
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund		Development Fund
REVENUE							
Taxes	\$ 295,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,700
Intergovernmental revenue	18,573	187,106	608,365	868,993	-	-	1,683,037
Public charges for services	472,300	400,000	878,313	350,015	-	-	2,100,628
Special assessments	-	-	-	7,942	167,773	1,230,313	1,398,086
Investment earnings	10,544	59,471	15,721	-	25,607	137,294	256,579
Miscellaneous revenue	22,205	-	-	-	-	-	22,205
Total revenue	<u>819,322</u>	<u>646,577</u>	<u>1,502,399</u>	<u>1,226,950</u>	<u>193,380</u>	<u>1,367,607</u>	<u>5,756,235</u>
EXPENDITURES							
Current							
General government	-	-	-	-	-	27,769	27,769
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Health and human services	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-
Capital outlay	722,791	806,366	2,395,669	1,130,167	-	580,045	5,635,038
Total expenditures	<u>722,791</u>	<u>806,366</u>	<u>2,395,669</u>	<u>1,130,167</u>	<u>-</u>	<u>607,814</u>	<u>5,662,807</u>
Excess (deficiency) of revenue over expenditures	<u>96,531</u>	<u>(159,789)</u>	<u>(893,270)</u>	<u>96,783</u>	<u>193,380</u>	<u>759,793</u>	<u>93,428</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	55,622	21,563	-	-	-	-	77,185
Transfers in	48,379	-	903,587	-	-	-	951,966
Transfers out	-	-	-	-	-	(701,537)	(701,537)
Total other financing sources (uses)	<u>104,001</u>	<u>21,563</u>	<u>903,587</u>	<u>-</u>	<u>-</u>	<u>(701,537)</u>	<u>327,614</u>
Net change in fund balances	200,532	(138,226)	10,317	96,783	193,380	58,256	415,992
Fund balances - beginning	491,711	2,528,062	2,012,476	506,207	2,194,797	8,833,459	16,566,712
Fund balances - ending	<u>\$ 692,243</u>	<u>\$ 2,389,836</u>	<u>\$ 2,022,793</u>	<u>\$ 602,990</u>	<u>\$ 2,388,177</u>	<u>\$ 8,891,715</u>	<u>\$ 16,987,754</u>

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
TAXES					
General property taxes	\$ 19 015 200	\$ -	\$ 19 015 200	\$ 19 015 333	\$ 133
Water Utility - tax equivalent	1 050 000	-	1 050 000	1 003 388	(46 612)
Cable TV franchise fees	480 000	-	480 000	441 950	(38 050)
Hotel/Room Tax	175 400	-	175,400	175 400	-
Mobile home assessments	21,000	-	21,000	18,157	(2,843)
	<u>20 741 600</u>	<u>-</u>	<u>20 741 600</u>	<u>20 654 228</u>	<u>(87 372)</u>
INTERGOVERNMENTAL REVENUE					
State shared revenue	502 000	-	502 000	553 060	51 060
State expenditure restraint revenue	150 000	-	150 000	118 605	(31 395)
Fire insurance - dues	165 000	-	165,000	175 674	10 674
Local state and federal grants and aids					
Computer aid	228 000	-	228 000	228 051	51
Transportation aids	535 000	-	535 000	534 980	(20)
Personal Property Aids	95 600	-	95 600	77 988	(17 612)
Video Service Provider Aids	-	-	-	50 004	50 004
Other	70 800	-	70,800	51,772	(19,028)
	<u>1,746 400</u>	<u>-</u>	<u>1 746 400</u>	<u>1,790 134</u>	<u>43,734</u>
LICENSES, FEES AND PERMITS					
Licenses					
Beer and liquor	31 400	-	31 400	31,606	206
Bartenders	16 500	-	16 500	16 605	105
Amusement and related	9 800	-	9 800	11 335	1 535
Peddlers	4 650	-	4 650	3 597	(1 053)
Food and related	4,200	-	4 200	5 231	1 031
Dog and cat	9,300	-	9 300	9 820	520
Health	76 100	-	76 100	78 432	2 332
Other	12 550	-	12,550	22 795	10 245
Permits					
Building	500 000	-	500 000	530 498	30 498
Electrical	100 000	-	100 000	174,396	74,396
Plumbing	90 000	-	90 000	124 634	34,634
Sign	12 000	-	12 000	14 329	2,329
Park	18 900	-	18 900	10 657	(8 243)
Fire	4 000	-	4 000	3 600	(400)
Other	16 300	-	16,300	23 953	7,653
	<u>905,700</u>	<u>-</u>	<u>905 700</u>	<u>1 061 488</u>	<u>155,788</u>
FINES, FORFEITURES AND PENALTIES	<u>546 000</u>	<u>-</u>	<u>546 000</u>	<u>390 124</u>	<u>(155,876)</u>

(Continued)

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Change Inc (Dec)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>
PUBLIC CHARGES FOR SERVICES					
General government					
Property reports and document fees	\$ 12 400	\$ -	\$ 12 400	\$ 12 469	\$ 69
Clerk Services	800		800	783	(17)
Public safety					
Police Department and related	6 800	50 000	56 800	13 088	(43 712)
Ambulance service	1 350 000	-	1 350 000	1 129 907	(220 093)
Fire Department and related	61 000	-	61 000	13 296	(47 704)
Quarry reimbursement	43 000	-	43 000	50 345	7 345
Weights and measures	7 600	-	7 600	8 395	795
Public works					
Weed cutting	7 000	-	7 000	3 991	(3 009)
Street lighting	10 000	-	10 000	8 853	(1 147)
Engineering and DPW fees	323 500	252 600 ¹	576 100	549 441	(26 659)
Landfill tipping fees	518 000	(238 000)	280 000	267 344	(12 656)
Health and human services					
Health clinics and other health fees	114 400	-	114 400	40 648	(73 752)
Conservation and development					
Zoning subdivision and other filing fees	72 800	-	72 800	74,420	1 620
	<u>2 527 300</u>	<u>64,600</u>	<u>2 591 900</u>	<u>2,172 980</u>	<u>(418 920)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES					
	<u>182 000</u>	<u>-</u>	<u>182,000</u>	<u>183 423</u>	<u>1 423</u>
INVESTMENT EARNINGS					
	<u>343 580</u>	<u>-</u>	<u>343 580</u>	<u>317 064</u>	<u>(26 516)</u>
MISCELLANEOUS REVENUE					
Municipal property rental	50 000	-	50 000	83 518	33 518
Property sales	10 750	-	10 750	14 379	3 629
Refunds and reimbursements	35 000	-	35 000	54 199	19 199
Insurance dividend	40 000	-	40 000	58 683	18 683
Other revenue	1 000	-	1 000	196	(804)
	<u>136 750</u>	<u>-</u>	<u>136 750</u>	<u>210 975</u>	<u>74 225</u>
Total Revenues	<u>\$ 27 129 330</u>	<u>\$ 64,600</u>	<u>\$ 27 193 930</u>	<u>\$ 26,780 416</u>	<u>\$ (413,514)</u>

¹ Unexpected Engineering Inspection services resources

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)		Final Budget	Actual	Variance with final budget - Excess (Deficiency)
CURRENT						
General Government						
Mayor - Personnel Services	\$ 18 482	\$ 25		\$ 18 507	\$ 18 487	\$ 20
Mayor - Other Services	7 850	(25)		7 825	6 025	1 800
Aldermen - Personnel Services	47 409	-		47 409	47 403	6
Aldermen - Other Services	25 651	-		25 651	22 481	3 170
Municipal court - Personnel Services	193 490	-		193 490	188 068	5 422
Municipal court - Other Services	19 625	-		19 625	15 709	3 916
City clerk - Personnel Services	353 001	-		353 001	330 949	22 052
City clerk - Other Services	27 200	-		27 200	19 517	7 683
Elections - Personnel Services	70 404	-		70 404	77 959	(7 555)
Elections - Other Services	16 500	2 062	1	18 562	11 132	7 430
Information services - Personnel Services	131 451	105 000	3	236 451	130 927	105 524
Information services - Other Services	429 878	(104 994)	3	324 884	320 952	3 932
Administration - Personnel Services	411 533	-		411 533	259 819	151 714
Administration - Other Services	129 655	20 000	1	149 655	98 671	50 984
Finance - Personnel Services	419 877	(7 600)		412 277	404 363	7 914
Finance - Other Services	115 710	7 600		123 310	124 008	(698)
Independent Audit	30 050	11 000	1	41 050	36 480	4 570
Assessor - Other Services	233 350	-		233 350	230 743	2 607
Legal counsel	357 000	-		357 000	287 565	69 435
Municipal buildings - Personnel Services	114 001	40 000	2	154 001	111 927	42 074
Municipal buildings - Other Services	117 515	147 899	1	265 414	245 272	20 142
Refunded Taxes	27 500	-		27 500	-	27 500
Property and liability insurance	95 850	-		95 850	89 748	6 102
Anticipated Underexpenditure	(315 000)	-		(315 000)	-	(315 000)
Contingency	125,000	(84,278)	1	40,722	-	40,722
Total General Government	<u>3 202 982</u>	<u>136 689</u>		<u>3 339 671</u>	<u>3 078,205</u>	<u>261,466</u>
Public Safety						
Police - Personnel Services	7 970 358	50 000	4	8 020 358	7 714 579	305 779
Police - Other Services	1 226 530	11 138	1	1 237 668	1 038 129	199 539
Dispatch - Personnel Services	1 197 247	-		1 197 247	1 147 151	50 096
Fire - Personnel Services	6 286 453	-		6 286 453	5 943 185	343 268
Fire - Other Services	566 500	722	1	567 222	498 141	69 081
Fire protection service charge	283 300	-		283 300	279 995	3 305
Building inspection - Personnel Services	768 655	78 300	3	846 955	736 213	110 742
Building inspection - Other Services	140 335	80 488	1	220 823	134 314	86 509
Sealer of weights and measures	7 600	-		7 600	7,600	-
Total Public Safety	<u>18 446 978</u>	<u>220 648</u>		<u>18,667 626</u>	<u>17,499,307</u>	<u>1,168,319</u>

1 Re-allocation of Contingency appropriations for Pandemic expenditures

2 Council authorized use of 2019 surplus as one time contribution to employee benefit plans - to address underfunded status

3 Transfer for open staff positions funded by Professional services

4 Un used assistance to City of Milwaukee for cancelled special event

(Continued)

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Change Inc (Dec)</u>		<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>
CURRENT						
Public Works						
Engineering - Personnel Services	\$ 590 261	\$		\$ 590 261	\$ 538 588	\$ 51 673
Engineering - Other Services	342 820	240 000	4	582 820	581 501	1 319
Highway - Personnel Services	1 974 746	515 000	2 3	2 489 746	1 892 905	596 841
Highway - Other Services	890 800	90 108	5	980 908	903 973	76 935
Street lighting	346 000	-		346 000	325 273	20 727
Weed control	7,050	-		7,050	3 662	3,388
Total Public Works	<u>4 151 677</u>	<u>845 108</u>		<u>4 996 785</u>	<u>4 245 902</u>	<u>750 883</u>
Health and Human Services						
Public health - Personnel Services	628 585	-		628 585	558 154	70 431
Public health - Other Services	65 250	-		65 250	60 133	5 117
Animal control	43 800	2,000		45 800	45 687	113
Total Health and Human Services	<u>737,635</u>	<u>2,000</u>		<u>739 635</u>	<u>663,974</u>	<u>75,661</u>
Culture and Recreation						
Senior activities and travel program	24 000	-		24 000	3 280	20 720
Parks - Personnel Services	119 998	115 000	3 5	234 998	230 253	4 745
Parks - Other Services	66 450	7 385	1	73,835	59 397	14 438
Total Culture and Recreation	<u>210 448</u>	<u>122 385</u>		<u>332 833</u>	<u>292 930</u>	<u>39 903</u>
Conservation and Development						
Planning - Personnel Services	358 680	-		358 680	352 347	6 333
Planning - Other Services	74 950	44 000		118 950	94 121	24 829
Economic development - Personnel Services	126 770	-		126 770	124 893	1 877
Economic development - Other Services	59,000	8,000		67 000	(1 471)	68,471
Total Conservation and Development	<u>619 400</u>	<u>52 000</u>		<u>671 400</u>	<u>569 890</u>	<u>101 510</u>
Total Expenditures	27 369 120	1 378 830		28 747 950	26 350 208	2 397 742
Transfers to Other Funds	<u>524,000</u>	<u>48 379</u>	1	<u>572 379</u>	<u>48 379</u>	<u>524,000</u>
Total Expenditures and Transfers Out	<u>\$ 27 893 120</u>	<u>\$ 1,427 209</u>		<u>\$ 29 320 329</u>	<u>\$ 26 398,587</u>	<u>\$ 2 921,742</u>

1 Re-allocation of Contingency appropriations for Pandemic expenditures

2 Council authorized use of 2019 surplus as one time contribution to employee benefit plans - to address underfunded status

3 Transfer labor from Highway to Parks for shared staffing costs

4 - Professional Services charged to Developers

5 - Shared Labor costs between Highway and Parks

CITY OF FRANKLIN, WISCONSIN
Debt Service Fund
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	<u>Original Budget</u>	<u>Change Inc (Dec)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>
REVENUE					
Taxes	\$ 1 100 000	\$ -	\$ 1 100 000	\$ 1 100 000	\$ -
Special assessments	65 000	-	65 000	17 853	(47 147)
Investment earnings	12 000	-	12,000	19 726	7,726
Total revenue	<u>1 177 000</u>	<u>-</u>	<u>1 177 000</u>	<u>1 137 579</u>	<u>(39,421)</u>
EXPENDITURES					
Debt service					
Principal	1 387 500	38 000	1 425 500	1 425 000	500
Interest	200 272	(38 000)	162 272	152 218	10,054
Total expenditures	<u>1 587 772</u>	<u>-</u>	<u>1 587 772</u>	<u>1 577 218</u>	<u>10,554</u>
Excess (deficiency) of revenue over expenditures	<u>(410 772)</u>	<u>-</u>	<u>(410 772)</u>	<u>(439 639)</u>	<u>(28,867)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	453 682	-	453 682	397 950	(55 732)
Transfers out	(600 000)	-	(600 000)	(600 000)	-
Total other financing sources (uses)	<u>(146 318)</u>	<u>-</u>	<u>(146 318)</u>	<u>(202 050)</u>	<u>(55,732)</u>
Net change in fund balances	<u>\$ (557 090)</u>	<u>\$ -</u>	<u>\$ (557 090)</u>	<u>(641 689)</u>	<u>\$ (84,599)</u>
Fund balances - beginning				<u>1 118 560</u>	
Fund balances - ending				<u>\$ 476 871</u>	

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Library Operating Fund			Library Auxiliary Fund		
	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Taxes	\$ 1 340 500	\$ 1 340 500	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	60 000	45 595	(14 405)	-	-	-
Charges for Services	-	20 000	20 000	10 000	5 149	(4 851)
Investment earnings	15 000	13 404	(1 596)	100	1 713	1 613
Miscellaneous revenue	-	-	-	58 400	32,477	(25 923)
Total revenue	1 415 500	1,419,499	3 999	68,500	39 339	(29,161)
EXPENDITURES						
Current						
Culture and recreation	1 312 619	1 314 671	(2 052)	52 100	37 942	14 158
Capital outlay	154,000	121 142	32 858	16,400	8 080	8,320
Total expenditures	1 466 619	1 435 813	30 806	68,500	46 022	22,478
Excess (deficiency) of revenue over (under) expenditures	(51,119)	(16,314)	34,805	-	(6,683)	(6,683)
Net change in fund balances - budgetary basis	\$ (51,119)	(16 314)	\$ 34,805	\$ -	(6 683)	\$ (6,683)
Adjustments to generally accepted accounting principles basis 2020 encumbrances		1 515				
Net change in fund balances - generally accepted accounting principles basis		(14 799)			(6 683)	
Fund balances - beginning		563,427			147,445	
Fund balances - ending		\$ 548,628			\$ 140,762	(Continued)

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Solid Waste Fund			St Martin's Fair Fund		
	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Intergovernmental revenue	\$ 69,000	\$ 68,834	\$ (166)	\$ -	\$ -	\$ -
Public charges for services	1,899,349	1,883,329	(16,020)	-	-	-
Licenses and permits	-	-	-	27,000	-	(27,000)
Investment earnings	20,000	16,344	(3,656)	-	-	-
Miscellaneous revenue	1,500	2,002	502	-	-	-
Total revenue	<u>1,989,849</u>	<u>1,970,509</u>	<u>(19,340)</u>	<u>27,000</u>	<u>-</u>	<u>(27,000)</u>
EXPENDITURES						
Current						
Public works	1,971,287	2,013,227	(41,940)	-	-	-
Culture and recreation	-	-	-	57,866	-	57,866
Total expenditures	<u>1,971,287</u>	<u>2,013,227</u>	<u>(41,940)</u>	<u>57,866</u>	<u>-</u>	<u>57,866</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>18,562</u>	<u>(42,718)</u>	<u>(61,280)</u>	<u>(30,866)</u>	<u>-</u>	<u>30,866</u>
OTHER FINANCING SOURCES						
Transfers in	-	-	-	11,000	-	(11,000)
Net change in fund balances	<u>\$ 18,562</u>	<u>(42,718)</u>	<u>\$ (61,280)</u>	<u>\$ (19,866)</u>	<u>-</u>	<u>\$ 19,866</u>
Fund balances (deficit) - beginning		<u>455,125</u>			<u>3,636</u>	
Fund balances - ending		<u>\$ 412,407</u>			<u>\$ 3,636</u>	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Donations Fund			Civic Celebrations Fund				
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE								
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,000	\$ -	\$ (85,000)
Miscellaneous revenue	11,000	15,000	26,000	103,511	77,511	21,000	-	(21,000)
Total revenue	<u>11,000</u>	<u>15,000</u>	<u>26,000</u>	<u>103,511</u>	<u>77,511</u>	<u>106,000</u>	<u>-</u>	<u>(106,000)</u>
EXPENDITURES								
Current								
General government	68,950	-	68,950	149	(149)	-	-	-
Public Safety	-	-	28,968	39,982	39,982	-	-	-
Culture and recreation	-	-	-	-	-	104,528	8,048	96,480
Capital outlay	-	15,000	15,000	-	15,000	-	-	-
Total expenditures	<u>68,950</u>	<u>15,000</u>	<u>83,950</u>	<u>29,117</u>	<u>54,833</u>	<u>104,528</u>	<u>8,048</u>	<u>96,480</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(57,950)</u>	<u>-</u>	<u>(57,950)</u>	<u>74,394</u>	<u>132,344</u>	<u>1,472</u>	<u>(8,048)</u>	<u>(9,520)</u>
OTHER FINANCING SOURCES								
Transfers in	-	-	-	-	-	13,000	-	(13,000)
Net change in fund balances	<u>\$ (57,950)</u>	<u>\$ -</u>	<u>\$ (57,950)</u>	<u>74,394</u>	<u>\$ 132,344</u>	<u>\$ 14,472</u>	<u>(8,048)</u>	<u>\$ (22,520)</u>
Fund balances - beginning				<u>161,342</u>			<u>77,316</u>	
Fund balances - ending				<u>\$ 235,736</u>			<u>\$ 69,268</u>	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Grant Fund				Tourism Commission				Variance with Final Budget - Excess (Deficiency)
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original Budget	Change Inc (Dec)	Final Budget	Actual	
REVENUE									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 210,179	\$ -	\$ 210,179	\$ 31,871	\$ (178,308)
Intergovernmental revenue	254,750	650,000	904,750	1,059,037	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	2,633	2,633
Miscellaneous revenue	2,080	-	2,080	14,203	-	-	-	500	500
Total revenue	<u>256,830</u>	<u>650,000</u>	<u>906,830</u>	<u>1,073,240</u>	<u>210,179</u>	<u>-</u>	<u>210,179</u>	<u>35,004</u>	<u>(175,175)</u>
EXPENDITURES									
Current									
General Government	-	50,000	50,000	44,700	-	-	-	-	-
Public safety	6,000	570,000	576,000	559,539	-	-	-	-	-
Public works	-	15,000	15,000	11,147	-	-	-	-	-
Health and human services	296,054	70,000	366,054	346,721	-	-	-	-	-
Culture and recreation	-	-	-	8,790	-	-	-	-	-
Conservation and development	-	-	-	-	439,000	(108,629)	330,371	30,482	299,889
Capital outlay	25,000	-	25,000	28,528	110,000	110,000	110,000	109,586	414
Total expenditures	<u>327,054</u>	<u>705,000</u>	<u>1,032,054</u>	<u>999,425</u>	<u>439,000</u>	<u>1,371</u>	<u>440,371</u>	<u>140,068</u>	<u>300,303</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(70,224)</u>	<u>(55,000)</u>	<u>(125,224)</u>	<u>73,815</u>	<u>(228,821)</u>	<u>(1,371)</u>	<u>(230,192)</u>	<u>(105,064)</u>	<u>125,128</u>
Net change in fund balances - budgetary basis	<u>\$ (70,224)</u>	<u>\$ (55,000)</u>	<u>\$ (125,224)</u>	<u>\$ 73,815</u>	<u>\$ (228,821)</u>	<u>\$ (1,371)</u>	<u>\$ (230,192)</u>	<u>\$ (105,064)</u>	<u>\$ 125,128</u>
Adjustments to generally accepted accounting principles basis									
2019 encumbrances								(1,371)	
2020 encumbrances								25,424	
Net change in fund balances - generally accepted accounting principles basis				73,815				(81,011)	
Fund balances - beginning				198,561				469,951	
Fund balances - ending				<u>\$ 272,376</u>				<u>\$ 388,940</u>	

1 - Encumbrance from prior year

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Capital Outlay Fund				Equipment Replacement Fund					
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE										
Taxes	\$ 295,700	\$ -	\$ 295,700	\$ 295,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	6,000	39,900	45,900	18,573	(27,327)	-	-	-	187,106	187,106
Public charges for services - Landfill siting	483,900	(8,900)	475,000	472,300	(2,700)	677,600	(277,600)	400,000	400,000	-
Investment earnings (loss)	7,800	-	7,800	10,544	2,744	37,400	-	37,400	59,471	22,071
Miscellaneous revenue	-	18,125	18,125	22,205	4,080	-	-	-	-	-
Total revenue	<u>793,400</u>	<u>49,125</u>	<u>842,525</u>	<u>819,322</u>	<u>(23,203)</u>	<u>715,000</u>	<u>(277,600)</u>	<u>437,400</u>	<u>646,577</u>	<u>209,177</u>
EXPENDITURES										
Capital outlay	989,350	190,027	1,179,377	827,582	351,795	850,000	237,142	1,087,142	869,690	217,452
Total expenditures	<u>989,350</u>	<u>190,027</u>	<u>1,179,377</u>	<u>827,582</u>	<u>351,795</u>	<u>850,000</u>	<u>237,142</u>	<u>1,087,142</u>	<u>869,690</u>	<u>217,452</u>
Excess (deficiency) of revenue over expenditures	<u>(195,950)</u>	<u>(140,902)</u>	<u>(336,852)</u>	<u>(8,260)</u>	<u>328,592</u>	<u>(135,000)</u>	<u>(514,742)</u>	<u>(649,742)</u>	<u>(223,113)</u>	<u>(426,629)</u>
OTHER FINANCING SOURCES										
Sale of capital assets	25,000	-	25,000	55,622	30,622	56,500	-	56,500	21,563	(34,937)
Transfers in	-	48,379	48,379	48,379	-	-	-	-	-	-
Total other financing sources	<u>25,000</u>	<u>48,379</u>	<u>73,379</u>	<u>104,001</u>	<u>30,622</u>	<u>56,500</u>	<u>-</u>	<u>56,500</u>	<u>21,563</u>	<u>(34,937)</u>
Net change in fund balances - budgetary basis	<u>\$ (170,950)</u>	<u>\$ (92,523)</u>	<u>\$ (263,473)</u>	<u>\$ 95,741</u>	<u>\$ 359,214</u>	<u>\$ (78,500)</u>	<u>\$ (514,742)</u>	<u>\$ (593,242)</u>	<u>\$ (201,550)</u>	<u>\$ (461,566)</u>
Adjustments to generally accepted accounting principles basis										
2019 encumbrances				(83,623)					(206,974)	
2020 encumbrances				188,414					270,298	
Net change in fund balances - generally accepted accounting principles basis									(138,226)	
Fund balances - beginning					200,532					2,528,062
Fund balances - ending				<u>\$ 692,243</u>					<u>\$ 2,389,836</u>	

1 Encumbrances & Carryovers of 2019 Budget
2 Reduced Landfill Siting resources

(Continued)

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Capital Improvement Fund				Street Improvement Fund				Variance with final budget - Excess (Deficiency)
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original Budget	Change Inc (Dec)	Final Budget	Actual	
REVENUE									
Intergovernmental revenue	\$ 500,000	\$ 943,000	\$ 1,443,000	\$ 608,365	\$ 845,000	\$ -	\$ 845,000	\$ 868,993	\$ 23,993
Public charges for services - Landfill siting	722,000	(542,000)	180,000	878,313	368,500	(18,500)	350,000	350,015	15
Investment earnings (loss)	25,000	-	25,000	15,721	4,800	-	4,800	7,942	3,142
Total revenue	<u>1,247,000</u>	<u>401,000</u>	<u>1,648,000</u>	<u>1,502,399</u>	<u>1,218,300</u>	<u>(18,500)</u>	<u>1,199,800</u>	<u>1,226,950</u>	<u>27,150</u>
EXPENDITURES									
Capital outlay	4,920,000	1,762,470	6,682,470	2,170,542	1,300,000	187,936	1,487,936	1,026,464	461,472
Total expenditures	<u>4,920,000</u>	<u>1,762,470</u>	<u>6,682,470</u>	<u>2,170,542</u>	<u>1,300,000</u>	<u>187,936</u>	<u>1,487,936</u>	<u>1,026,464</u>	<u>461,472</u>
Excess (deficiency) of revenue over expenditures	<u>(3,673,000)</u>	<u>(1,361,470)</u>	<u>(5,034,470)</u>	<u>(668,143)</u>	<u>(81,700)</u>	<u>(206,436)</u>	<u>(288,136)</u>	<u>200,486</u>	<u>488,622</u>
OTHER FINANCING SOURCES									
Transfers in	2,841,500	71,400	2,912,900	903,587	-	-	-	-	-
Net change in fund balances - budgetary basis	<u>\$ (831,500)</u>	<u>\$ (1,290,070)</u>	<u>\$ (2,121,570)</u>	<u>235,444</u>	<u>\$ (81,700)</u>	<u>\$ (206,436)</u>	<u>\$ (288,136)</u>	<u>200,486</u>	<u>\$ 488,622</u>
Adjustments to generally accepted accounting principles basis				(1,356,570)				(103,703)	
2019 encumbrances				<u>1,131,443</u>					
2020 encumbrances									
Net change in fund balances - generally accepted accounting principles basis				<u>10,317</u>				<u>96,783</u>	
Fund balances - beginning				<u>2,012,476</u>				<u>506,207</u>	
Fund balances - ending				<u>\$ 2,022,793</u>				<u>\$ 602,990</u>	

1 Expected Intergovernmental Grant
2 Reduced Landfill Siting Resources
3 Encumbrances and Carryforwards

(continued)

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Development Fund				Utility Development Fund					
	Original Budget	Change Inc (Dec)	Original & Final Budget	Actual	Variance with final budget - Excess (Deficiency)	Original and final Budget	Change Inc (Dec)	Original & Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE										
Special assessments	\$ 2,133,200	\$ -	\$ 2,133,200	\$ 1,230,313	\$ (902,887)	\$ 94,600	(\$ 19,600)	\$ 75,000	\$ 167,773	\$ 92,773
Investment earnings	120,000	-	120,000	137,294	17,294	27,900	(9,900)	18,000	25,607	7,607
Total revenue	<u>2,253,200</u>	<u>-</u>	<u>2,253,200</u>	<u>1,367,607</u>	<u>(885,593)</u>	<u>122,500</u>	<u>(29,500)</u>	<u>93,000</u>	<u>193,380</u>	<u>100,380</u>
EXPENDITURES										
General government	25,000	8,553	33,553	22,539	11,014	-	-	-	-	-
Capital outlay	1,275,000	368,415	1,643,415	304,630	1,338,785	-	-	-	-	-
Total expenditures	<u>1,300,000</u>	<u>376,968</u>	<u>1,676,968</u>	<u>327,169</u>	<u>1,349,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	953,200	(376,968)	576,232	1,040,438	464,206	122,500	(29,500)	93,000	193,380	100,380
OTHER FINANCING SOURCES (USES)										
Transfers out	(1,075,442)	(71,400)	(1,146,842)	(701,537)	445,305	(1,000,000)	-	(1,120,000)	-	1,120,000
Net change in fund balances - budgetary basis	\$ (122,242)	\$ (448,368)	\$ (570,610)	\$ 338,901	\$ 909,511	\$ (877,500)	\$ (29,500)	\$ (1,027,000)	\$ 193,380	\$ 1,220,380
Adjustments to generally accepted accounting principles basis										
2019 encumbrances				(376,966)						
2020 encumbrances				<u>96,321</u>						
Net change in fund balances - generally accepted accounting principles basis				58,256					193,380	
Fund balances - beginning				<u>8,833,459</u>					<u>2,194,797</u>	
Fund balances - ending				<u>\$ 8,891,715</u>					<u>\$ 2,388,177</u>	

1 Encumbrances & Carryovers of 2019 Budget

CITY OF FRANKLIN, WISCONSIN
TIF Districts Fund
Combining Balance Sheet
As of December 31, 2020

	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Bear Development District #8	Total
ASSETS							
Cash and investments	\$ 1 164 562	\$ 1 100 460	\$ 444 650	\$ 3 526 359	\$ 424 487	\$ 69 430	\$ 6 729 948
Accounts receivable	-	-	23 264	-	-	-	23 264
Interest receivable	-	-	-	-	90 000	-	90 000
Taxes receivable	2 067 579	1 160 642	478 853	-	11 911	-	3 718 985
Note receivable	-	-	-	-	4 500 000	-	4 500 000
Total assets	\$ 3,232,141	\$ 2,261,102	\$ 946,767	\$ 3,526,359	\$ 5,026,398	\$ 69,430	\$ 15,062,197
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 120 884	\$ 157	\$ 747	\$ -	\$ 32 641	\$ 154 429
Accrued liabilities	865 126	-	-	2 939 497	-	-	3 804 623
Advances from other funds	-	2,500,000	-	-	1 745 000	100,000	4,345,000
Total liabilities	865 126	2 620 884	157	2,940,244	1 745,000	132 641	8,304 052
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	4 590 000	-	4 590 000
Unearned revenue	2,067,579	1,160,642	478,853	-	11,911	-	3,718,985
Total deferred inflows of resources	2,067,579	1 160 642	478,853	-	4 601,911	-	8 308 985
FUND BALANCES (DEFICIT)							
Restricted	299 436	-	467 757	586 115	-	-	1 353 308
Unassigned (deficit)	-	(1 520,424)	-	-	(1,320,513)	(63,211)	(2,904 148)
Total fund balances (deficit)	299,436	(1,520,424)	467,757	586,115	(1,320,513)	(63,211)	(1 550,840)
Total liabilities, deferred inflows and fund balances	\$ 3 232 141	\$ 2 261 102	\$ 946 767	\$ 3 526 359	\$ 5 026 398	\$ 69 430	\$ 15 062 197

CITY OF FRANKLIN, WISCONSIN

TIF Districts Fund

Combining Schedule of TIF Districts Revenue, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2020

	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Bear Development District #8	Total
REVENUE							
Taxes	\$ 1,401,748	\$ 1,212,692	\$ 812,921	\$ -	\$ -	\$ -	\$ 3,427,361
Intergovernmental revenue	510,053	53,731	12,883	-	-	-	576,667
Investment earnings (loss)	8,995	73,020	52,917	28,199	130,043	-	293,174
Total revenue	1,920,796	1,339,443	878,721	28,199	130,043	-	4,297,202
EXPENDITURES							
Current							
General government	7,300	12,286	17,045	29,941	10,129	9,373	86,074
Public works	-	465,510	2,305	167,721	-	23,133	658,669
Conservation and development	760,705	700	700	17,200	4,500,700	15,000	5,295,005
Capital outlay	-	6,449,311	-	7,525,939	166,663	15,393	14,157,306
Debt service							
Principal	665,000	-	13,480,000	-	-	-	14,145,000
Interest and fiscal charges	80,265	-	942,653	220,100	116,072	312	1,359,402
Debt issuance costs	-	-	127,500	62,827	-	-	190,327
Total expenditures	1,513,270	6,927,807	14,570,203	8,023,728	4,793,564	63,211	35,891,783
Excess (deficiency) of revenue over expenditures	407,526	(5,588,364)	(13,691,482)	(7,995,529)	(4,663,521)	(63,211)	(31,594,581)
OTHER FINANCING SOURCES							
General obligation debt issued	-	-	-	3,045,000	-	-	3,045,000
Refunding debt issued	-	-	9,545,000	-	-	-	9,545,000
Premium (Discount) on debt issued	-	-	159,526	94,794	-	-	254,320
Total other financing sources (uses)	-	-	9,704,526	3,139,794	-	-	12,844,320
Net change in fund balances	407,526	(5,588,364)	(3,986,956)	(4,855,735)	(4,663,521)	(63,211)	(18,750,261)
Fund balances (deficit) - beginning	(108,090)	4,067,940	4,454,713	5,441,850	3,343,008	-	17,199,421
Fund balances (deficit) - ending	\$ 299,436	\$ (1,520,424)	\$ 467,757	\$ 586,115	\$ (1,320,513)	\$ (63,211)	\$ (1,550,840)

CITY OF FRANKLIN WISCONSIN
TIF Districts
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	District 3 - Northwestern Mutual				District 4 - Ascension Hospital					
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE										
Taxes	\$ 1,409,000	\$ -	\$ 1,409,000	\$ 1,401,748	\$ (7,252)	\$ 1,264,700	\$ -	\$ 1,264,700	\$ 1,212,692	\$ (52,008)
Intergovernmental revenue	507,500	-	507,500	510,053	2,553	48,900	-	48,900	53,731	4,831
Investment earnings (loss)	25,000	-	25,000	8,995	(16,005)	74,000	-	74,000	73,020	(980)
Total revenue	<u>1,941,500</u>		<u>1,941,500</u>	<u>1,920,796</u>	<u>(20,704)</u>	<u>1,387,600</u>		<u>1,387,600</u>	<u>1,339,443</u>	<u>(48,157)</u>
EXPENDITURES										
General government	12,550		12,550	7,300	5,250	7,550	15,000	22,550	(2,714)	25,264
Public works	711,705	49,000	760,705	760,705	-	23,040	1,520,875	1,543,715	558,111	985,604
Conservation and development	-	-	-	-	-	700	10,700	10,700	(9,300)	20,000
Capital outlay	-	-	-	-	-	-	10,236,906	10,237,606	6,598,494	3,639,112
Debt Service	665,000		665,000	665,000		-	-	-	-	-
Principal	80,265		80,265	80,265		-	-	-	-	-
Interest	1,469,520	49,000	1,518,520	1,513,270	5,250	31,290	11,783,281	11,814,571	7,144,591	4,669,980
Total expenditures	<u>471,960</u>	<u>(49,000)</u>	<u>422,960</u>	<u>407,526</u>	<u>(15,434)</u>	<u>1,356,310</u>	<u>(11,783,281)</u>	<u>(10,426,971)</u>	<u>(5,805,148)</u>	<u>4,621,823</u>
Excess (deficiency) of revenue over expenditures										
	\$ 471,960	\$ (49,000)	\$ 422,960	407,526	\$ (15,434)	\$ 7,556,310	\$ (11,783,281)	\$ (4,226,971)	\$ (5,805,148)	\$ (1,578,177)
OTHER FINANCING SOURCES										
General obligation debt issued	-	-	-	-	-	6,200,000	-	6,200,000	-	(6,200,000)
Net change in fund balances - budgetary basis										
	\$ 471,960	\$ (49,000)	\$ 422,960	407,526	\$ (15,434)	\$ 7,556,310	\$ (11,783,281)	\$ (4,226,971)	\$ (5,805,148)	\$ (1,578,177)
Adjustments to generally accepted accounting principles basis										
2019 encumbrances									(783,281)	
2020 encumbrances									1,000,065	
Net change in fund balances generally accepted accounting principles basis									(5,588,364)	
Fund balances (deficit) - beginning									4,067,940	
Fund balances (deficit) - ending									<u>\$ (1,520,424)</u>	

1 Development of Business Park delayed from prior year (Continued)

CITY OF FRANKLIN, WISCONSIN
TIF Districts
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	District 5 - Ballpark Commons				District 6 - Loomis & Ryan Roads					
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE										
Taxes	\$ 756,000	\$ -	\$ 756,000	\$ 812,921	\$ 56,921	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	12,900	-	12,900	12,883	(17)	-	-	-	-	-
Investment earnings (loss)	1,000	-	1,000	52,917	51,917	-	-	32,500	28,199	(4,301)
Total revenue	769,900	-	769,900	878,721	108,821	-	-	32,500	28,199	(4,301)
EXPENDITURES										
General government	18,100	19,959	38,059	5,186	32,873	20,000	30,650	29,941	709	
Public works	9,500	4,929	14,429	2,305	12,124	140,000	168,040	167,721	319	
Conservation and development	700	7,250	7,950	(3,300)	11,250	700	18,856	16,044	812	
Capital outlay	-	-	-	-	-	6,000,000	9,000,000	7,525,939	1,474,061	
Debt Service										
Principal	-	13,500,000	13,500,000	13,480,000	20,000	-	-	-	-	-
Interest	890,763	75,000	965,763	942,653	23,110	281,590	281,590	220,100	61,490	
Debt issuance costs	-	-	-	127,500	(127,500)	45,000	45,000	62,827	(17,827)	
Total expenditures	919,063	13,607,138	14,526,201	14,554,344	(28,143)	3,365,980	9,542,136	8,022,872	1,519,564	
Excess (deficiency) of revenue over expenditures	(149,163)	(13,607,138)	(13,756,301)	(13,675,623)	80,678	(3,333,480)	(9,509,636)	(7,994,373)	1,515,263	
OTHER FINANCING SOURCES (USES)										
General obligation debt issued	-	-	-	-	-	3,250,000	3,250,000	3,045,000	(205,000)	
Refunding debt issued	-	-	-	9,545,000	9,545,000	-	-	-	-	
Premium on debt issued	-	-	-	159,526	159,526	-	-	94,794	94,794	
Total other financing sources (uses)	-	-	-	9,704,526	9,704,526	3,250,000	3,250,000	3,139,794	(110,206)	
Net change in fund balances - budgetary basis	\$ (149,163)	\$ (13,607,138)	\$ (13,756,301)	(3,971,097)	\$ 9,785,204	\$ (83,480)	\$ (6,176,156)	\$ (4,854,579)	\$ 1,405,057	
Adjustments to generally accepted accounting principles basis										
2019 encumbrances				(32,138)					(1,156)	
2020 encumbrances				16,279					-	
Net change in fund balances - generally accepted accounting principles basis				(3,986,956)					(4,855,735)	
Fund balances - beginning				4,454,713					5,441,850	
Fund balances - ending				467,757					586,115	

CITY OF FRANKLIN, WISCONSIN

TIF Districts

Schedule of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

District 7 - Velo Village

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE					
Investment earnings (loss)	\$ 270,000	\$ -	\$ 270,000	\$ 130,043	\$ (139,957)
Total revenue	<u>270,000</u>	<u>-</u>	<u>270,000</u>	<u>130,043</u>	<u>(139,957)</u>
EXPENDITURES					
General government	13,300	-	13,300	10,129	3,171
Conservation and development	700	4,524,100	4,524,800	4,497,500	27,300
Capital outlay	-	170,000	170,000	166,663	3,337
Debt Service					
Interest	268,549	-	268,549	116,072	152,477
Total expenditures	<u>282,549</u>	<u>4,694,100</u>	<u>4,976,649</u>	<u>4,790,364</u>	<u>186,285</u>
Excess (deficiency) of revenue over expenditures	<u>(12,549)</u>	<u>(4,694,100)</u>	<u>(4,706,649)</u>	<u>(4,660,321)</u>	<u>46,328</u>
Net change in fund balances - budgetary basis	\$ (12,549)	\$ (4,694,100)	\$ (4,706,649)	\$ (4,660,321)	\$ 46,328
Adjustments to generally accepted accounting principles basis					
2019 encumbrances				(9,100)	
2020 encumbrances				5,900	
Net change in fund balances generally accepted accounting principles basis				(4,663,521)	
Fund balances - beginning				3,343,008	
Fund balances (deficit) - ending				<u>\$ (1,320,513)</u>	
1- Mortgage granted to Developer					

CITY OF FRANKLIN, WISCONSIN
Statement of Fiduciary Net Position - Employee Benefit Trust Funds
As of December 31, 2020

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
ASSETS			
Cash	\$ -	\$ 160,124	\$ 160,124
Investments			
Fixed Income Securities	4,233,335	2,424,200	6,657,535
Domestic Equities	6,058,549	4,642,272	10,700,821
International Equities	1,801,125	584,916	2,386,041
Total Cash & Investments	<u>12,093,009</u>	<u>7,811,512</u>	<u>19,904,521</u>
Total assets	<u>\$ 12,093,009</u>	<u>\$ 7,811,512</u>	<u>\$ 19,904,521</u>
LIABILITIES			
Accrued liabilities	<u>\$ -</u>	<u>\$ 16,600</u>	<u>\$ 16,600</u>
Net Position			
Restricted for employee benefits	<u>12,093,009</u>	<u>7,794,912</u>	<u>19,887,921</u>
Total Net Position	<u>\$ 12,093,009</u>	<u>\$ 7,794,912</u>	<u>\$ 19,887,921</u>

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position - Employee Benefit Trust Funds
For the Year Ended December 31, 2020

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
ADDITIONS			
Contributions			
City of Franklin	\$ 581,000	\$ 719,788	\$ 1,300,788
Retirees	-	146,308	146,308
Net investment earnings (losses)	1,457,194	668,784	2,125,978
Total additions	<u>2,038,194</u>	<u>1,534,880</u>	<u>3,573,074</u>
DEDUCTIONS			
Incurring claims	\$ 513,694	\$ 124,938	\$ 638,632
Prescription drug claims	-	69,774	69,774
Claims fees	27,661	22,529	50,190
Stop loss premiums less claims received	-	61,488	61,488
Total deductions	<u>541,355</u>	<u>278,729</u>	<u>820,084</u>
Change in net position	1,496,839	1,256,151	2,752,990
Net Position Beginning of year	<u>10,596,170</u>	<u>6,538,761</u>	<u>17,134,931</u>
Net Position End of year	<u>\$ 12,093,009</u>	<u>\$ 7,794,912</u>	<u>\$ 19,887,921</u>

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
As of December 31, 2020

Governmental funds capital assets:

Land	\$ 26,367,796
Buildings and improvements	29,057,720
Machinery and equipment	20,172,843
Infrastructure improvements	123,915,126
Construction in process	<u>5,630,865</u>

Total governmental funds capital assets \$ 205,144,350

Investment in governmental capital assets by source:

General Fund	\$ 630,097
Special Revenue Funds	3,444,194
Capital Projects Funds	121,434,891
Donations	<u>79,635,168</u>

Total governmental funds capital assets \$ 205,144,350

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended December 31, 2020

Function and Activity	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure Improvements	Construction In process	Total
General Government:						
Mayor	\$ -	\$ -	\$ 2 202	\$ -	\$ -	\$ 2 202
Aldermen	-	-	9 584	-	-	9 584
Municipal court	-	-	35 210	-	-	35 210
City clerk	-	-	21 416	-	-	21 416
Elections	-	-	30 890	-	-	30 890
Information services	-	-	851 356	-	-	851 356
Administration	-	-	261 310	-	-	261 310
Human resources	-	-	9 617	-	-	9 617
Finance	-	-	189 179	-	-	189 179
Assessor	-	-	46 080	-	-	46 080
Attorney	-	-	906	-	-	906
Municipal buildings	597,437	4 801 351	557 969	-	-	5 956 757
Total General Government	<u>597,437</u>	<u>4,801 351</u>	<u>2,015 719</u>	-	-	<u>7 414 507</u>
Public Safety:						
Police	1 201 829	8 925 444	2 841 499	-	-	12 968 772
Fire	63 248	4 351 456	4 417 534	-	-	8 832 238
Building inspection	-	-	278,406	-	-	278,406
Total Public Safety	<u>1,265 077</u>	<u>13 276 900</u>	<u>7 537 439</u>	-	-	<u>22,079 416</u>
Public Works:						
Engineering	-	-	365 555	-	-	365 555
Highway	357 407	3 173 572	6 502 947	-	-	10 033 926
Street Lighting	-	-	1 097	-	-	1 097
Infrastructure	19 790 621	-	-	123 915 126	-	143 705 747
Construction in process	-	-	-	-	5,630,865	5,630,865
Total Public Works	<u>20,148 028</u>	<u>3,173 572</u>	<u>6 869 599</u>	<u>123 915 126</u>	<u>5,630,865</u>	<u>159,737 190</u>
Health & Human Services						
Health	-	-	141 889	-	-	141 889
Culture and Recreation						
Library	-	4 984 942	2 764 068	-	-	7 749 010
Parks	4 357,254	2 820 955	795,944	-	-	7 974,153
Total Culture and Recreation	<u>4 357 254</u>	<u>7 805 897</u>	<u>3 560 012</u>	-	-	<u>15 723 163</u>
Conservation and Development						
Planning	-	-	48 185	-	-	48,185
Total Conservation and Development	-	-	<u>48 185</u>	-	-	<u>48 185</u>
Total governmental funds capital assets	<u>\$ 26 367 796</u>	<u>\$ 29 057 720</u>	<u>\$ 20 172 843</u>	<u>\$ 123 915,126</u>	<u>\$ 5,630 865</u>	<u>\$ 205 144 350</u>

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2020

Function and Activity	Governmental Funds Capital Assets			
	12/31/19	Additions	Deletions	12/31/20
General Government:				
Mayor	\$ 2 202	\$ -	\$ -	\$ 2 202
Aldermen	9 584	-	-	9,584
Municipal court	35 210	-	-	35,210
City clerk	21 416	-	-	21 416
Elections	24 610	6 280	-	30,890
Information services	851 356	-	-	851 356
Administration	261 310	-	-	261 310
Human resources	9 617	-	-	9 617
Finance	189 179	-	-	189,179
Assessor	46 080	-	-	46 080
Attorney	906	-	-	906
Municipal buildings	5 697 882	258 875	-	5,956,757
Total General Government	<u>7 149 352</u>	<u>265 155</u>	<u>-</u>	<u>7 414 507</u>
Public Safety:				
Police	12 289 612	1 826 083	1 146 923	12 968 772
Fire	9 088,548	262 298	518 608	8 832 238
Building inspection	278 406	-	-	278 406
Total Public Safety	<u>21 656 566</u>	<u>2 088 381</u>	<u>1 665 531</u>	<u>22 079,416</u>
Public Works:				
Engineering	359 023	6 532	-	365 555
Highway	9 814,514	594 119	374 707	10 033 926
Street lighting	1 097	-	-	1 097
Infrastructure	138,244 144	5 550 226	88 623	143 705 747
Construction in process	1 986 204	5 122 777	1 478 116	5 630 865
Total Public Works	<u>150,404 982</u>	<u>11 273 654</u>	<u>1 941 446</u>	<u>159,737 190</u>
Health & Human Services:				
Health	141,889	-	-	141 889
Culture and Recreation:				
Library	7 860 727	104 481	216 198	7 749 010
Parks	7 649,153	325,000	-	7 974,153
Total Culture and Recreation	<u>15 509 880</u>	<u>429 481</u>	<u>216 198</u>	<u>15,723 163</u>
Conservation and Development:				
Planning	48 185	-	-	48,185
Total Conservation and Development	<u>48 185</u>	<u>-</u>	<u>-</u>	<u>48 185</u>
Total governmental funds capital assets	\$ 194,910 854	\$ 14,056 671	\$ 3 823 175	\$ 205 144 350

STATISTICAL SECTION

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Statistical Section

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 basic financial statements, note disclosures and required supplementary information says about the City's overall financial health

Financial Trends

Table 1

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

Table 5

These tables contain trend information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

Table 11

These tables present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future

Demographic and Economic Information

Table 14

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

Table 17

These tables 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 tables is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003, schedules presenting government-wide information include information beginning in that year

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CITY OF FRANKLIN, WISCONSIN
 Net Position by Component
 Last Ten Years
 (accrual basis of accounting)

	2020	2019	2018*	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 122,636,518	\$ 123,769,857	\$ 113,400,761	\$ 115,417,617	\$ 110,638,152	\$ 107,184,603	\$ 106,031,877	\$ 104,721,982	\$ 104,097,426	\$ 94,637,222
Restricted										
Debt service		127,211	586,594	552,375	658,091	482,773	580,605	722,710	535,337	4,076,267
Utility improvements	2,656,621	2,586,422	2,374,252	2,169,298	2,103,487	1,999,759	1,918,450	1,523,989	1,623,959	1,985,774
Development	8,891,715	9,066,099	6,140,196	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731	3,895,040
Library	689,390	710,872	630,290	581,080	495,660	524,137	598,752	582,292	541,825	492,473
Donations and other	2,515,971	3,694,542	4,850,568	3,426,760	3,301,860	602,281	560,306	507,955	541,755	300,582
Pensions	3,332,334		2,607,342							
Unrestricted (deficit)	(14,608,991)	(11,675,211)	3,825,355	11,303,345	14,522,376	16,401,941	8,848,660	4,888,704	1,487,025	2,582,464
Total governmental activities net position	\$ 126,113,556	\$ 128,279,792	\$ 134,415,358	\$ 137,616,975	\$ 135,778,188	\$ 131,047,147	\$ 122,708,989	\$ 118,000,800	\$ 113,442,058	\$ 107,989,822
Business-type activities										
Net investment in capital assets	\$ 101,401,639	\$ 92,371,165	\$ 85,170,183	\$ 86,584,568	\$ 88,115,672	\$ 88,861,706	\$ 88,567,257	\$ 89,095,184	\$ 89,398,082	\$ 89,550,594
Restricted										
Sewer equipment replacement	482,900	480,000	-	178,590	394,227	356,106	313,558	277,230	334,508	293,844
Pensions	64,010									
Long term receivable RCI	16,280,068	17,555,340	18,799,969	20,014,692	21,200,228	2,853,728	4,015,630	3,017,842	2,518,834	3,171,123
Unrestricted	4,661,817	3,997,436	4,861,140	4,179,263	3,450,718	2,553,728	4,015,630	3,017,842	2,518,834	3,171,123
Total business-type activities net position	\$ 122,910,434	\$ 114,403,941	\$ 108,831,292	\$ 110,957,113	\$ 113,160,845	\$ 92,071,540	\$ 92,896,445	\$ 92,390,256	\$ 92,251,424	\$ 93,015,561
Total										
Net investment in capital assets	\$ 215,006,957	\$ 212,636,622	\$ 196,873,944	\$ 201,846,895	\$ 198,334,454	\$ 196,046,309	\$ 194,599,134	\$ 193,817,166	\$ 193,495,508	\$ 184,187,816
Restricted										
Debt service		127,211	586,594	552,375	658,091	482,773	580,605	722,710	535,337	4,076,267
Utility improvements	2,656,621	2,586,422	2,374,252	2,169,298	2,103,487	1,999,759	1,918,450	1,523,989	1,623,959	1,985,774
Development	8,891,715	9,066,099	6,140,196	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731	3,895,040
TIF Districts	689,390	710,872	630,290	581,080	495,660	524,137	598,752	582,292	541,825	492,473
Donations and grants	2,515,971	3,694,542	4,850,568	3,426,760	3,301,860	602,281	560,306	507,955	541,755	300,582
Sewer replacement	482,900	480,000	-	178,590	394,227	356,106	313,558	277,230	334,508	293,844
Intergovernmental Cooperation	16,280,068	17,555,340	18,799,969	20,014,692	21,200,228					
Pensions	3,396,344		2,607,342							
Unrestricted	(995,974)	(4,173,375)	10,383,495	15,637,898	18,392,484	19,255,669	12,864,290	7,907,546	4,005,859	5,753,587
Total net position	\$ 249,023,992	\$ 242,683,733	\$ 243,246,650	\$ 248,574,088	\$ 248,939,033	\$ 223,118,687	\$ 215,605,434	\$ 210,391,056	\$ 205,693,482	\$ 200,865,383

Notes

- (1) Ryan Creek Interceptor Sewer brought on Sewer Fund Balance Sheet in 2016
- (2) 2012 and prior years have been reclassified to be consistent with the current year presentation
- (3) Amounts do not crossfoot related to Business-type assets financed by Government debt see footnotes

* revised amounts for TID balances

CITY OF FRANKLIN, WISCONSIN
 Changes in Net Position - Last Ten Years
 (accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
				****		***				
Expenses										
Governmental activities										
General government	\$ 3,499,585	\$ 3,979,782	\$ 3,412,150	\$ 3,310,893	\$ 3,202,942	\$ 2,990,355	\$ 2,919,940	\$ 2,915,267	\$ 2,794,497	\$ 2,749,207
Public safety	18,489,506	18,695,104	18,429,274	18,839,063	18,398,890	16,959,091	16,194,631	16,484,847	17,228,769	16,622,366
Public works	10,307,739	5,952,372	9,042,112	7,478,288	8,432,828	8,304,583	7,231,238	6,550,808	6,182,036	6,596,316
Health and human services	993,155	849,373	906,003	889,434	794,502	726,000	673,332	698,088	730,499	649,656
Culture and recreation	2,310,199	2,331,957	2,073,116	2,202,090	1,872,691	1,969,297	1,865,832	1,838,700	1,870,573	1,890,350
Conservation and development	1,478,869	12,222,229	8,349,725	586,622	547,060	576,421	459,884	422,095	412,066	957,877
Interest on long term debt	1,223,360	1,416,597	574,065	185,254	313,301	405,022	582,211	802,562	1,272,721	1,553,257
Total governmental activities expenses	38,302,433	45,447,414	42,786,445	33,471,644	33,562,154	31,930,769	29,927,068	29,712,367	30,491,161	31,019,049
Business-type activities										
Water	5,674,035	5,393,192	5,514,057	5,429,943	5,632,322	5,766,088	5,077,744	5,051,835	5,064,149	4,251,187
Sewer	6,378,926	6,167,989	5,949,549	5,724,633	5,758,112	4,148,420	4,180,946	4,133,632	3,840,106	3,373,459
Total business-type activities expenses	12,052,961	11,561,181	11,463,606	11,154,576	11,390,434	9,914,508	9,258,690	9,185,467	8,704,255	7,624,646
Total expenses	\$ 50,355,394	\$ 57,008,595	\$ 54,250,051	\$ 44,626,220	\$ 44,952,588	\$ 41,845,277	\$ 39,185,758	\$ 38,897,834	\$ 39,195,416	\$ 38,643,695
Program Revenue										
Governmental activities										
Charges for services	\$ 220,817	\$ 186,597	\$ 195,685	\$ 150,998	\$ 138,723	\$ 150,787	\$ 213,328	\$ 251,573	\$ 163,947	\$ 217,360
General government	2,588,486	3,189,400	2,895,777	2,371,577	2,325,154	2,362,176	2,268,334	2,459,946	2,226,209	2,173,060
Public safety	4,909,364	5,207,303	3,296,931	2,699,691	2,828,139	2,719,888	2,638,717	2,388,273	2,417,109	1,490,348
Public works	128,691	209,064	210,718	181,625	184,304	164,874	115,650	118,702	126,516	105,666
Health and human services	59,478	193,019	191,991	204,845	176,065	146,594	118,008	113,217	45,992	181,414
Culture and recreation	139,094	150,570	160,257	152,247	122,264	152,588	51,917	63,366	73,530	78,667
Conservation and development	3,618,957	1,991,081	1,932,199	1,829,490	1,882,406	1,809,520	1,901,262	1,838,950	2,144,164	2,136,106
Operating grants and contributions	3,632,378	4,158,787	2,655,553	3,143,577	3,677,886	1,144,757	1,437,524	1,659,859	1,240,439	1,334,285
Capital grants and contributions	15,497,266	15,265,821	11,539,111	10,734,050	11,334,941	8,650,984	8,744,740	8,893,866	8,437,906	7,716,926
Total governmental activities program revenue										
Business-type activities										
Charges for services	6,196,559	5,822,259	5,961,350	6,057,085	6,054,573	5,609,928	5,421,719	5,403,994	5,361,646	4,539,066
Water	3,972,298	3,802,127	3,704,852	3,313,854	3,328,550	3,340,382	3,266,897	3,243,737	3,142,062	3,124,786
Sewer	2,491,601	1,893,179	-	-	349,952	566,251	238,557	-	-	-
Capital grants and contributions	12,860,458	11,517,585	9,686,202	9,370,939	9,733,075	9,516,591	8,927,173	8,647,731	8,503,708	7,663,852
Total business-type activities program revenue	\$ 28,157,724	\$ 26,803,366	\$ 21,205,313	\$ 20,104,969	\$ 21,068,016	\$ 18,167,545	\$ 17,671,913	\$ 17,541,617	\$ 16,941,614	\$ 15,380,778

Restated In 2012 the Solid Waste Fee began
 • Implemented GASB 68
 • Implemented GASB 75

Table 2
(concluded)

CITY OF FRANKLIN, WISCONSIN
Changes in Net Position - Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
				(4)	(3)	(2)			(1)	
Net (Expense)/Revenue										
Governmental activities	\$ (2,805,167)	\$ (30,181,593)	\$ (31,247,332)	\$ (22,737,594)	\$ (22,227,213)	\$ (23,279,785)	\$ (21,182,328)	\$ (20,818,481)	\$ (22,053,255)	\$ (23,302,123)
Business-type activities	607,497	(43,616)	(1,797,404)	(1,783,637)	(1,657,359)	(397,947)	(331,517)	(537,736)	(200,547)	39,206
Total net expense	\$ (2,197,670)	\$ (30,205,209)	\$ (33,044,736)	\$ (24,521,231)	\$ (23,884,572)	\$ (23,677,732)	\$ (21,513,845)	\$ (21,356,217)	\$ (22,253,802)	\$ (23,262,917)
General Revenue and other Changes in Net Position										
Governmental activities										
Property taxes levied for general purposes	\$ 20,638,067	\$ 20,068,272	\$ 19,850,774	\$ 19,209,536	\$ 19,057,468	\$ 19,022,087	\$ 18,905,872	\$ 18,884,009	\$ 18,695,907	\$ 19,058,282
Property taxes levied for debt service	1,100,000	1,300,000	1,300,000	1,300,000	1,500,000	1,600,000	1,600,000	1,650,000	1,750,000	1,900,000
Property taxes levied for TIF Districts	3,261,911	2,175,058	2,471,104	2,415,640	3,111,557	2,690,637	2,526,925	2,410,131	2,560,324	5,645,805
Other taxes	658,315	1,394,469	1,065,976	1,020,027	863,735	785,195	726,774	723,985	708,832	673,736
Intergovernmental revenue not restricted to specific programs	1,169,376	2,437,929	1,366,802	1,404,222	1,350,257	1,804,045	1,519,848	1,620,331	1,590,209	2,292,529
Investment earnings	1,061,055	1,575,432	847,916	406,902	315,376	411,650	695,541	87,278	784,932	973,349
Miscellaneous revenue	34,295	41,373	13,895	27,612	54,447	48,685	43,170	66,191	394,032	40,091
Gain on sale of capital assets	-	-	97,856	99,668	106,934	13,106	16,988	2,024	32,129	58,871
Transfers	(7,284,086)	(4,966,506)	1,011,392	989,602	391,099	1,044,459	(144,601)	(66,726)	1,009,126	348,101
Total governmental activities	20,638,933	24,026,027	28,045,715	26,873,209	26,750,873	27,419,884	25,890,517	25,377,223	27,525,491	30,990,764
Business-type activities										
Investment earnings	513,188	554,542	548,047	529,004	437,909	593,128	642,227	569,444	318,669	32,320
Miscellaneous revenue	101,722	95,217	134,928	85,943	136,782	73,601	50,878	40,398	126,867	64,550
Transfers	7,284,086	4,966,506	(1,011,392)	(989,602)	(391,099)	(1,044,459)	144,601	66,726	(1,009,126)	(348,101)
Total business-type activities	7,898,996	5,616,265	(328,417)	(374,655)	183,592	(977,730)	837,706	676,568	(563,590)	(251,231)
Total General Revenue and other Changes in Net Position	\$ 28,537,929	\$ 29,642,292	\$ 27,717,298	\$ 26,498,554	\$ 26,934,465	\$ 27,042,134	\$ 26,728,223	\$ 26,053,791	\$ 26,961,901	\$ 30,739,533
Change in Net Position										
Governmental activities	\$ (2,166,234)	\$ (6,135,566)	\$ (3,201,617)	\$ 4,135,615	\$ 4,523,660	\$ 4,140,079	\$ 4,708,189	\$ 4,568,742	\$ 5,472,236	\$ 7,688,641
Business-type activities	8,506,493	5,572,649	(2,125,821)	(2,158,292)	(1,473,767)	(775,677)	506,189	138,832	(764,137)	(212,025)
Business-type activities - prior period adjustment				(45,440)	22,451,460	(49,228)	-	-	-	-
Total	\$ 6,340,259	\$ (662,917)	\$ (5,327,438)	\$ (364,945)	\$ 25,501,353	\$ 7,513,253	\$ 5,214,378	\$ 4,697,574	\$ 4,708,099	\$ 7,476,616

(1) Restated in 2012 the Solid Waste Fee began
(2) Implemented GASB 68
(3) Restated for Ryan Creek Interceptor Sewer
(4) Implemented GASB 75

CITY OF FRANKLIN, WISCONSIN
 Fund Balances - Governmental Funds
 Last Ten Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 38,684	\$ 19,490	\$ 57,423	\$ 15,848	\$ 46,342	\$ 41,186	\$ 78,455	\$ 45,866	\$ 62,936	\$ 55,820
Inventories and prepaid items	206,450	136,200	219,700	230,700	2,248,616	2,198,616	2,198,616	505,040	-	-
Advances to other funds	315,823	132,393	271,970	150,565	61,626	147,121	207,270	-	-	-
Assigned - Purchase Orders	8,638,056	8,345,671	6,787,184	6,190,398	5,334,100	6,662,986	6,148,771	7,230,661	6,439,199	6,065,053
Unassigned	9,199,013	8,633,754	7,336,277	6,587,511	7,690,684	9,049,909	8,633,112	7,781,567	6,502,135	6,120,873
Total general fund										
All other governmental funds										
Nonspendable	-	-	-	650	1,274	730	900	2,475	21,800	10,313
Prepays	476,871	1,118,560	982,719	735,022	651,298	507,283	546,238	6,801,945	7,423,733	7,876,755
Debt service	2,388,177	2,194,797	1,712,538	1,413,378	1,224,190	907,003	672,431	443,438	543,408	640,787
Utility improvements	8,891,715	8,833,459	6,140,196	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731	7,633,040
Development	1,353,308	17,307,511	12,430,497	2,405,999	2,583,687	996,460	347,978	-	-	552,904
TIF Districts	235,736	161,342	150,606	150,136	177,333	133,678	122,550	102,326	105,238	299,982
Donations	272,376	198,561	192,510	199,428	161,571	160,003	175,220	165,846	179,239	492,473
Health services	689,390	710,872	630,290	580,450	494,366	523,237	596,277	579,817	520,775	-
Library services	412,407	455,125	430,747	393,677	330,883	260,944	216,385	188,307	100,546	-
Solid waste	72,904	80,952	75,743	65,727	48,386	47,656	46,151	51,476	52,244	72,857
Recreational services	388,940	469,951	376,069	211,793	-	-	-	-	-	-
Tourism Commission	-	-	-	-	-	-	-	-	-	-
Assigned	5,707,862	5,538,456	6,793,499	6,746,614	5,684,525	4,906,594	4,699,459	2,791,111	2,724,764	2,372,072
Capital projects	(2,904,148)	(108,090)	(13,344)	(218,450)	(70,316)	(150,927)	(2,196,383)	(5,180,799)	(5,965,890)	(3,663,211)
Unassigned	17,985,538	36,961,496	29,902,070	16,850,904	15,345,779	12,144,314	9,397,545	10,998,110	10,320,588	16,287,972
Total all other government funds										
Total fund balances	\$ 27,164,551	\$ 45,595,250	\$ 37,236,347	\$ 23,438,415	\$ 23,036,463	\$ 21,194,223	\$ 18,030,657	\$ 18,779,677	\$ 16,822,723	\$ 22,408,845

Notes

* 2012 and prior years have been reclassified to be consistent with the current year presentation

CITY OF FRANKLIN, WISCONSIN
 Changes in Fund Balances - Governmental Funds
 Last Ten Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue										
Taxes	\$ 25,846,272	\$ 24,542,988	\$ 24,508,840	\$ 23,815,159	\$ 24,532,761	\$ 24,097,919	\$ 23,759,571	\$ 23,668,125	\$ 23,715,063	\$ 27,277,823
Intergovernmental revenue	5,223,304	3,137,760	3,270,878	3,128,969	3,158,596	3,490,037	3,408,075	3,438,041	3,757,618	4,380,850
Licenses and permits	1,061,488	1,335,589	1,189,096	799,762	692,524	706,977	808,302	912,357	755,027	702,674
Fines, forfeitures and penalties	390,124	451,062	475,840	485,407	498,653	484,957	421,976	411,795	457,499	433,106
Public charges for services	6,182,086	6,909,196	4,843,857	4,139,471	4,042,515	4,065,334	3,799,898	3,791,279	3,612,576	2,589,786
Special assessments	1,415,939	3,503,006	2,845,159	531,729	904,147	642,256	1,057,088	1,483,350	1,236,114	1,305,578
Intergovernmental charges for services	183,423	226,178	192,542	172,796	194,806	192,188	136,372	162,308	103,615	245,000
Investment earnings	920,637	1,509,951	818,584	396,563	284,180	426,018	739,930	223,806	661,976	938,226
Miscellaneous revenue	385,873	393,071	394,995	295,899	481,943	419,464	411,301	288,465	674,305	365,129
Total revenue	41,609,146	42,164,781	38,537,791	33,765,755	34,790,125	34,525,150	34,542,513	34,379,526	34,873,793	38,238,172
Expenditures										
Current										
General government	3,238,717	3,226,853	3,022,923	3,001,970	2,969,747	2,783,745	2,786,740	2,710,650	2,631,419	2,596,581
Public safety	18,059,877	17,181,784	17,106,793	16,696,452	15,813,354	16,006,187	15,390,139	15,465,617	16,429,496	16,000,393
Public works	6,748,654	5,852,769	5,123,682	5,485,245	5,302,766	4,587,108	5,140,650	4,855,870	4,848,588	4,817,844
Health and human services	1,010,695	857,355	895,261	858,441	766,249	716,169	686,475	668,711	719,447	681,984
Culture, recreation and education	1,657,838	1,898,579	1,706,902	1,639,626	1,710,037	1,606,027	1,575,381	1,514,668	1,539,040	1,575,825
Conservation and development	5,898,845	12,235,625	12,679,197	560,072	523,268	568,364	461,181	416,765	409,996	964,610
Capital outlay	20,058,165	15,923,366	5,864,385	4,745,936	4,689,147	5,097,046	3,967,446	3,172,706	2,915,159	3,343,196
Debt service	2,090,000	1,405,000	2,315,000	3,030,000	1,950,000	615,000	10,265,000	3,790,000	10,825,000	7,395,000
Principal	1,511,620	1,035,307	391,576	218,888	375,697	460,072	731,288	1,033,519	1,334,958	1,618,615
Interest	190,327	473,097	203,184	40,442	53,789	-	73,091	-	-	-
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Total expenditures	60,464,738	59,889,735	49,310,903	36,257,072	34,154,054	32,439,718	41,057,391	33,628,506	41,653,083	38,993,848
Excess of revenue over (under) expenditures	(18,855,592)	(17,704,954)	(10,773,112)	(2,491,317)	636,071	2,085,432	(6,514,878)	751,020	(6,879,290)	(755,676)
Other financing sources (uses)										
Debt issued	3,045,000	19,970,000	23,480,000	1,630,000	-	-	5,320,000	-	-	-
Refunding debt issued	9,545,000	14,725,000	-	-	5,770,000	-	-	-	-	-
Premium on debt issued	254,320	363,931	-	51,071	154,202	-	232,827	-	-	-
Principal payment on current refunding	(13,480,000)	(10,000,000)	-	-	(5,695,000)	-	-	-	-	-
Sale of capital assets	77,185	34,478	81,652	179,355	126,585	33,675	39,894	75,559	32,129	58,871
Transfers in	2,353,304	1,648,598	1,738,685	1,231,589	2,859,364	2,408,253	2,125,007	2,769,157	2,388,454	2,415,916
Transfers out	(1,349,916)	(680,150)	(727,293)	(196,746)	(1,808,982)	(1,363,794)	(1,951,870)	(1,638,782)	(1,337,416)	(1,440,214)
Net change in fund balances	\$ (18,410,699)	\$ 8,356,903	\$ 13,799,932	\$ 401,952	\$ 1,842,240	\$ 3,163,566	\$ (749,020)	\$ 1,956,954	\$ (5,586,123)	\$ 278,897
Debt service as a percentage of non capital expenditures *	7.1%	4.9%	6.6%	10.1%	7.5%	3.7%	29.3%	15.1%	30.9%	24.6%

** Restated In 2012 the Solid Waste Fee began

CITY OF FRANKLIN, WISCONSIN
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Value As of 1/1	Real property		Personal property		Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Assessed to Estimated Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2020 #	\$ 4,460,061,600	\$ 4,534,361,500	\$ 51,812,400	\$ 53,391,000	\$ 4,511,874,000	\$ 5.05	\$ 4,587,752,500	98.35%
2019 #	4,307,636,600	4,307,636,600	52,632,400	52,632,400	4,229,425,745	5.32	4,360,269,000	97.00%
2018 # &	3,892,949,730	3,968,886,600	39,302,100	54,054,800	3,932,251,830	5.43	4,022,941,400	97.75%
2017 #	3,780,102,600	3,815,928,100	74,663,600	72,998,100	3,854,766,200	5.62	3,888,926,200	99.12%
2016 #	3,623,999,925	3,658,026,300	80,479,000	70,976,800	3,704,478,925	5.69	3,729,003,100	99.34%
2015	3,320,368,500	3,558,087,200	76,174,600	91,098,700	3,396,543,100	6.26	3,649,185,900	93.08%
2014	3,279,586,200	3,498,464,700	85,006,600	91,229,400	3,364,592,800	6.28	3,589,694,100	93.73%
2013 #	3,265,704,200	3,314,653,800	94,023,900	99,622,800	3,359,728,100	6.29	3,414,276,600	98.40%
2012	3,557,806,088	3,436,681,800	95,404,700	87,424,100	3,653,210,788	5.78	3,524,105,900	103.66%
2011 *	3,555,065,388	3,587,535,800	90,644,700	88,843,900	3,645,710,088	5.79	3,676,379,700	99.17%

* Reassessment year
Revaluation year

Assessed Valuation by School District - 2019

Franklin School District	Franklin School District	Whitnall School District	
\$ 3,208,068,400	\$ 771,293,045	\$ 250,064,300	
Total	\$ 4,229,425,745		

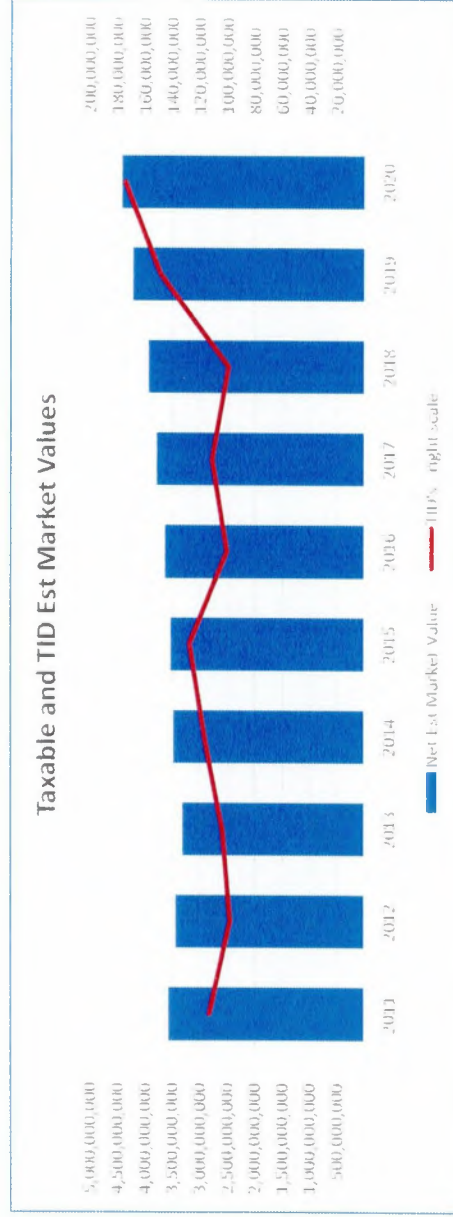
Note Assessed values are determined by the City and the Wisconsin Department of Revenue. Estimated actual values were obtained from the Wisconsin Department of Revenue and include Wisconsin Section 70.57 adjustments.

Taxes collected are used in the following year's City operations.

& In 2018 the State exempted another class of Personal Property which had a \$17.0 million value in 2017.

CITY OF FRANKLIN, WISCONSIN
 Estimated Actual Values and TID Values
 Last Ten Years

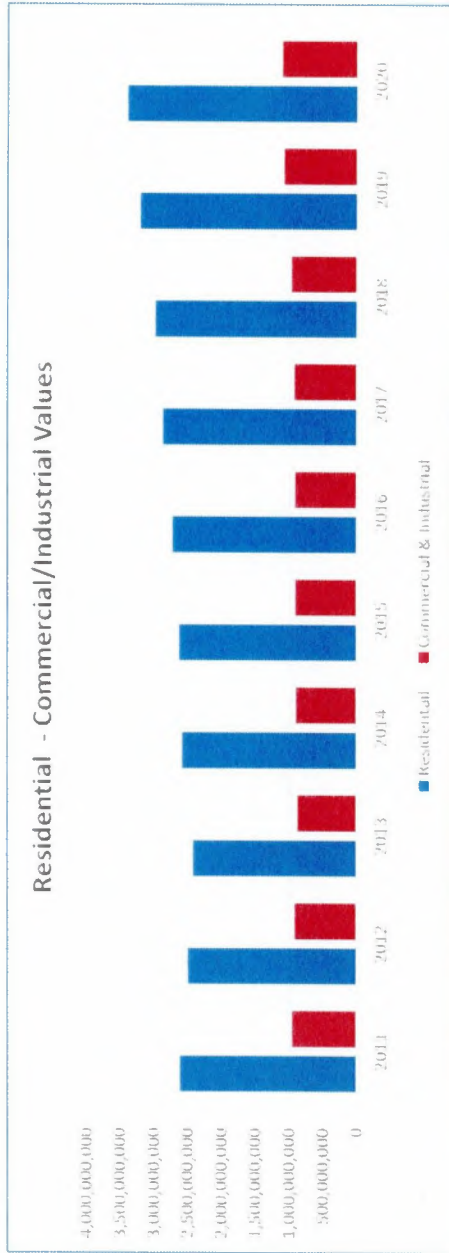
Value As of 1/1	Total Estimated Actual Value	TID 3	TID 4	Value of TID's	TID 5	TID 7	Pct of Total	Total TID's	Net of TID's Estimated Actual Value	Equalized Tax Rate
2020 #	\$ 4,587,752,500	\$ 97,386,600	\$ 54,668,200	\$ 21,439,500	\$ 533,300		3.79%	\$ 174,027,600	\$ 4,413,724,900	\$ 4.97
2019 #	4,360,269,000	64,781,500	52,629,500	30,859,200			3.40%	148,270,200	4,211,998,800	5.16
2018 #	4,022,941,400	51,181,600	46,431,200	1,261,200			2.46%	98,874,000	3,924,067,400	5.36
2017 #	3,888,926,200	62,049,100	47,593,400	1,211,500			2.85%	110,854,000	3,778,072,200	5.43
2016 #	3,729,003,100	55,256,200	44,691,300				2.68%	99,947,500	3,629,055,600	5.65
2015	3,649,185,900	72,829,900	54,274,300				3.48%	127,104,200	3,522,081,700	5.82
2014	3,589,694,100	72,785,000	43,675,900				3.24%	116,460,900	3,473,233,200	5.90
2013 #	3,414,276,600	64,305,700	39,050,100				3.03%	103,355,800	3,310,920,800	6.19
2012	3,524,105,900	63,917,800	33,693,500				2.77%	97,611,300	3,426,494,600	5.97
2011 *	3,676,379,700	72,652,600	40,050,300				3.07%	112,702,900	3,563,676,800	5.88



Note: Assessed Values are determined by the City and the Wisconsin Dept of Revenue. Estimated values were obtained from the WI Dept of Revenue and include WI Section 70.57 adjustments. Taxes collected are used in the following year's City operations.

CITY OF FRANKLIN, WISCONSIN
 Estimated Actual Property Value and Construction Data
 Last Ten Years

Fiscal Year	(1) Estimate Actual Property value				(2) Residential Construction			(2) Nonresidential Construction		
	Residential	% of Total	Commercial and Manufacturing	Agricultural, Swamp and Other	Total	# of Units	Value	# of Permits	Value	
2020	\$ 3,396,938,200	74.9%	\$ 1,110,601,200	\$ 26,822,100	4,534,361,500	81	\$ 32,389,500	11	\$ 8,214,000	
2019	3,205,292,500	74.4%	1,075,752,300	26,591,800	4,307,636,600	79	27,938,500	58	69,386,000	
2018	2,981,328,700	75.1%	962,660,500	24,897,400	3,968,886,600	45	13,044,120	63	52,927,728	
2017	2,870,690,200	75.2%	920,578,100	24,659,800	3,815,928,100	18	8,991,610	13	28,861,659	
2016	2,726,337,800	74.5%	907,823,500	23,865,000	3,658,026,300	34	13,912,735	3	7,350,000	
2015	2,628,835,800	73.9%	905,420,400	23,831,000	3,558,087,200	34	13,454,139	44	16,589,580	
2014	2,580,859,500	73.8%	894,256,900	23,348,300	3,498,464,700	44	14,780,900	68	19,734,951	
2013	2,418,991,400	73.0%	871,715,000	23,947,400	3,314,653,800	65	19,942,795	17	2,902,692	
2012	2,498,514,100	72.7%	914,654,100	23,513,600	3,436,681,800	55	19,322,659	44	27,991,474	
2011	2,619,125,600	73.0%	948,708,000	19,702,200	3,587,535,800	30	9,995,820	41	17,794,034	



(1) Estimated actual values from the Wisconsin Department of Revenue

(2) Source: City's Building Inspection Department - from Building Permits issued

CITY OF FRANKLIN, WISCONSIN
 Direct and Overlapping Property Tax Rates
 Last Ten Years
 (rate per \$1,000 of assessed value)

Budget Year	City of Franklin Direct Rates										Overlapping Rates					Total Rate (**)
	Debt Service		Capital Outlay	Equipment Replacement	Street Improvement	School Districts			Milwaukee Area		Milwaukee Sewerage District		State			
	General	Library	Service	Outlay	Replacement	Franklin	Oak Creek	Whitnall	School Credits	Technical College	Milwaukee County	District		State		
2020 #	\$ 4.65	\$ 0.33	\$ 0.27	\$ 0.07	\$ -	\$ 0.00	\$ 5.32	\$ 10.92	\$ 9.12	\$ 9.50	\$ (1.87)	\$ 1.22	\$ 4.93	\$ 1.70	\$ -	\$ 22.22
2019 #	4.62	0.33	0.33	0.11	0.04	0.00	5.43	11.21	8.58	9.76	(1.97)	1.22	4.89	1.69	-	22.47
2018 #	4.52	0.35	0.34	0.12	0.09	0.19	5.61	11.64	8.82	10.29	(2.08)	1.27	5.10	1.74	-	23.28
2017 #	4.56	0.36	0.36	0.12	0.10	0.20	5.69	12.03	9.38	10.08	(1.97)	1.27	5.13	1.76	0.17	24.09
2016	4.97	0.39	0.45	0.13	0.10	0.21	6.26	13.29	10.57	10.88	(2.14)	1.35	5.52	1.87	0.18	26.33
2015	4.96	0.38	0.49	0.13	0.10	0.21	6.28	13.21	9.76	11.11	(1.88)	1.36	5.44	1.83	0.18	26.42
2014 #	4.98	0.38	0.49	0.13	0.10	0.21	6.29	13.26	9.10	10.67	(1.86)	2.16	5.21	1.73	0.17	26.97
2013	4.60	0.35	0.47	0.11	0.08	0.17	5.78	11.72	9.09	9.72	(1.69)	2.04	4.87	1.57	0.16	24.45
2012	4.59	0.35	0.49	0.11	0.08	0.17	5.79	11.62	8.83	9.56	(1.70)	1.96	4.76	1.52	0.17	24.12
2011 *	5.04	0.35	0.56	0.11	0.04	0.12	6.22	12.22	8.69	10.40	(1.72)	1.93	4.49	1.45	0.17	24.76

Note * Reassessment impact
 # Revaluation year

** The City has three tax rates dependant upon a property's sewer status and the school district the property is located. The total is shown for only the largest school district (Franklin). See Table 5 for assessed values by School and Sewerage District

The Budget year is the year following the fiscal year in which the taxes are levied
 In 2014 State law changed, which provided Technical Colleges additional state aids reducing their tax levy approximately 35%

Source City of Franklin budget documents

Table 8

CITY OF FRANKLIN, WISCONSIN
 Principal Property Taxpayers
 Current Year and Nine Years Ago

Taxpayer	Type of Business	2020			2011		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Northwestern Mutual	Insurance Services	\$ 105,068,600	1	2.33%	\$ 124,393,300	1	3.41%
Ascension Wisconsin	Medical facilities	40,524,600	2	0.90%	30,841,800	2	0.85%
Aurora Healthcare - W Rawson Ave	Healthcare Provider	31,310,900	3	0.69%			
TI Investors of Franklin, LLC	Apartments	29,756,700	4	0.66%			
Whitnall Pointe Apartments	Apartments	28,695,400	5	0.64%	20,590,800	4	0.56%
VTLC Development	Packaging manufacturing	22,866,000	6	0.51%	19,937,000	5	0.55%
Manchester Oaks	Apartments	22,594,400	7	0.50%	19,761,500	6	0.54%
Wal-Mart	Retailer	20,228,800	8	0.45%	29,270,100	3	0.80%
Franklin Wyndham, LLC	Land held for Development	16,033,000	9	0.36%			
Baptista's Bakery, Inc	Manufacturing	15,136,000	10	0.34%			
Menard Inc	Retail - Home Improvement				16,483,100	8	0.45%
All Glass Aquarium	Aquariums and fluorescent lights				13,448,500	9	0.37%
Harley Davidson	Motorcycle manufacturing				18,101,600	7	0.50%
Waste Management	Landfill and refuse collection				12,664,900	10	0.35%
		<u>\$ 332,214,400</u>		<u>7.36%</u>	<u>\$ 305,492,600</u>		<u>8.38%</u>

Source City of Franklin Assessor's Office

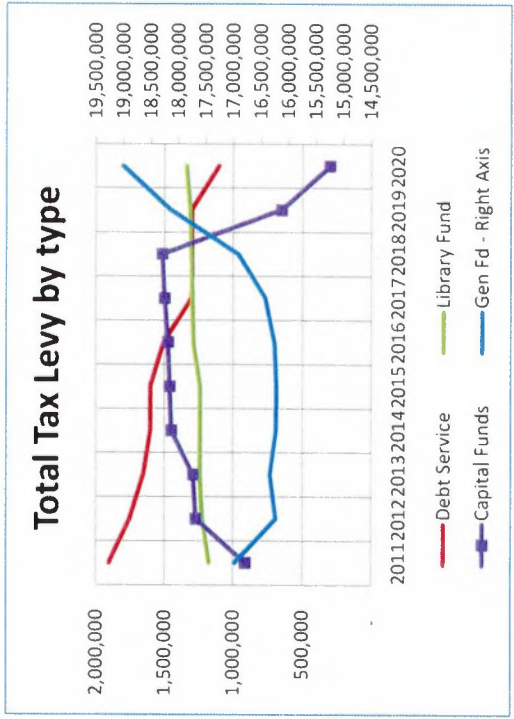
CITY OF FRANKLIN, WISCONSIN
Property Tax Levies and Collections
Last Ten Years

Fiscal Year	City Tax Levy					Total Local Tax Levy	Total increment financing	Total collections	% of levy collected	Outstanding delinquent PP taxes
	General Fund	Library Fund	Capital Funds	Debt Service	Debt Service					
2020	\$ 19,005,700	\$ 1,340,500	\$ 295,700	\$ 1,100,000	\$ 21,741,900	\$ 3,261,911	\$ 25,003,811	99.99%	2,599	
2019	18,139,675	1,312,700	646,000	1,300,000	21,398,375	2,156,858	23,555,233	99.99%	2,922	
2018	16,909,449	1,303,200	1,515,200	1,300,000	21,027,849	2,471,104	23,498,953	99.98%	5,368	
2017	16,414,900	1,296,600	1,497,500	1,300,000	20,509,000	2,267,466	22,776,466	99.98%	3,886	
2016	16,248,800	1,287,000	1,473,200	1,500,000	20,509,000	3,020,350	23,529,350	100.16%	2,603	
2015	16,209,000	1,240,000	1,460,000	1,600,000	20,509,000	2,690,637	23,199,637	100.05%	57,995	
2014	16,220,400	1,240,000	1,448,600	1,600,000	20,509,000	2,526,924	23,035,924	99.92%	52,069	
2013	16,330,000	1,240,000	1,289,000	1,650,000	20,509,000	2,363,758	22,872,758	99.91%	52,481	
2012	16,226,000	1,222,000	1,269,000	1,750,000	20,467,000	2,560,324	23,027,324	99.80%	75,184	
2011	16,975,000	1,175,000	910,000	1,900,000	20,960,000	6,737,305	27,697,305	99.99%	53,589	

Source: City of Franklin

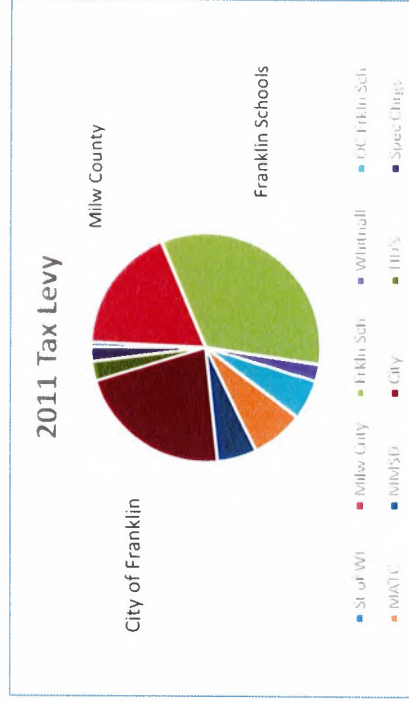
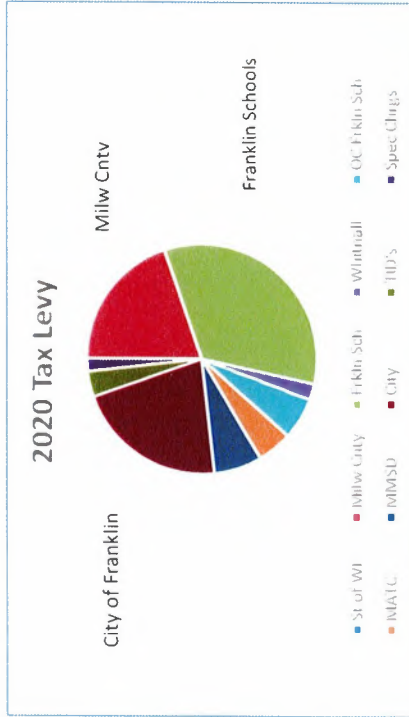
Notes: Collections in subsequent years are not shown because Milwaukee County annually purchases all of the City's outstanding delinquent real estate taxes. Payment for the real estate taxes are received by the City every August pursuant to the County's settlement procedures. Outstanding delinquent taxes represent personal property taxes which the City attempts further collection until March of the following year. At that time the balances are charged back to each of the taxing jurisdictions in proportion to the amounts levied. Subsequent collections are insignificant and refunded to all taxing jurisdictions in relation to the amounts originally levied.

Total collections may be greater than or less than the total levy in any year due to changes in outstanding delinquent taxes, collection of prior year omitted taxes and Wisconsin Section 70.43 corrections.



CITY OF FRANKLIN, WISCONSIN
Property Tax Levies by Tax Jurisdiction
Last Ten Years

Levy Year	State of Wisconsin	Milwaukee County	School Districts			City of Franklin				Total	
			Franklin	Whitnall	Oak Creek-Franklin	MMSD	Local	Increment	Special Charges		
2020	\$ -	\$ 20,332,889	\$ 34,714,826	\$ 2,355,428	\$ 6,079,237	\$ 5,078,355	\$ 6,993,977	\$ 21,918,100	\$ 3,718,985	\$ 1,870,233	\$ 103,062,030
2019	-	20,157,046	34,714,826	2,375,394	5,994,101	4,983,668	6,931,842	21,741,900	3,261,911	1,914,605	102,075,293
2018	-	19,244,848	34,189,665	2,349,780	5,535,027	4,809,220	6,650,847	21,389,375	2,156,858	1,646,735	97,972,355
2017	-	19,090,000	33,783,303	2,346,376	5,425,692	4,750,585	6,519,552	21,027,849	2,471,104	1,672,640	97,087,101
2016	632,834	18,496,951	33,404,863	2,224,862	5,748,697	4,571,805	6,354,128	20,509,000	2,267,467	1,758,435	95,969,042
2015	619,289	18,083,210	33,404,871	2,223,327	5,928,300	4,428,322	6,145,125	20,509,000	3,020,350	1,727,974	96,089,767
2014	609,193	17,713,835	32,782,988	2,285,650	5,557,471	4,411,951	5,955,818	20,509,000	2,690,638	1,767,143	94,283,685
2013	579,423	16,986,670	32,784,606	2,174,991	5,254,726	7,043,487	5,638,269	20,509,000	2,526,924	1,796,214	95,294,310
2012	598,062	17,287,141	31,787,042	2,237,434	5,553,401	7,258,001	5,582,906	20,509,000	2,363,758	1,799,510	94,976,255
2011	623,904	16,812,497	31,435,718	2,208,503	5,268,377	6,934,559	5,188,886	20,467,000	2,560,324	1,900,389	93,400,157



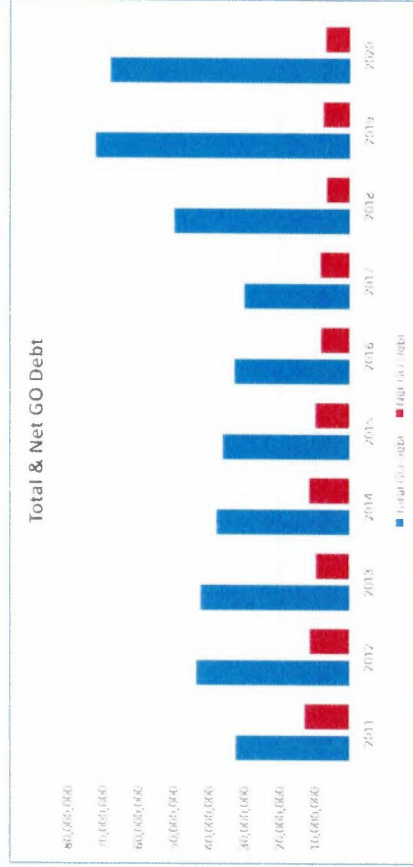
Source: State of Wisconsin Department of Revenue Statement of Taxes.

Note: Each taxing jurisdiction above submits to the City of Franklin their approved tax levy in November of the levy year for use in the following year. The City of Franklin totals the levy requests, produces tax bills for all taxable properties, collects amounts billed and remits collections to the tax jurisdictions in accordance with Wisconsin Statutes. In 2017 the State sunsetted their Property Tax Levy. In 2014, State aids to technical colleges increased, reducing the tax levy by approximately 35%.

Table 11

CITY OF FRANKLIN, WISCONSIN
Ratios of Net General Bonded Debt Outstanding
Last Ten Years

Fiscal Year	General Bonded Debt		Business-type		Total Bonded Debt	Less Debt Service Fund Balances	Less Amounts due from Tax Incremental Financing Districts	Less Amounts due from Other Taxing Districts	Net General Obligation Debt	(1) Percent of Estimated Actual Property Value	(2) Percent of Personal Income	(2) Per Capita
	Governmental	General Obligation	Sewer	Water								
2020	\$45,450,000	\$ 4,870,000	\$ 16,280,069	\$ 960,000	\$68,167,429	\$ (476,871)	\$ (44,335,000)	\$ (16,280,069)	\$ 7,075,489	1.50%	n/a	1,867
2019	34,620,000	18,680,000	17,555,341	1,015,000	72,325,057	(1,118,560)	(45,890,000)	(17,555,341)	7,761,156	1.68%	5.04%	2,009
2018	3,385,000	26,625,000	18,799,970	1,070,000	50,030,053	(982,719)	(23,480,000)	(18,799,970)	6,767,364	1.26%	3.61%	1,398
2017	4,560,000	4,285,000	20,014,693	1,125,000	30,191,890	(735,022)	(985,000)	(20,014,693)	8,457,175	0.79%	2.24%	838
2016	5,770,000	4,475,000	21,200,228	1,180,000	32,871,804	(651,298)	(2,660,000)	(21,200,228)	8,360,278	0.90%	2.44%	920
2015	7,095,000	5,225,000	22,357,276	1,235,000	36,103,497	(507,283)	(3,310,000)	(22,357,276)	9,928,938	1.01%	2.81%	1,013
2014	7,615,000	5,320,000	23,486,522	1,290,000	37,963,795	424,721	(3,330,000)	(23,486,522)	11,571,994	1.09%	3.03%	1,063
2013	8,185,000	9,695,000	24,565,423		42,466,810	1,491,385	(9,695,000)	(24,565,423)	9,697,772	1.28%	3.54%	1,186
2012	8,805,000	12,865,000	22,064,833		43,734,833	2,553,267	(12,865,000)	(22,064,833)	11,358,267	1.27%	3.59%	1,231
2011	9,525,000	22,970,000			32,495,000	(4,094,755)	(15,520,000)	-	12,880,245	0.91%	2.96%	915



(1) Estimated Actual Property values are found in Table 6
(2) Population and personal income can be found in Table 14

Notes: Debt Service Fund balances represent amounts received that are restricted to future payments of outstanding debt. Amounts due from tax incremental financing districts represent future receipt of non-repealable property tax levies restricted to the payment of debt service. Amounts due from future development represent future impact fees collected under a 2002 ordinance from residents and restricted for the purpose of retiring debt on a portion of the police station, fire station, library and a eligible road project. In 2018 the City issued \$23,480,000 of Note Anticipation Notes supporting infrastructure costs in TID 5 - Ballpark Commons. In 2017 the City issued \$1,630,000 of notes to finance the 2018 Capital Improvement plan excluding the City Hall roofing project. In 2016 the City issued \$5,770,000. Proceeds were used to refinance existing general obligation bonds issued in 2007. In 2014 the Water Utility issued \$1,290,000 of 20 Year bonds. Proceeds were used to finance the Water Building. In 2014 the City issued \$5,320,000. Proceed were used to provide funding for TID projects and Capital Improvement projects. In 2012 the City issued \$27,562,754. Proceeds were used to provide funding for Ryan Creek Sewer extension with repayment scheduled to be completed in 2031.

CITY OF FRANKLIN, WISCONSIN
Municipal Revenue Obligations Outstanding
Last Ten Years

Fiscal Year	Note Balance Dec 31				Total	Payments		Total Payments	Unpaid Accrued Interest
	TID 3	TID 5	TID 6	TID 7		Principal	Interest		
2020	\$ 1,005,000	\$ 3,500,000	\$ -	\$ 14,952,000	\$ 19,457,000	\$ 684,000	\$ 76,005	\$ 760,005	\$ 513,333
2019	1,689,000	3,500,000	-	-	5,189,000	202,000	89,991	291,991	320,833
2018	1,891,000	3,500,000	-	-	5,391,000	109,000	-	109,000	128,333
2017	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-

TID 3 - The City Granted a \$2,000,000 MRO for removal of a blighted building
TID 5 - The City Granted a \$3,500,000 MRO to aid in development of a closed landfill
TID 5 - The City has committed to a \$1,500,000 MRO deliverable in TID5 in 2031 as a contribution to certain infrastructure
TID 6 - The City has committed to a \$3,100,000 MRO upon delivery of certain infrastructure

MRO's are payable only from available TID increment after TID related GO Debt Service

CITY OF FRANKLIN, WISCONSIN
 Schedule of Direct and Overlapping Debt - Governmental Activities
 December 31 2020

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to City	Amount applicable to City
Milwaukee County	\$ 496,443,105	6.67%	\$ 33,112,755
Whitnall School District ^{4 6}	12,755,000	14.27%	1,820,139
Oak Creek - Franklin School District ⁵	147,615,000	15.58%	22,998,417
Franklin School District ^{2 3}	61,035,000	100.00%	61,035,000
Milwaukee Area Technical College	100,970,000	5.31%	5,361,507
Milwaukee Metropolitan Sewerage District	761,624,451	6.80%	51,790,463
Total Overlapping Debt	1,580,442,556		176,118,281
City of Franklin	53,300,000	100.00%	50,934,680
Total	\$ 1,633,742,556		\$ 227,052,961

History	School Districts		MMSD	Overlapping Debt Total	City of Franklin		Total
	Franklin	Whitnall			Oak Creek/Franklin	Franklin	
2020	\$ 61,035,000	\$ 1,820,139	\$ 22,998,417	\$ 176,118,281	\$ 50,934,680	\$ 227,052,961	
2019	34,714,136	2,088,927	25,434,474	181,004,462	53,746,398	234,750,860	
2018	36,832,839	1,424,487	17,335,108	181,332,364	30,160,083	211,492,447	
2017	39,459,338	16,338	17,951,517	190,378,568	8,845,000	199,223,568	
2016	41,064,057	76,706	16,756,664	149,222,693	10,491,576	159,714,269	
2015	41,616,636	31,330	17,132,063	159,290,730	12,511,221	171,801,951	
2014	42,750,442	33,940,000	7,614,274	148,628,155	13,187,273	161,815,428	
2013	43,757,820	36,275,000	7,680,950	153,388,635	17,901,387	171,290,022	
2012	46,023,745	5,105,000	8,444,593	129,071,665	21,670,000	150,741,665	
2011	49,686,048	6,885,000	8,483,031	129,683,004	32,495,000	162,178,004	

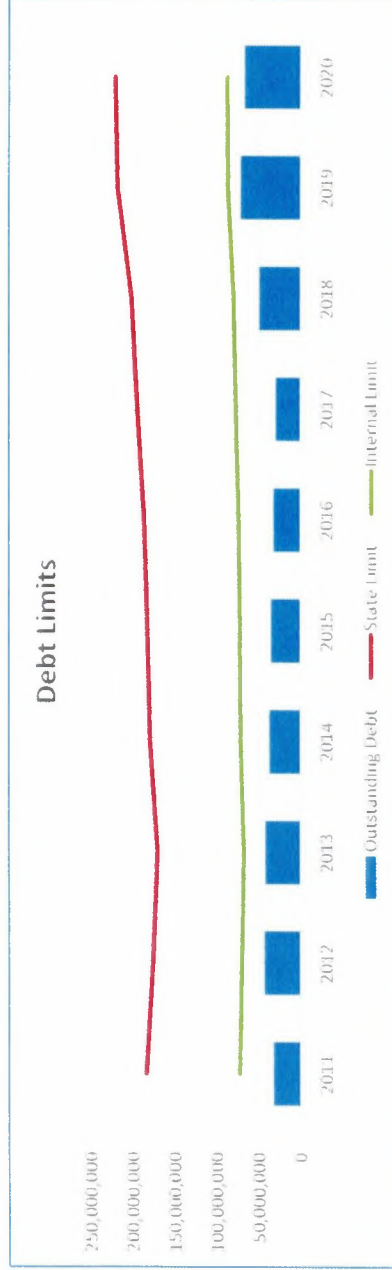
Source Debt information supplied by each taxing jurisdiction and applicable percentages from the State Department of Revenue

Note Debt outstanding provided by each governmental unit and percentage determined by the Department of Revenue Overlapping governments are those that coincide at least in part with the geographic boundaries 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 resident 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 district

- 2 In 2013 Franklin Public Schools issued \$33 million of Debt to renovate the high school
- 3 In 2017 Franklin Public Schools issued \$41.39 million to build a new middle school
- 4 In 2018 Whitnall School District issues \$10 million in school construction & repair costs
- 5 In 2019 - Oak Creek Franklin District issued \$60.9 million for school construction
- 6 In 2019 Whitnall School District issued \$6.16 million in support of school building additions and improvements

CITY OF FRANKLIN, WISCONSIN
 Computation of Legal Debt Margin
 Last Ten Years

Fiscal Year	(1) Equalized Valuation	5% of Equalized Value	Total Debt Applicable to Limit	Legal Debt Margin	Percent Used	City Policy**		
						2% of Equalized Value	Debt Margin	Percent Used
2020	\$ 4,413,724,900	\$ 220,686,245	\$ 67,560,069	\$ 153,126,176	30.61%	\$ 88,274,498	\$ 20,714,429	76.53%
2019	4,360,269,000	218,013,450	71,870,341	146,143,109	32.97%	87,205,380	15,335,039	82.42%
2018	4,022,941,400	201,147,070	49,879,970	151,267,100	24.80%	80,458,828	30,578,858	61.99%
2017	3,888,926,200	194,446,310	29,984,693	164,461,617	15.42%	77,778,524	47,793,831	38.55%
2016	3,729,003,100	186,450,155	32,625,228	153,824,927	17.50%	74,580,062	41,954,834	43.75%
2015	3,649,185,900	182,459,295	35,912,276	146,547,019	19.68%	72,983,718	37,071,442	49.21%
2014	3,589,694,100	179,484,705	37,711,522	141,773,183	21.01%	71,793,882	34,082,360	52.53%
2013	3,414,276,600	170,713,830	42,445,423	128,268,407	24.86%	68,285,532	25,840,109	62.16%
2012	3,524,105,900	176,205,295	43,734,833	132,470,462	24.82%	70,482,118	26,747,285	62.05%
2011	3,676,379,700	183,818,985	32,495,000	151,323,985	17.68%	73,527,594	41,032,594	44.19%



(1) From Table 5

Note: Under state statutes the City's outstanding general obligation debt may not exceed five percent of total equalized property value.

** The City Debt Policy limits debt to 40% of Legal Limit - adopted by Resolution 2008-6481

CITY OF FRANKLIN, WISCONSIN
 Demographic and Economic Statistics
 Last Ten Years

Fiscal Year	(2)		(2)			(3)		
	(1) Population	Personal Income	City of Franklin	Milwaukee County	State of Wisconsin	City of Franklin	Milwaukee County	State of Wisconsin
2020	36,514	n/a	n/a	n/a	n/a	4 7%	7 1%	4 0%
2019	35,996	\$ 1,435,496,002	\$ 39,879	\$ 27,220	\$ 33,258	3 5%	3 1%	3 5%
2018	35,779	1,387,644,109	38,784	25,780	31,962	2 5%	3 0%	3 0%
2017	36,046	1,347,878,092	37,393	24,269	30,182	3 2%	3 1%	3 2%
2016	35,741	1,346,060,081	37,662	24,327	29,711	3 4%	3 9%	4 1%
2015	35,655	1,286,727,609	36,088	23,939	29,145	4 0%	5 2%	4 3%
2014	35,702	1,252,194,890	35,074	22,507	27,671	4 2%	6 0%	5 2%
2013	35,810	1,199,623,750	33,500	22,411	26,963	4 8%	7 2%	6 3%
2012	35,520	1,218,584,060	34,307	21,433	26,271	5 6%	8 0%	6 9%
2011	35,504	1,098,257,160	30,933	20,681	24,942	5 4%	8 0%	7 0%
2010	35,451	1,085,585,506	30,622	20,486	24,218	6 2%	8 1%	7 8%

(1) Bureau of Census, State of Wisconsin
 (2) Wisconsin Department of Revenue, Division of Research and Analysis
 (3) US Bureau of Labor Statistics
 N/A Not Available

Table 15

CITY OF FRANKLIN, WISCONSIN
Principal Employers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2020			2011		
		Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Northwestern Mutual	Insurance/Investment Services	2,402	1	14.35%	2,133	1	11.26%
Krones Incorporated	High speed labeling/filler machines	659	2	3.94%	460	4	2.43%
Franklin Public Schools	K-12 Education	615	3	3.67%	548	3	2.89%
Ascension Health Care	Medical & surgical hospital	482	4	2.88%	657	2	3.47%
Baptista's Bakery	Commercial Bakery	425	5	2.54% *			
Milwaukee County							
County Corrections South	Government	400	6	2.39% *	381	5	2.01%
Vesta Inc	Medical Device Contract Manufacturer	360	7	2.15% *			
Strauss Veal & Lamb Int'l Inc	Animal Processing	270	9	1.61% *	269	8	1.42%
Carlisle Interconnect Technologies	Wire harnesses	241	8	1.44%	235	10	1.24%
Senior Flexonics - GA Precision	Off-road engine components mfg	160	10	0.96%	379	6	2.00%
Central Aquatics	Aquariums and fluorescent lights	-		-			
Wal-Mart	Retailer				330	7	1.74%
Conway Trucking	Trucking				257	9	1.36%
Waste Management	Landfill and refuse collection						
		<u>6,014</u>		<u>35.93%</u>	<u>5,649</u>		<u>31.46%</u>

* estimated
Source: Past Debt offering Official Statements and employer surveys

CITY OF FRANKLIN, WISCONSIN
 Full-time Equivalent City Government Employees by Function
 Last Ten Years

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Common council	2 50	2 50	2 50	2 50	2 50	2 50	2 50	2 50	2 50	2 00
Municipal Court Clerk	4 50	4 12	4 12	4 12	4 12	4 12	4 14	4 14	4 14	4 00
Information services	1 00	1 00	1 00	1 00	1 00	-	-	-	-	-
Administration	4 00	3 00	3 00	3 00	3 00	3 00	4 00	3 00	3 00	3 60
Finance	6 79	6 73	6 60	6 60	6 60	6 60	6 60	7 10	7 10	7 03
Assessor	-	-	-	-	-	1 00	1 00	1 00	1 00	1 00
Municipal buildings	4 05	4 03	4 03	4 03	4 03	4 03	2 78	3 74	3 74	3 92
Total general government	22 84	21 38	21 25	21 25	21 25	21 25	21 02	21 48	21 48	21 55
Public safety										
Police	77 75	76 75	76 75	76 75	76 75	76 75	75 75	75 75	76 75	77 25
Fire	47 50	46 00	46 00	46 50	46 50	46 50	46 50	46 50	46 45	46 48
Building inspection	9 00	9 15	8 30	8 30	8 00	8 00	7 00	7 00	7 00	8 00
Total public safety	134 25	131 90	131 05	131 55	131 25	131 25	129 25	129 25	130 20	131 73
Public works										
Engineering	8 25	8 25	8 25	8 25	8 25	8 25	8 25	8 25	8 25	8 25
Highway	23 00	22 00	22 00	22 00	22 00	22 00	22 48	22 00	22 00	22 00
Parks	1 75	2 00	2 00	2 00	2 00	2 00	2 00	2 00	2 00	2 00
Total public works	33 00	32 25	32 25	32 25	32 25	32 25	32 73	32 25	32 25	32 25
Public health	7 05	7 95	7 95	7 50	6 75	6 75	6 75	6 15	6 25	6 25
Planning	4 00	4 00	4 00	4 00	4 00	4 00	4 00	4 00	4 60	5 60
Economic Development	1 00	1 00	1 00	2 00	1 00	1 00	0 58	-	-	-
Total general fund	202 14	198 48	197 50	198 55	196 50	196 50	194 33	193 13	194 78	197 38
Public health - grant	1 00	-	-	-	-	-	-	-	-	-
Library	15 47	15 37	15 37	16 68	16 94	16 94	17 19	17 70	16 82	17 12
Tourism	0 50	-	-	-	-	-	-	-	-	-
Sewer & water	11 80	11 80	10 80	10 80	10 80	11 50	11 55	11 55	11 53	11 53
Total	230 91	225 65	223 67	226 03	224 24	224 94	223 07	222 38	223 13	226 03

Source: City of Franklin Budget Document

CITY OF FRANKLIN, WISCONSIN
 Operating Indicators by Function/Program
 Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Crimes Against Persons	133	118	105	129	641	844	859	873	852	689
Crimes Against Property	972	849	833	976	3 406	1 312	1 290	1 117	1 799	1 554
Crimes Against Society	437	580	488	462	2 500	7 859	8 163	7 431	9 449	11 093
Part 1 Major crimes		581	528	763	45	45	45	45	45	45
Arrests	929	1 151	975	903	966	1 059	1 055	1 162	1 137	1 099
Traffic & parking citations	8 200	7 626	8 661	7 800	986	1 059	1 055	1 162	1 137	1 099
Calls for service	35 500	35 434	31 967	30 029	30 699	30 259	30 040	28 093	29 542	28 847
Number of sworn officers	60	60	60	60	60	60	59	58	58	58
Fire										
Fire responses	800	803	735	664	641	689	621	679	594	540
EIMS responses	3 880	3 441	3 226	3 309	3 406	2 976	2 863	2 754	2 688	2 605
Fire inspections	2 650	2 620	2 600	2 600	2 500	2 509	2 480	2 436	2 485	2 765
Number of full-time firefighters	47	47	47	45	45	45	45	45	45	45
Basic Life Support Transports	1 132	1 122	966	661	966	1 059	1 055	1 162	1 137	1 099
Paramedic Transports	938	1 221	1 185	1 401	1 185	1 212	1 091	977	910	863
Highway										
Miles of crack sealing	10	20	20	15	31	26	38	28	32	30
Trees pruned	1 500	836	677	1 533	1 326	1 500	679	704	1 053	1 427
Vehicles maintained	177	177	177	171	170	168	167	167	167	165
Solid waste										
Non-recyclable refuse collected (tons)	9 138	8 421	8 407	8 384	8 179	8 259	7 923	7 972	8 205	8 353
Recyclables collected (tons)	2 868	2 580	2 718	2 786	2 766	2 975	3 479	3 114	2 737	2 813
Yard waste (tons)	423	205	285	250	340	332	221	322	335	274
Health										
Immunization clinic visits	1 300	1 133	1 414	1 133	1 334	2 032	2 130	1 825	2 488	2 653
Sanitarian inspections	300	275	246	298	356	340	429	383	438	298
Animal control										
Animal control pickups	148	121	141	129	106	116	122	104	92	120
Library										
Circulation	300 000	373 943	390 701	409 974	439 962	474 658	465 656	477 991	502 989	514 163
Collection size	133 000	134 241	135 686	134 896	133 556	132 330	139 772	140 000	144 000	142 000
Internet use **	5 000	14 471	20 000	22 261	24 850	28 239	30 970	33 507	39 976	49 638
Sanitary sewer										
Number of customers	10 450	10 350	10 300	10 200	10 231	10 198	10 090	10 060	10 010	9 970
Feet of sewer cleaned	215 000	220 000	250 000	258 000	255 000	260 000	255 000	250 000	250 000	217 000
Water										
Number of customers average	8 500	8 475	8 375	8 270	8 220	8 172	7 978	7 930	7 931	7 850
Average daily consumption	2 900 000	2 850 000	2 800 000	2 850 000	2 800 000	2 800 000	2 800 000	2 400 000	2 615 000	2 370 000
Peak daily consumption	4 683 000	4 220 000	4 375 000	4 001 000	4 788 000	4 888 200	4 969 000	6 770 000	6 770 000	5 604 000

** in 2013 Internet session length increased to 2 hours from one

CITY OF FRANKLIN, WISCONSIN
 Capital Asset Statistics by Function/Program
 Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Area in square miles	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Area in acres										
Taxable acres (approximate)	15,030	15,027	14,963	14,432	14,967	14,984	15,038	14,889	14,804	15,474
Acres developed (approximate)	9,903	9,858	9,711	9,175	9,679	9,681	9,694	9,540	9,410	11,336
Acres in park and open space	5,031	5,169	5,242	5,257	5,288	5,303	5,167	4,928	4,854	3,873
Miles of road										
State	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85
County	19.49	19.49	19.49	19.49	21.24	23.24	23.74	23.74	23.74	23.74
Local	179.75	179.75	177.00	177.00	169.25	167.05	166.32	166.07	166.51	165.97
Fire protection and ambulance service										
Number of manned fire stations	3	3	3	3	3	3	3	3	3	3
Police protection										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sub stations	1	1	1	1	1	1	1	1	1	1
Sewer and water service										
Miles of sanitary sewer	203.0	197.0	195.5	195	194	193	191	185	185	185
Miles of watermain	181.6	173.0	171.5	171	170	169	168	167	167	167
Number of fire hydrants	2,765	2,630	2,595	2,579	2,565	2,155	2,145	2,130	2,120	2,115
Recreation and culture										
Miles of trails	12.5	12.5	12.2	12.0	11.0	11.0	11.0	10.0	10.0	7.0
Number of city parks	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
Number of county parks	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Number of libraries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal buildings (square footage)										
City hall	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206
Law enforcement building	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300
Fire stations	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750
Library	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Public works building	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450
Sewer & water building	23,215	23,215	23,215	23,215	23,215	23,215	6,620	6,620	6,620	6,620

Source: City of Franklin records



Reporting and insights from 2020 audit:

City of Franklin, Wisconsin

December 31, 2020

Executive summary

Common Council
City of Franklin
9229 W Loomis Road
Franklin, Wisconsin 53132

We have completed our audit of the financial statements of the City of Franklin (the "City") for the year ended December 31, 2020, and have issued our report thereon dated April 28, 2021. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your City's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

Additionally, we have included information on key risk areas the City should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with me:

- Paul Frantz, CPA, Partner: paul.frantz@bakertily.com or +1 (414) 777 5506

Sincerely,

Baker Tilly US, LLP



Paul Frantz, CPA, Partner

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THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES

Responsibilities



Responsibilities

Our responsibilities




As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the City's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Common Council:
 - Are free from material misstatement
 - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by Government Auditing Standards
- Considering internal control over compliance with requirements that could have a direct and material effect on major federal and major state programs to design tests of both controls and compliance with identified requirements
- Forming and expressing an opinion based on our audit in accordance with OMB's *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and *State Single Audit Guidelines* about the entity's compliance with requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of its major federal and state programs.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Common Council, including:

- Qualitative aspects of the City's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant difficulties encountered
- Disagreements with management
- Corrected and uncorrected misstatements
- Internal control matters
- Significant estimates
- Other findings or issues arising from the audit

Management's responsibilities

Management	Auditor
 <p>Prepare and fairly present the financial statements</p>	<p>Our audit does not relieve management or those charged with governance of their responsibilities</p>
<p>Establish and maintain effective internal control over financial reporting and compliance with laws, regulations, contracts and grants</p>	<p>An audit includes consideration of internal control over financial reporting, but not an expression of an opinion on those controls</p>
 <p>Compliance with the types of requirements described in the <i>OMB Compliance Supplement</i> and the <i>State Single Audit Guidelines</i></p>	<p>While our audit provides a reasonable basis for our opinion on compliance, it does not provide a legal determination on compliance with those requirements.</p>
 <p>Provide us with written representations at the conclusion of the audit</p>	<p>See Appendix B for a copy of management's representations</p>

Audit status



Audit status

Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

Audit approach and results



Audit approach and results

Planned scope and timing

Audit focus

Based on our understanding of the City and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the City's current year results.

Key areas of focus and significant findings

Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis	Testing approach	
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

Internal control matters

We considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Other comments and recommendations

DEPARTMENTAL CONTROLS

As part of our annual audit process, we focus our efforts on the primary accounting systems, internal controls, and procedures used by the City. This is in keeping with our goal to provide an audit opinion which states that the financial statements of the City are correct in all material respects.

In some cases, the primary system of accounting procedures and controls of the City are supported by smaller systems which are decentralized, and reside within a department or location. In many cases, those systems are as simple as handling cash collections and remitting those collections to the City treasurer. (For example, this would be the case in a typical municipal swimming pool.) In other cases, the department may send invoices or statements of amounts due, and track collections of those amounts in a standalone accounts receivable system. (For example, this would be the case in a typical municipal court.)

Generally, the more centralized a function is, the easier it is to design and implement accounting controls that provide some level of checks and balances. That is because you are able to divide certain tasks over the people available to achieve some segregation of duties. For those tasks that are decentralized, it is usually very difficult to provide for proper segregation of duties. Therefore, with one person being involved in most or all aspects of a transaction, you lose the ability to rely on the controls to achieve the safeguarding of assets and reliability of financial records.

As auditors, we are required to communicate with you on a variety of topics. Since there is now more emphasis on internal controls and management's responsibilities, we believe it is appropriate to make sure that you are informed about the lack of segregation of duties that may occur at departments or locations that handle cash or do miscellaneous billing. Examples in your City that fit this situation may include the Municipal Court, Library, Police Department and Recreation.

As you might expect, similar situations are common in most governments.

As auditors, we are required to focus on the financial statements at a highly summarized level and our audit procedures support our opinion on those financial statements. Departments or locations that handle relatively smaller amounts of money are not the primary focus of our audit. Yet, because of the lack of segregation of duties, the opportunity for loss is higher there than in centralized functions that have more controls.

Because management is responsible for designing and implementing controls and procedures to detect and prevent fraud, we believe that it is important for us to communicate this information to you. We have no knowledge of any fraud that has occurred or is suspected to have occurred within the departments mentioned above. However, your role as the governing body is to assess your risk areas and determine that the appropriate level of controls and procedures are in place.

As always, the costs of controls and staffing must be weighed against the perceived benefits of safeguarding your assets.

Without adding staff or splitting up the duties, your own day-to-day contact and knowledge of the operation are also important mitigating factors.

Required communications

Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing accounting policies was not changed during 2020. We noted no transactions entered into by the City during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value estimates, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Net pension asset and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Net pension asset and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole
Compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Allowance for doubtful accounts	Evaluation of historical revenues and loss levels with the analysis on collectability of individual amounts	Reasonable in relation to the financial statements as a whole
Depreciation	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole
Net/Total OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third party actuary	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.

Significant difficulties encountered during the audit

We encountered no significant difficulties in dealing with management and completing our audit

Other audit findings or issues

We encountered no other audit findings or issues that require communication at this time

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Disagreements with management

Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Uncorrected misstatements and corrected misstatements

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. In our judgment, none of the misstatements that management has corrected, either individually or in the aggregate, indicate matters that could have had a significant effect on the City's financial reporting process.

Significant unusual transactions

There have been no significant transactions that are outside the normal course of business for the City or that otherwise appear to be unusual due to their timing, size or nature.

Other information in documents containing audited financial statements

Official statements (or other equivalent document which we may not read unless engaged separately)

The City's audited financial statements are "general purpose" financial statements. General purpose financial statements consist of the basic financial statements that can be used by a broad group of people for a broad range of activities. Once we have issued our audit report, we have no further obligation to update our report for events occurring subsequent to the date of our report. The City can use the audited financial statements in other client prepare documents, such as official statements related to the issuance of debt, without our acknowledgement. Unless we have been engaged to perform services in connection with any subsequent transaction requiring the inclusion of our audit report, as well as to issue an auditor's acknowledgment letter, we have neither read the document nor performed subsequent event procedures in order to determine whether or not our report remains appropriate.

Management's consultations with other accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

Written communications between management and Baker Tilly

The Appendix includes copies of other material written communications, including a copy of the management representation letter.

Compliance with laws and regulations

We did not identify any non-compliance with laws and regulations during our audit.

We will issue a separate document which contains the results of our audit procedures to comply with the Uniform Guidance and *State Single Audit Guidelines*.

Fraud

We did not identify any known or suspected fraud during our audit.

Going concern

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the City's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date the financial statements are issued or available to be issued, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

Independence

We are not aware of any relationships between Baker Tilly and the City that, in our professional judgment, may reasonably be thought to bear on our independence.

Related parties

We did not have any significant findings or issues arise during the audit in connection with the City's related parties.

Other matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information which accompanies the financial statements but is not RSI. With respect to the supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information, which accompanies the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Nonattest services

The following nonattest services were provided by Baker Tilly

- Financial statement preparation assistance
- Adjusting journal entries
- Compiled regulatory reports
- Staffing services
- SEFSA preparation assistance
- Preparation of auditee sections of the data collection form

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*

A man in a dark suit, light blue shirt, and blue tie is walking from left to right. He is holding a black folder or tablet. The background is a wall covered in a complex, overlapping pattern of fingerprint ridges, creating a textured, greyish-blue surface. The lighting is dramatic, with some highlights and shadows.

Accounting changes relevant to the City

Accounting changes relevant to the City

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
87	Leases	✓	12/31/22*
89	Accounting for Interest Incurred before the End of a Construction Period	✓	12/31/21*
91	Conduit Debt	✓	12/31/22*
92	Omnibus 2020	✓	12/31/22*
93	Replacement of Interfund Bank Offered Rates	✓	12/31/22*
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	12/31/23
96	Subscription-Based Information Technology Arrangements	✓	12/31/23
97	Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans	✓	12/31/22

*The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years. The effective date reflected above is the required revised implementation date.

Further information on upcoming [GASB pronouncements](#).

Preparing for the new lease standard

GASB's new single model for lease accounting will be effective soon. This standard will require governments to identify and evaluate contracts that convey control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts meeting the criteria for control, term and other items within the standard will result in recognizing a right to use asset and lease liability or a receivable and deferred inflow of resources.

We recommend the City review this standard and start planning now as to how this will affect your financial reporting. We recommend that you begin by completing an inventory of all contracts that might meet the definition of a lease. The contract listing should include key terms of the contracts such as:

- Description of contract
- Underlying asset
- Contract term
- Options for extensions and terminations
- Service components, if any
- Dollar amount of lease

In addition, the City should begin to establish a lease policy to address the treatment of common lease types, including a dollar threshold for each lease. We are available to discuss this further and help you develop an action plan.

Learn more about [GASB 87](#).

Planning for the new conduit debt reporting

Conduit debt includes arrangements where there are three separate parties involved including a third party that is obligated for payment, a debt holder or lender and an issuing party which is often a government. This standard provides additional criteria for identifying and classifying conduit debt with the intent of providing consistency in how the debt is recorded and reported in governmental financial statements. The City should identify any existing debt arrangements involving third-party obligors and evaluate how those arrangements will be reported under the new standard in order to determine the potential impact of this standard on future financial reporting.

Trending challenges and opportunities for organizations



Trending challenges and opportunities for organizations

Management and governing bodies must keep the future in mind as they evaluate strategies to achieve future growth. Keeping a balance between risk and sustainability is key, and organizations need to think beyond their immediate needs to their long-term goals. Economic uncertainty, coupled with key risk areas and fast-paced technology change, make strategic planning complex. Begin the discussion with your management team to find your path to your future.

Turning toward recovery and growth

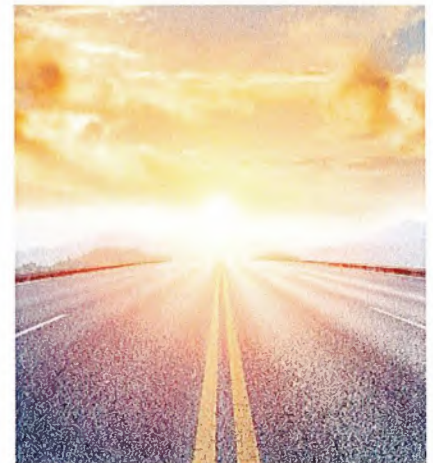
Many organizations are focusing on the strategic restart and ramp up of their operations.

With great uncertainty about what recovery will look like—or how long it will take—it is essential for your organization to understand the scenarios you may face and plan your path back to growth.

We can help you chart a way forward that will enhance and maximize your value, minimize further disruption and keep your workforce safe.

Recommendation

Follow our [road map](#) to reopen, recover and reset.



Compliance with federal awards



Challenge

The COVID-19 crisis has had a significant effect on the nation, including recipients of federal awards resulting from various congressional acts. Federal funding adds an increased level of scrutiny and brings new challenges around compliance, reporting and administration.

Finance and spending departments are operating in unprecedented times as they manage and administer these funds while also remaining economically viable, maintaining operations and adapting to the “new normal.”

Recommendation

Learn more about [compliance for federal funds](#) obtained for pandemic response efforts.

Recession proofing measures



technology are imperative.

Recommendation

Learn about [proactive measures to insulate your organization](#) from financial hardship and to [optimize your organization's performance](#).

Challenge

Ever aware of the need to balance the needs of diverse constituents against constrained revenue streams and conflicting priorities, public leaders strive to effectively deploy scarce resources while maintaining the highest levels of accountability and transparency.

In times of crisis, additional challenges emerge to maintain essential services, ensure citizen safety, protect their workforce and jumpstart programs to mitigate negative local economic impacts—all while focusing on planning for long-term effects of revenue shortages and the subsequent recovery.

Developing strategic clarity, aligning resources with priorities, strengthening performance, optimizing processes and leveraging

Recruiting and hiring

Challenge

Public sector entities in need of key workforce personnel, such as city or county managers and administrators, city or county attorneys, fire chiefs, police chiefs and other departmental directors, may find themselves in an unenviable position during a pandemic.

Organizations need the talent, but a pandemic can disrupt essential business processes and cause apprehension about access to desirable candidates.

Hiring leaders should proactively discuss what-if scenarios, evaluate short-term and long-term hiring priorities, and plan for situations where immediate recruitment is imperative.

Recommendation

Learn the key considerations and actions for [recruiting and hiring](#) in a crisis.



Risk assessment

Challenge



Organizations today manage ever-expanding priorities in a constantly evolving, disruptive risk environment. Undetected risks, insufficient internal controls and inefficient business processes may negatively impact not only the entity but also its workforce and the community at large.

Risk assessment and internal audit prove essential to identifying top risks and the appropriateness of response in order to:

- Manage risk and compliance
- Enhance governance and strategy
- Optimize operations
- Gain assurance around key functions and processes that contribute toward meeting organizational goals

Recommendation

Learn about the key considerations for the [risk assessment process and internal audit planning](#).

Economic development

Challenge

In today's complex economic landscape, communities face the daunting challenge of rebuilding their local economies. Restoring the momentum of economic expansion and investment to enhance quality of life for residents and produce long-term financial gain for the community is at the forefront of concerns.

Whether attracting growth to maximize opportunity built around community strengths or accounting for the many unknowns caused by major disruptions, a robust economic development strategy is essential to recovery.

Recommendation

Learn about the advantages of creating an [economic development strategic plan and the framework](#) to follow.



Harnessing data and analytics for strategic insight and decision-making



Challenge

In crisis and recovery, organizations are investing in advanced analytic solutions to help them not only make better decisions faster and more consistently, but also to improve operational efficiency and performance. Of all the business analytics available, advanced analytic solutions should be at the top of your priority list given the impact it can have on your business.

Recommendation

Learn more about [data & analytics strategy and roadmaps](#), [MDM and data process re-engineering](#), [AI strategy](#), [data visualization](#) and other digital and analytic capabilities.

Information technology and cybersecurity



Challenge

While return-to-work scenarios are being developed, it is likely that remote workforces will remain a reality for many organizations in the short- to mid-term. Though many organizations have been able to adapt on a short-term basis, some will not be prepared for long-term operation on a remote and virtual basis. Organizations should increase monitoring of invasive cyber events, given the likely increase in hackers sending out fake emails, website links and ransomware attacks – and also consider:

- Adequacy of IT controls and security
- Performance of remote infrastructure supporting operations
- Improvements to remote applications for communication, collaboration and workflow
- Alternatives for data entry, work and information flow

Recommendation

[Learn more](#) about information technology and cybersecurity, including [System & Organization Controls reporting](#).

Appendix A: Client service team

Client service team



Paul Frantz, CPA

Partner

777 East Wisconsin Ave
32nd Floor
Milwaukee, WI 53202
United States

T +1 (414) 777 5506
paul.frantz@bakertilly.com

A low-angle, upward-looking photograph of a modern building's interior or exterior structure. The image is dominated by a complex grid of dark steel beams and large glass panels, creating a strong sense of depth and architectural scale. The lighting is bright, casting reflections and creating a high-contrast, blue-tinted scene.

Appendix B: Management representation letter



April 28, 2021

Baker Tilly US, LLP
777 E Wisconsin Ave
32nd Floor
Milwaukee, Wisconsin 53202

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the City of Franklin as of December 31, 2020 and for the year then ended for the purpose of expressing opinions as to whether the financial statements 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 and the respective changes in financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all properly classified funds and other financial information of the primary government required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, if any, are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of accounting principles generally accepted in the United States of America
- 7) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs
- 8) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal and state awards
- 9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed

Information Provided

- 11) We have provided you with
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources
 - b) Additional information that you have requested from us for the purpose of the audit
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence
 - d) Minutes of the meetings of Common Council or summaries of actions of recent meetings for which minutes have not yet been prepared
- 12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves.
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others

- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements
- 16) There are no known related parties or related party relationships and transactions of which we are aware

Other

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented
- 19) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 20) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds
- 21) There are no.
 - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any
 - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
 - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved
 - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body
 - e) Violations of restrictions placed on revenues as a result of bond resolution covenants such as revenue distribution or debt service funding
- 22) In regards to the nonattest services performed by you listed below, we have 1) accepted all management responsibility, 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services
 - a) Adjusting journal entries
 - b) SEFSA preparation assistance

- c) Compiled regulatory reports
- d) Preparation of auditee sections of the data collection form
- e) Financial statement preparation assistance
- f) Staffing services

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*

- 23) The City of Franklin has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral
- 24) The City of Franklin has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance
- 25) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations, if any Component units have been properly presented as either blended or discrete
- 26) The financial statements properly classify all funds and activities.
- 27) All funds that meet the quantitative criteria in GASB Statement No 34 and No 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users
- 28) Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved
- 29) The City of Franklin has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps
- 30) Provisions for uncollectible receivables, if any, have been properly identified and recorded
- 31) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 32) Revenues are appropriately classified in the statement of activities within program revenues and general revenues
- 33) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported
- 34) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable)
- 35) Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value
- 36) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized Any known impairments have been recorded and disclosed

- 37) Tax-exempt bonds issued have retained their tax-exempt status
- 38) We have appropriately disclosed the City of Franklin's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available
- 39) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 40) With respect to the supplementary information, (SI).
 - a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon
- 41) We assume responsibility for, and agree with, the findings of specialists in evaluating the post-employment health care benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists
- 42) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan
- 43) We have evaluated and considered all potential tax abatements and believe all material tax abatements have been properly reported and disclosed
- 44) We are responsible for the estimation methods and assumptions used in measuring assets and liabilities reported or disclosed at fair value, including information obtained from brokers, pricing services or third parties. Our valuation methodologies have been consistently applied from period to period. The fair value measurements reported or disclosed represent our best estimate of fair value as the measurement date in accordance with the requirements of GASB 72 – *Fair Value Measurement*. In addition our disclosures related to fair value measurements are consistent with the objectives outlined in GASB 72. We have evaluated the fair value information provided to us by brokers, pricing services or other parties that has been used in the financial statements and believe this information to be reliable and consistent with the requirements

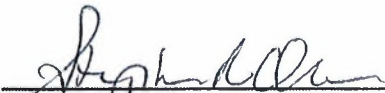
- 45) We assume responsibility for, and agree with, the information provided by Principal Financial Group related to the City of Franklin Defined Benefit Retirement Income Plan net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 46) With respect to federal and state award programs
- a) We are responsible for understanding and complying with and have complied with the requirements of the Single Audit Act Amendments of 1996, *OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, *State Single Audit Guidelines*, including requirements relating to preparation of the schedule of expenditures of federal and state awards (SEFSA)
 - b) We acknowledge our responsibility for presenting the SEFSA in accordance with the requirements of the Uniform Guidance and the State Single Audit Guidelines, and we believe the SEFSA, including its form and content, is fairly presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*. The methods of measurement and presentation of the SEFSA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFSA.
 - c) If the SEFSA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFSA no later than the date we issue the SEFSA and the auditors' report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the *State Single Audit Guidelines* and included in the SEFSA, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
 - e) We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major federal and state program.
 - f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are administering our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended. Also, no changes have been made in the internal control over compliance or other factors to the date of this letter that might significantly affect internal control, including any corrective action taken with regard to control deficiencies reported in the schedule of findings and questioned costs.
 - g) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to the programs and related activities.
 - h) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.

- i) We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Compliance Supplement and the State Single Audit Guidelines, relating to federal and state awards.
- j) We have disclosed any communications from grantors and pass-through entities disclosed to you results of our including communications received from the end of the period covered by the compliance audit to the date of the auditors' report
- k) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance.
- l) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations
- m) We have made available to you all documentation related to the compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements
- n) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o) We are not aware of any instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- p) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the date as of which compliance was audited
- q) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared
- r) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable
- s) We have monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance and the *State Single Audit Guidelines*
- t) We have taken appropriate action, including issuing management decisions, on a timely basis after receipt of subrecipients' auditors' reports that identified noncompliance with laws, regulations, or the provisions of contracts or grant agreements to ensure that subrecipients have taken the appropriate and timely corrective action on findings
- u) We have considered the results of subrecipient audits and made any necessary adjustments to our books and records
- v) We have charged costs to federal and state awards in accordance with applicable cost principles

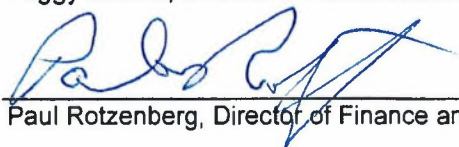
- w) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the *State Single Audit Guidelines* and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- x) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

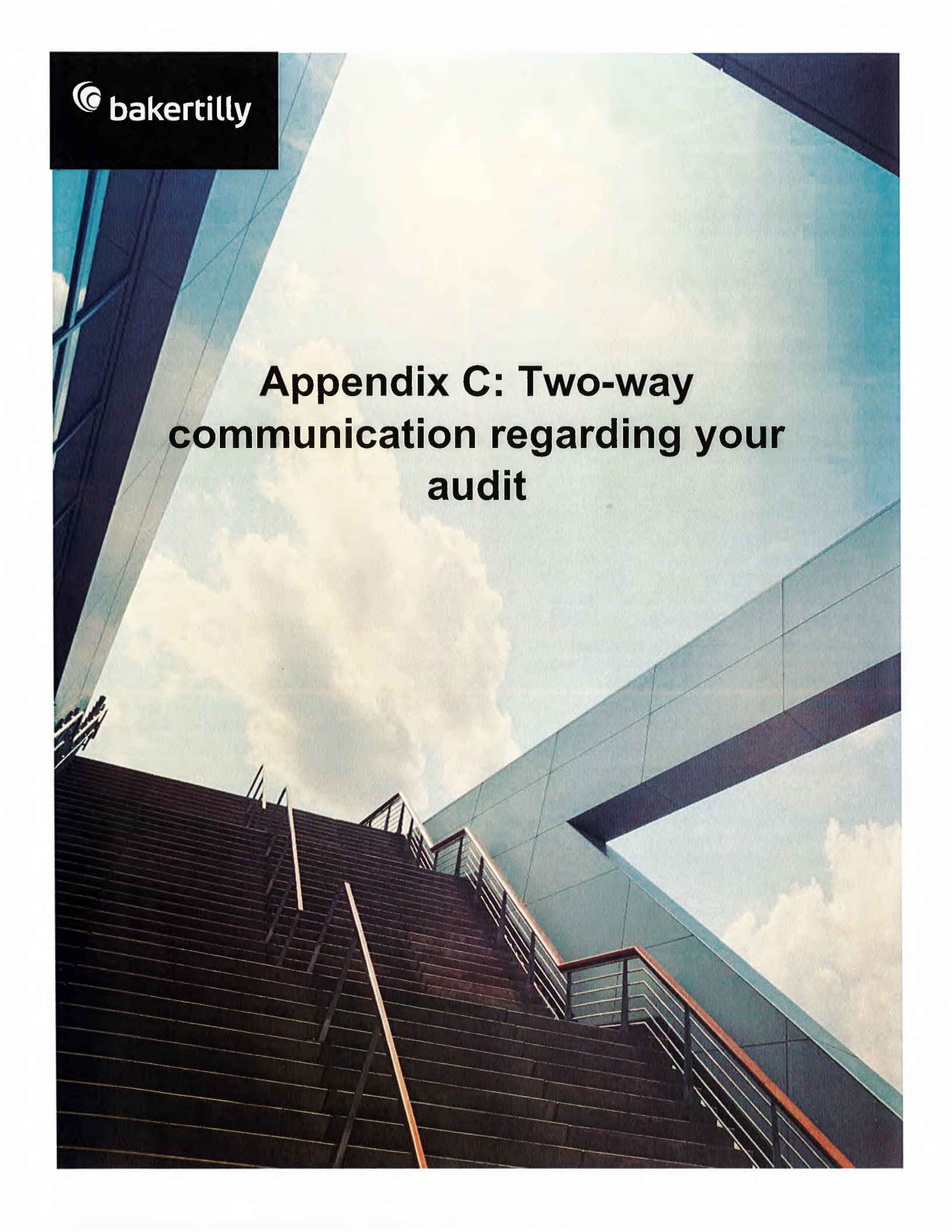
Sincerely,

City of Franklin

Signed: 
Steve Olson, Mayor

Signed: 
Peggy Steeno, Director of Administration

Signed: 
Paul Rotzenberg, Director of Finance and Treasurer

A low-angle photograph of a modern building with a glass facade and a wide, dark staircase with metal railings. The sky is blue with scattered white clouds. The text is centered over the sky area.

Appendix C: Two-way communication regarding your audit

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to
 - Identify types of potential misstatements
 - Consider factors that affect the risks of material misstatement
 - Design tests of controls, when applicable, and substantive procedures
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with Government Auditing Standards, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State Single Audit Guideline*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, the *Uniform Guidance*, and the *State Single Audit Guidelines*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance and the Uniform Guidance, and the *State Single Audit Guidelines*, in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- e. Have you had any significant communications with regulators or grantor agencies?
- f. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during February and/or March to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

City of Franklin – Form of Government/Organizational Structure

The corporate authority of the City shall be vested in the Mayor and Common Council. Except as elsewhere in the Wisconsin Statutes specifically provided, the Common Council shall have the management and control of the City property, finances, highways, navigable waters and the public service, and shall have the power to act for the government and good order of the City, for its commercial benefit, and for the health, safety and welfare of the public, and may carry out its powers by license, regulation, suppression, borrowing of money, tax levy, appropriation, fine, imprisonment, confiscation and all other necessary or convenient means, pursuant to § 62.11(5), Wisconsin Statutes.

The supervisory authority and reporting duties of all City officers, employees and positions shall be as is set forth in the Position Classification Plan adopted by the Common Council, excepting the supervisory and reporting directives, which shall be as set forth in the City of Franklin Municipal Code, Section 55-2, and as amended from time to time. Such supervisory authority and reporting duties are set forth for demonstrative purposes in the following organizational charts.
(Organizational Charts Attached)

Duties of the Mayor - Pursuant to § 62.09(8)(a), Wisconsin Statutes, the Mayor shall be the chief executive officer of the City, shall take care that City ordinances and state laws are observed and enforced and that all City officers and employees discharge their duties. Except as may be otherwise provided by law pursuant to the Wisconsin Statutes, all City employees shall be hired or appointed by and be subject to the supervision of the Mayor or such City officer or employee so designated and authorized in writing by the Mayor. The Mayor may establish such rule(s) and issue such order(s) as reasonably necessary from time to time in the administration of such supervisory duties as the Mayor deems necessary and as are available under law. Such rule(s) and order(s) shall be effective upon the filing thereof in the office of the City Clerk and shall be applicable to all such City employees and administrative matters as may be set forth in such rule(s) or order(s).

Section 62.11(5), Wisconsin Statutes

(5) POWERS.

Except as elsewhere in the statutes specifically provided, the council shall have the management and control of the city property, finances, highways, navigable waters, and the public service, and shall have power to act for the government and good order of the city, for its commercial benefit, and for the health, safety, and welfare of the public, and may carry out its powers by license, regulation, suppression, borrowing of money, tax levy, appropriation, fine, imprisonment, confiscation, and other necessary or convenient means. The powers hereby conferred shall be in addition to all other grants, and shall be limited only by express language.

Section 62.09(8), Wisconsin Statutes

(8) MAYOR.

(a) The mayor shall be the chief executive officer. The mayor shall take care that city ordinances and state laws are observed and enforced and that all city officers and employees discharge their duties.

(b) The mayor shall from time to time give the council such information and recommend such measures as the mayor may deem advantageous to the city. When present the mayor shall preside at the meetings of the council.

(c) The mayor shall have the veto power as to all acts of the council, except such as to which it is expressly or by necessary implication otherwise provided. All such acts shall be submitted to the mayor by the clerk and shall be in force upon approval evidenced by the mayor's signature, or upon failing to approve or disapprove within 5 days, which fact shall be certified thereon by the clerk. If the mayor disapproves, the mayor's objections shall be filed with the clerk, who shall present them to the council at its next meeting. A two-thirds vote of all the members of the council shall then make the act effective notwithstanding the objections of the mayor.

(d) Except in cities that have adopted s. 62.13 (6), the mayor shall be the head of the fire and police departments, and where there is no board of police and fire commissioners shall appoint all police officers, and the mayor may, in any city, appoint security personnel to serve without pay, and in case of riot or other emergency, appoint as many special police officers as may be necessary.

(e) The council at its first meeting subsequent to the regular election and qualification of new members, shall after organization, choose from its members a president, who, in the absence of the mayor, shall preside at meetings of the council, and during the absence or inability of the mayor shall have the power and duties of the mayor, except that the president shall not have power to approve an act of the council which the mayor has disapproved by filing objections with the clerk. The president shall when so officiating be styled "Acting Mayor".



Roles and Authority of Governing Body Members

Maria Davis, Assistant Legal Counsel and Claire Silverman, Legal Counsel, League of Wisconsin Municipalities

League attorneys frequently receive requests for information explaining the duties and authority of governing body members (common council and village board members). Most often, these requests are prompted by situations where a governing body member's authority has been, or is being, questioned. Although the Wisconsin Statutes detail statutory authority and responsibilities for certain governing body members, such as mayors and village presidents, the statutes do not particularly detail or define the responsibilities of alderpersons and trustees.

Mayor

The statutes provide that the mayor and alderpersons shall be the common council.¹ A mayor is the city's chief executive officer.² As that title denotes, mayors possess executive authority, though they exercise administrative authority as well. As the chief executive, the mayor is responsible for ensuring that city ordinances and state laws are observed and enforced, overseeing day-to-day operations, and making sure that all city officers and employees discharge their duties.³ Although mayors do not possess legislative authority (that is reserved for the council, as discussed below), the statutes do provide mayors with certain executive authority relating to the legislative branch. For example, a mayor shall, from time to time, give the council information and make recommendations that the mayor

deems advantageous to the city.⁴ As executive, the mayor also presides at council meetings.⁵ Mayors do not have voting authority on matters before the council, unless there is a tie, in which case the mayor may vote to break the tie. However, the mayor does have the ability to veto acts/decisions of council – though, this is subject to council override.⁶ As chief executive, the mayor is also head of the city's police and fire departments – unless the city's police and fire commission has optional powers.⁷ The statutes also authorize the mayor to make various appointments, which are subject to confirmation by the council unless otherwise provided by law.⁸

Village President

In villages, the village president is a trustee, with a vote on all matters, and shares executive authority with the entire board of trustees. In contrast to mayors, village presidents are not statutorily designated as the village's chief executive officer. However, it's worth noting that there are some statutory references in statutes pertaining to cities, villages, and towns, that refer to "chief executive" and include a corresponding provision defining "chief executive" to include village president.⁹ Some references do not contain a definition and simply refer to the chief executive office of a village.¹⁰ In those instances, it is reasonable to

infer the legislature is referring to the village president.

Although the president is not generally considered a chief executive officer, the president does have certain unique, statutory duties and also serves as a figure-head of sorts for the village. A village president's statutory duties include presiding at all board meetings and signing ordinances, bylaws, regulations, licenses, etc. authorized by the board.¹¹ The president also maintains peace and good order; sees that ordinances are faithfully obeyed; and in case of disturbance, riot or other apparent necessity may appoint as many special marshals as the president deems necessary.¹² Additionally, the president has charge of the village jail, which includes certain recordkeeping duties, but may delegate this responsibility to the village constable or a village police officer.¹³ Unlike mayors, village presidents do not have veto power – because they always have voting authority. The statutory default affords village boards the power to appoint "other officers."¹⁴ However, some statutes specifically give the village president appointing authority for certain offices – e.g., election officials,¹⁵ plan commission,¹⁶ and zoning board of appeals.¹⁷

1. Wis. Stat. sec. 62.11(1).
 2. Wis. Stat. § 62.09(8)(a)
 3. Wis. Stat. § 62.09(8)(a).

4. Wis. Stat. § 62.09(8)(b).
 5. Wis. Stat. § 62.09(8)(b).
 6. Wis. Stat. § 62.09(8)(c).
 7. Wis. Stat. § 62.09(8)(d).
 8. Wis. Stat. § 62.09(3)(e).
 9. E.g., Wis. Stat. §§ 66.1007(1)(c), 66.1009(1)(c).
 10. E.g. Wis. Stat. § 30.37(3).

11. Wis. Stat. § 61.24
 12. Wis. Stat. § 61.24.
 13. Wis. Stat. § 61.24.
 14. Wis. Stat. § 61.19.
 15. Wis. Stat. § 7.30.
 16. Wis. Stat. §§ 61.35, 62.23(1).
 17. Wis. Stat. §§ 61.35, 62.23(7)(e)2.

Alder & Trustee

Common councils and village boards are legislative bodies. Alders and trustees are leaders, responsible for setting policy and charting the future of the municipality. Although the statutes provide some detail as to the duties and powers of city mayors and village presidents, the statutes provide *no* detail regarding the duties and authority of alders and trustees. This lack of detail reflects the fact that alders and trustees do not have authority in their individual capacity. Instead, the statutes address the responsibilities and powers of village boards and common councils as a whole. This is because the governing body's authority is collective; it holds power as a unit rather than through its individual members. This does not mean individual governing body members are prohibited from doing anything related to their roles outside of the common

council or village board meeting setting. They may still carry out certain functions of their role as an alder or trustee. For example, governing body members can and should function as a liaison between the municipality and the members' constituents. Alders and trustees may engage with their constituents – e.g., hold listening sessions, write newsletters, survey constituents. However, certain actions remain outside the scope of the role as alder or trustee. For example, individual governing body members do not have supervisory authority over municipal employees and, as such, should refrain from directing municipal staff. While it's not necessarily inappropriate to request information from staff, governing body members should not demand that certain information be provided or actions taken unless local law authorizes governing body members to

do so – such actions stray into executive authority territory.

Because there are no statutory provisions offering direction for individual governing body members, municipalities may want to consider establishing guidelines and/or developing materials to help governing body members more fully understand their roles and responsibilities. This could include a code of conduct and a training/resource manual for new (and returning) governing body members.

Legislative, Executive, and Administrative Power

In order for governing body members to stay within their respective roles and avoid overstepping their authority, it's helpful to understand the difference between legislative, executive, and administrative powers. Here are some

► p.20

“I am so proud to know that you all work diligently to make your program the best. Please keep up the good work and thank you all so much.”

- Pamela

Marked Tree, Arkansas



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relatively clear examples of the different types of authority:

Legislative

Enactment of legislation (e.g., adopting budget, ordinance regulating keeping of animals, determining what services the municipality will provide, enacting land use regulations).

Executive

Directing staff, developing details relating to delivery of services the governing body has determined to provide, decisions relating to matters where legislation is silent as to details.

Administrative

Signing checks, carrying out specific directions.

Although the above examples are fairly clear, the line between legislative and executive authority is not always clear. In distinguishing between legislative and executive actions, a prominent municipal treatise provides as follows:

Municipal corporations ordinarily are vested with legislative and executive powers, the latter being sometimes referred to as administrative or ministerial powers or duties. Legislative power, as distinguished from executive power, is the authority to make laws, but not to enforce them, or appoint the agents charged with the duty of such enforcement. If it can be shown that the particular act could not have been done without a law or ordinance, such act is considered as legislative. The crucial test for determining what is legislative and what is administrative has been said to be whether the ordinance is one making a new law, or one executing a law already in existence.

2A McQuillin Mun. Corp. sec. 10:6 (3d ed.) (footnotes omitted).

In *Governing Bodies* 392, the League was asked to weigh in on the difference

between legislative and executive authority in a situation where the council and mayor gave staff conflicting instructions. The fire department had already used the amount appropriated as a line item in the city budget for fire department overtime. The mayor instructed the fire chief to eliminate overtime unless urgent or necessary. In response, the council instructed the fire chief to *not* take action to reduce overtime and to maintain current staffing levels. We opined that the common council is a legislative, policy-making body and may not, by simple directive or order, countermand lawful orders of the mayor as chief executive that relate to the day-to-day operations of the city. The mayor was executing the budget as enacted by the council. However, the council could exercise its legislative authority and establish a new general policy (e.g., amend the budget to appropriate additional funds for overtime). The mayor would then be required to exercise his or her executive authority within the bounds of the newly established policy.

Executive authority can also include filling in details when existing legislation is silent on how the policy is accomplished.

[T]he complexities of modern life often impel legislatures to confer on executive and administrative departments the authority to make rules and regulations in order to enforce and achieve the policy intended. Thus, the making of such rules and regulations by executive and administrative departments sometimes become not a matter of mere law enforcement but of secondary law creation. However, so long as the determination of the legislative principle remains within the control of the legislative body, the determination of the secondary structure that ensures and assists the establishment of the principle is not legislation. The idea

is that the creative element delegated is exclusively limited to arrangements and procedures consistent with the substantive principle. Further, when administrative agencies are delegated regulatory power, legislative action by the agency to establish general rules and guidelines may be necessary as a condition precedent to exercise the powers in individual cases.

2A McQuillin Mun. Corp. sec. 10:6 (3d ed.) (footnotes omitted).

The following scenario may be helpful in demonstrating the differences between the various types of power and how these powers are exercised by elected governing body members in cities and villages:

1. Following a snow storm, Alderperson Smith receives several calls from angry constituents on Elm Street who are upset to see public works employees removing snow from the nearby city park when their residential street has not yet been plowed. These constituents are upset because they are waiting to leave for work and frustrated that clearing snow from the park has apparent priority over plowing Elm Street. Question: What are appropriate ways for Alderperson Smith to respond?
 - a. Alderperson Smith calls the city's Director of Public Works (DPW) and tells the Director that plowing residential streets is more important than removing snow from city park areas, and Elm Street needs to be plowed immediately.
 - b. Alderperson Smith calls the Mayor, explains the situation, and asks the Mayor to have the DPW get Elm Street plowed right away.
 - c. Alderperson Smith pursues legislative policy setting priority for snow removal in the City.

Answer: B and C are appropriate ways for the alderperson to respond. As a legislator, it is appropriate for Smith to communicate constituent concerns to the mayor and ask the mayor, as chief executive officer, to direct city staff. It is also appropriate for the alderperson to pursue legislation that sets priority for snow removal. It is not appropriate for the alderperson to direct city staff.

2. What if the above scenario occurs in a village and, instead of Alderperson Smith, we have Trustee Smith and, instead of Mayor, we have the Village President?

Trustee Smith can communicate constituent concerns to public works staff but, like Alderperson Smith, lacks authority to direct staff individually. The trustee can appropriately pursue

legislative policy setting priority for snow removal. The main difference in a village is that unlike the mayor, a village president is not a chief executive officer and shares executive authority with the village board. So technically speaking, the village president also lacks authority to unilaterally direct employees. As a practical matter, however, in many villages the village president has more regular contact with the staff than other trustees and does serve as a bridge between staff and the village board. In that case, it may be appropriate for the trustee to have the village president communicate the constituents' concerns to public works staff.

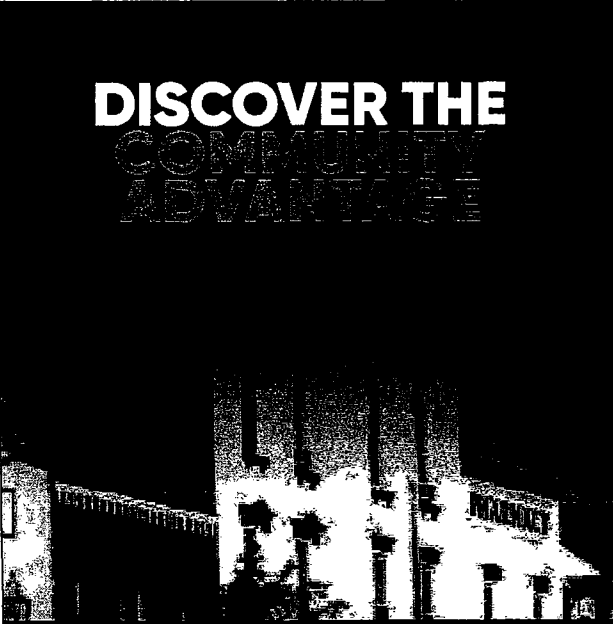
Hopefully a better understanding of respective roles and authority will help all governing body members be more effective leaders.

Governing Bodies 409

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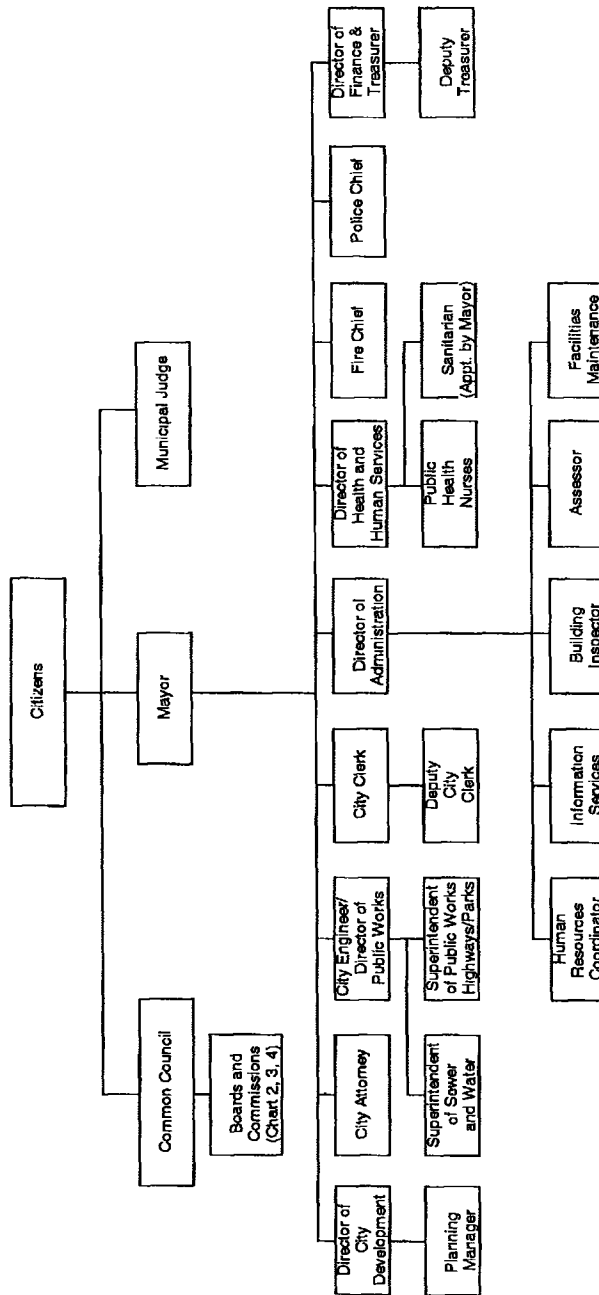


OFFICERS AND EMPLOYEES

55 Attachment 1

**City of Franklin
Organization Chart
Chart 1**

[Amended 11-15-2005 by Ord. No. 2005-1864]



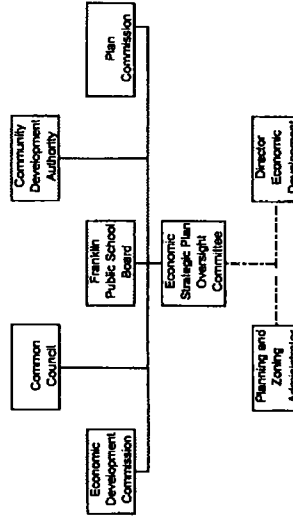
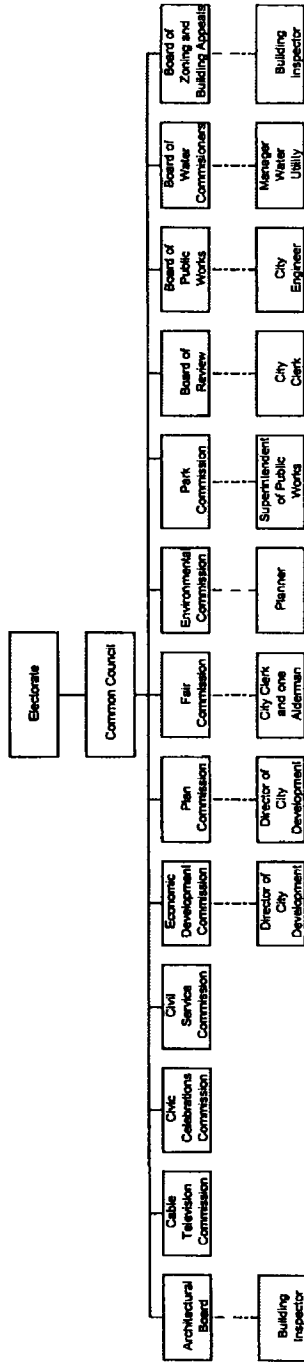
OFFICERS AND EMPLOYEES

55 Attachment 2

City of Franklin
Boards and Commissions

Chart 2

[Amended 11-15-2005 by Ord. No. 2005-1864]

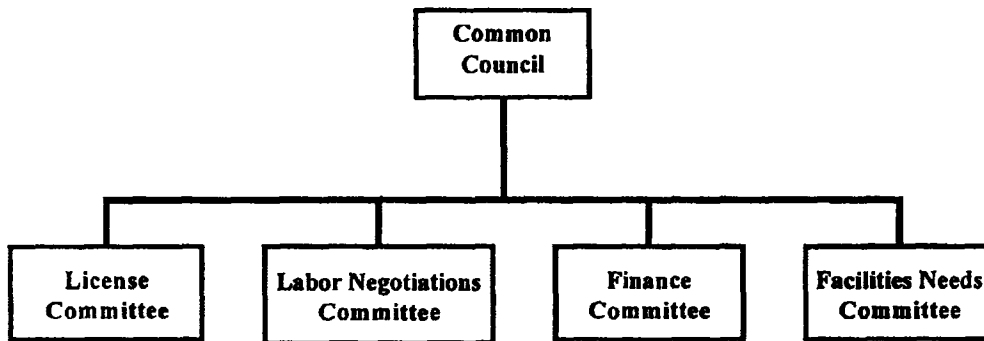


Boards and Commissions are formed by the Common Council by Ordinance and are advisory bodies. Staff relationships are indicated by a dotted line.

OFFICERS AND EMPLOYEES

55 Attachment 3

**City of Franklin
Common Council
Committees of the Council
(Chart 3)**

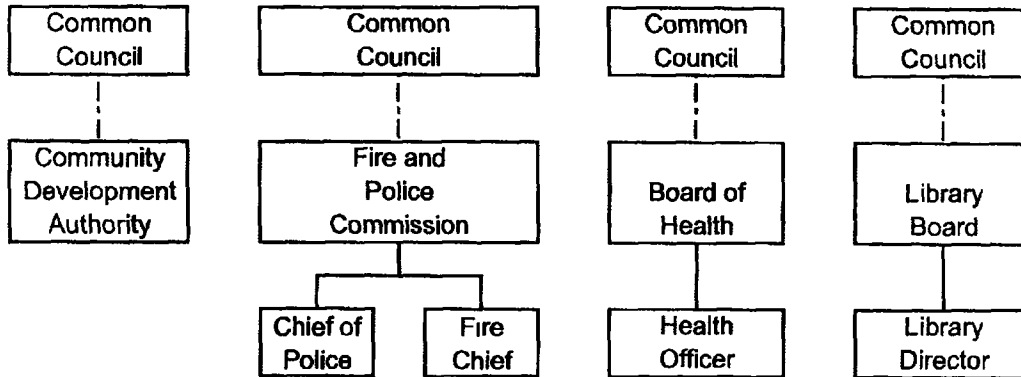


* Committees of the Common Council are composed primarily of Council members and act as working groups of the Common Council

OFFICERS AND EMPLOYEES

55 Attachment 4

**City of Franklin
Statutory Boards and Commissions
Chart 4
[Amended 11-15-2005 by Ord. No. 2005-1864]**



Statutory boards are formed and operated under state statutes for the particular function they perform. The Boards have no formal reporting relationship to the Common Council but generally are funded through an action of the Council.

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Code of Conduct
Suggested Changes to Original Document Introduced on 4/19/2021
5/3/2021

	<u>Suggestion</u>	<u>Multiple Requests</u>	<u>Proposed Resolution</u>
	OVERALL DOCUMENT		
1	This document should apply to all agents of the City, including Commissions, Committees, and Board Members		Add language to clarify that the Code of Conduct applies to Council, Boards, Commissions, Committees, and Appointed Officials as well as appropriate communication standards for these groups. (Since staff level employees are not typically engaged in these communications, and these employees are covered in the Employee Handbook and Policies, are they needed in this document?)
2	Add a Section regarding Social Media as is pertinent in several areas of conduct covered by this document, including confidential information (Suggested language - Social Media presence should be informational and positively reflect on the community and City staff, and promote local activities. Council Members shall avoid expressing opinions or bias regarding City business or issues that may come before the Council)	Yes - 2	Add a Section on the appropriate use of Social Media as City Officials OR Create a Social Media Policy and address all areas of concern in that policy
3	Add guidance for speaking on quasi-judicial matters and avoiding bias		Add language to clarify which Council business matters are quasi-judicial matters and what constitutes bias, as well as include this topic in periodic training.
	SECTION 1		
4	1st Paragraph (line 5) - Do not use refrain as follows ' <i>refrain</i> from using their City position or authority improperly or for personal gain ' Instead use '... <i>shall not use</i> their City position or authority improperly or for personal gain '		Make suggested change
5	3rd Paragraph - Delete the entire paragraph stating 'The Council also recognizes the reality that an action may be legal but as well unethical, inappropriate, or be perceived as a form of harassment or abuse This Code applies to that reality ' Replace it with a paragraph stating, 'The Council as a whole will aspire to these high standards and in the event that these shared objectives are not met in any instance that self-correction will occur in most every case, with enforcement a rare and last option ' (Note - Preference given to less perceptive thought language and clearer guidance, and tends to want to resolve matters before taking on enforcement powers)		No staff recommendation
	SECTION 2		
6	1st Paragraph (line 2) - Do not use the '...are beneficial while others are destructive. ' as it is too strong Instead, rephrase to read ' foster positive debate while others do not '		Make suggested change
7	UPDATE the diversity section to make it sound positive rather than negative		Make suggested change
8	Section 2 A (Line 1) - Remove the word 'shall' and replace it with 'will make every effort to'		Make suggested change
9	Section 2 B (end of 2nd Paragraph) - After 'If a Council Member is personally offended by the remarks of another Council Member, the offended Member should " ADD ' voice the concern and afford the other Member the opportunity to either explain the comment or apologize If that is not successful, the offended Member should call for a 'point of personal privilege'		Make suggested change
10	Section 2 C (last sentence) - Insert the word 'are' after the word 'responsibilities' and before the word 'vested'		Make suggested change

11	Section D - Allow emergency use / prohibit is too strong / Emergency needs /allow phones to be off or on silent mode as not to disturb or distract from the meeting	Yes - 2	Suggest 'Respect for each other, constituents, and those appearing before the Council is paramount and full attention to the matters before the body is the purpose of the Council Meeting. The use of electronic devices to communicate regarding City business during meetings is prohibited since it presents an opportunity for violation of open meetings and open records laws; and, all other uses of electronic devices are strongly discouraged and should be reserved only for emergency situations.'
12	ADD Section E - Discrimination and Other Harassment - The Council is committed to providing an environment that is free from discrimination and unlawful harassment. Unwelcome, intimidating, hostile or offensive actions, words, jokes or comments based on an individual's gender, race, ethnicity, age, sexual orientation, gender expression, gender identity, disability, religion or any other legally protected characteristics will not be tolerated. Harassment (both overt and subtle) is a form of misconduct that is demeaning to others and undermines the integrity of relationships. This type of behavior is strictly prohibited.		This verbiage is already contained in the City's Anti-Harassment Policy which covers elected officials, appointed officials, employees, citizens, vendors, and customers of the City (in another section of the draft Reference Manual). <i>However, an addition/improvement to the Policy would be to state that identified behavior is prohibited even if it is not targeting a protected class.</i>
	SECTION 3		
13	Delete everything in Section 3 after the first paragraph and before (A) <u>Treat Staff as Professionals</u> because direction to staff can and should come via the Council collectively.		The roles and authority of Governing Body Members are established through Wisconsin State Statutes. (See LWM Article attached).
14	There is a problem with the Mayor being charged with implementing these items in a manner he/she sees fit if it pertains to if an action by the Council moves forward or not.		Council as a body possesses legislative authority to make and approve motions. Staff carries those actions out under the supervision and direction of the Mayor who is responsible for the executive and administrative functions.
15	Should not limit communication by elected officials with staff. It negatively affects response time to citizens. Alderperson's work directly for and are accountable to the people who elect them. This concept is missing.		Council as a body possesses legislative authority to make and approve motions. Staff carries those actions out under the supervision and direction of the Mayor who is responsible for the executive and administrative functions.
16	Clarify that Council direction to staff is a function of the Council, and not only allowed, but should also be timely carried out, and is important.		Council as a body possesses legislative authority to make and approve motions. Staff carries those actions out under the supervision and direction of the Mayor who is responsible for the executive and administrative functions.
17	Open government is for the people represented. Providing constituents with information is an essential function of government. This should be a routine duty of elected and other City officials.		Council as a body possesses legislative authority to make and approve motions. Staff carries those actions out under the supervision and direction of the Mayor who is responsible for the executive and administrative functions.
18	ADD In the event that communications have been made with the Mayor and the Director of Administration, yet no changes satisfactory to the Aldermen have been made, the matter may be discussed in closed session at a future Council or Committee of the Whole Meeting at the call of the Alderman.		Make suggested change, with the addition of 'provided that the issue is appropriate for closed session as determined by the open meetings law.
19	Section B - Insert the City Attorney as another option in addition to the Mayor or Director of Administration.		The City Attorney in Franklin does not handle Personnel Matters.
20	Section C - Administrative powers and duties, as well as the FORM of Government the City is to function under (Mayor/Council or Mayor/Administrator) needs clarification. It is not clear who has authority creating unstable aldermanic process policies.		Franklin operates under the Council/Mayor form of government system, which is stated very clearly in State Statutes and Municipal Code. The Mayor/Administrator form of government referred to is not a recognized form of government; rather it is simply what occurs when the elected officials establish positions to hire additional key officials to assist them in carrying out duties.
21	Section C - Only allowing an idea to be presented during a meeting limits Council Member input or shared knowledge. Citizens would be allowed more access to staff than their elected officials. Alderperson's often have firsthand knowledge, which in meetings only prevents sharing knowledge by email or phone.		Council as a body possesses legislative authority to make and approve motions; Council does not have individual authority to act or direct employees. And, staff carries out actions under the supervision and direction of the Mayor, who is responsible for the executive and administrative functions. There is a structure and procedures in place to accept inputs/issues/concerns.

22	Section D - Insert 'limits on elected official candidates using developers/businesses to collect signatures by those with active business before the City'		This section deals only with the ethical interactions with staff The suggested change is addressed in the election law
SECTION 4			
23	Section B - The language which presently allows the Council to motion suspension of the rules to allow input has been a practice It is not mentioned here and as is could be in conflict with Robert's Rules or current Code		No staff recommendation
24	Section C - If there is an audio problem, hall noise, or other matter, Council should be allowed to ask the Mayor for the speaker to repeat or clarify		Make suggested change
25	Section D - Clarify Robert's Rules related to FULL Council for appeal		Training on Robert's Rules was suggested and will resolve this question
SECTION 5			
26	Paragraph 1 - Citizens can contact agencies, so those who represent them should have the same rights.		No staff recommendation
27	Section A - Previously, Council Members were allowed to request a Conflict of Interest opinion form the City Attorney And, Organizations should be updated and listed in the current forms filled out at the Clerk's Office		No staff recommendation
28	Section B - Delete the existing verbiage and replace it with 'Council Members serving as a City representative on outside boards, entities or agencies shall represent the City's best interests and share information and seek input upon responsible request or need with fellow Council Members and the Mayor, in a manner consistent with the Open Meetings law, on issues before the board, entity, or agency that are pertinent to the City'		No staff recommendation
SECTION 6			
29	Section B - Alderperson's should be allowed some consideration to the need to clarify or speak on an agenda item pertaining to their District before a Committee		No staff recommendation
30	Section D - Council Members should not have to receive permission to sit in on closed sessions of Boards, Commissions, and Committees Suggest: Council Members may attend any board or commission meetings, which are always open to any member of the public. However, they should be sensitive to the way their participation is viewed, especially if it is on behalf of an individual, business, or developer, which could be perceived as unfairly affecting the process	Yes - 3	Alternative language is not recommended However, Council could adjust the existing language to state, 'Out of courtesy for the Board, Commission, or Committee, Council Members not on such Board, Commission, or Committee shall clear their attendance in closed sessions with the Chair in advance of attending a closed session of that Board, Commission, or Committee
SECTION 7			
31	Section A - As written, this is not 100% accurate as the Council President is next in line and there has always been a chart in the Alderman Room for alternates in case both are not available		This requested change is unnecessary as ' the Mayor, or his/her designee' is addressed in Municipal Code
32	Section B - Prefers the following language instead, 'Any issues pertaining to the City staff should only be addressed directly to the City Manager, Human Resources Director or the City Attorney'		No recommended change as the City does not have a City Manager, so the Mayor is the equivalent position, the Director of Administration is the Human Resources Director; and the City Attorney does not handle personnel matters in Franklin
SECTION 8			
33	Would like the Ethics Committee Re-Established (Question posed What happened with the Council discussion/direction on the Ethics Committee?)		This matter would be addressed separately of this document. The question of reestablishing the Ethics Board was recently discussed at a Council Meeting where no decision was made
34	ADD Ethics to this Section / A clear process for ethics concerns and perceived violation		Make recommended change, if a clear process is established by the Council

35	Would like a different model used for the entire section, as attached	No staff recommendation
36	A super majority (5/6) shall be required to impose sanctions The Mayor shall not have the sole authority to impose a sanction against an Elected Official And, if there are sanctions against the Mayor, a super majority (5/6) is required as well	The Mayor has no authority to independently impose sanctions
37	More weight should be given to letting the voters decide at the polls since the Council works for them	No staff recommendation
38	The current procedure, within the Employee Handbook, should be removed should another policy be adopted	The Employee Handbook is a separate document and would be treated as such, changes are evaluated as policies change

Attachment for Code of Conduct #35 - Section 8 Suggested Replacement Language

SECTION 8: Enforcement

A. Implementation

The Code of Conduct is intended to be self-enforcing as the City Council holds itself to this established high ethical standard. Ethical and conduct standards shall be included in the annual City Council orientation at the Council Academy or other similar training of elected or appointed Council members. Elected or appointed Council members upon entering office shall be provided a copy of the Code of Conduct and shall sign an acknowledgement of receipt, certify they have read and understand it, and pledge to comply with its requirements.

B. Points of Order and Privilege

Violations of this Code of Conduct, when made during a chaired public meeting, should be noted promptly after their occurrence by rising to a point of order (applicable when a member believes these or other rules applicable to the board are not being followed) and stating the violation or concern. The Council President or chair shall rule on the point of order, which does not need a second and is not debatable. The Chair's decision shall stand unless challenged and reversed by a majority vote of the members present and voting as an open session of the City Council. The closely related point of privilege or personal privilege (applicable when some matter which concerns the rights or privileges of the board or board member requires immediate attention) may also be utilized in the same manner as above.

C. Communication and Reconciliation Between Council Members Outside of Council Meetings

Any Council member who feels a violation of the Code of Conduct has occurred outside of a public Council meeting may raise the issue privately with the other Council member. Attempts should be made to resolve any issue in a professional, private manner and may include use of a professional mediation service (Try Mediation is one such service offered in our community and a preferred first option as a non-profit offering dispute resolution services to the City and Eau Claire County, among other public entities in the region. Any modest fees for the use of Try Mediation for this purpose may be submitted for payment from the City Council budget).

D. Censure – Complaint Process and Action by City Council

The censure process is anticipated to be rare and shall be utilized only after methods of enforcement and resolution available under Section 8 B. and C. are attempted. Repeated or serious violations of the Code of Conduct can be noted by a written complaint filed with the City Clerk and signed by at least three (3) Council members. A copy of the complaint shall be provided to the party alleged to be in violation. Complaints shall be heard by the City Council. Censure shall only be made upon a 2/3 vote of the entire City Council (8 votes of 11 Council members).

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Rules of the Common Council and Mayor
Suggested Changes to Original Document Introduced on 4/19/2021
5/3/2021

	<u>Suggestion</u>	<u>Multiple Requests?</u>	<u>Proposed Resolution</u>
	PAGE 1		
1	Title - Include the Mayor as part of the Council and not call the position out independently		Make suggested change as long as it is not a specific duty of the Mayor (Statutes define the Common Council as the Mayor and Alderperson)
2	1st WHEREAS Change the first WHEREAS to 'WHEREAS, it is desirous to establish ground rules to promote consistency and orderly meetings of the Common Council,'		ADD this WHEREAS, but maintain the existing one so that each newly seated Council has a chance to determine their own Rules
3	3rd WHEREAS - REMOVE the word 'business' on line 1		Make suggested change
4	NOW THEREFORE - Adjust the verbiage, 'City of Franklin Common Council and the Mayor' to remove the word 'Mayor'		No recommended change as all resolutions use this verbiage
5	Under MEETINGS - Request to change the verbiage on Special Meetings with the 24 Hour Notice		No recommended change as this verbiage is for meetings needed with a 6 hour notice (A Special Meeting for 24 hours is already listed in Municipal Code)
6	Under NOTIFICATION OF ABSENCE OF COUNCIL MEMBERS 2(a) (Line 5) Delete 'after the emergency has been resolved ' or delete 'has been resolved '		Delete requested verbiage
7	Under NOTIFICATION OF ABSENCE OF COUNCIL MEMBERS 2(a) (Line 6) Add the word 'or' after 'present' and before 'absent'		Make suggested change
8	Under NOTIFICATION OF ABSENCE OF COUNCIL MEMBERS 2(a) (Line 6) - Add 'excused' as another option in addition to present or absent		Suggested change - use the word 'excused' for absences which are reported and 'absent' for those absences that are simply no-show/no-notification (Note This was left out originally because Council Members do not report to the Mayor or other Council Members so neither can grant approval of an excuse, however the clarifications above show accountability and respect)
	PAGE 2		
9	Under PRESIDING OFFICER TO MAINTAIN AND PRESERVE ORDER © Clarify meaning of 'or contradiction of previous decision'		No recommended change as this is not meant in the context of a Reconsideration
10	ADD Point of Order shall not be used as a method to end debate or interrupt the speaker based on a disagreement of opinion		No staff recommendation (There is a different method to end debate, by 'Calling the Question' so Point of Order would not make sense in this instance)
11	Clarify that an "Out of Order Ruling' should be explained as to why it was 'Out of Order'		No staff recommendation
12	Conduct training and refresher training in the near future and periodically on Roberts Rules of Order		Suggest that this occurs each year at the Organizational Meeting of each new Council and at a Committee of the Whole Meeting in the year in which no Council members are seated
13	Under 5(f)(ii) - More participation from other Council Members would add balance		No staff recommendation
	PAGE 3		
14	Under RULES PERTAINING TO CONDUCT OF THE COUNCIL MEETING/MOTIONS/VOTING 5(f)(iii) If the responsible staff member is not the Department Head, with the new 'unofficial' policy this would not be able to occur		The responsible staff member is designated as the Department Head Contact the Department Head who will obtain the answer
15	Under RULES PERTAINING TO CONDUCT OF THE COUNCIL MEETING/MOTIONS/VOTING 5(f)(iv) (Line 5-6) Does not believe that a member who participates in the debate should be required to vote One of the reasons for this is that the debate may uncover the reason why a member might feel a need to abstain from the vote	Yes-2	This is up to the Council as it is not required The reason it was included originally is to protect Council Members from potential conflicts and support the body This is discussed in various sections of the Handbook for Wisconsin Municipal Officials, See Pages 66, 68, 145, 150

	PAGE 4	
16	Under ATTIRE, PROXY, AND ELECTRONIC DEVICES 6(a) - Suggestion that language is appropriate so as not to come across as using City position for personal gain.	No suggestions for change
17	Under ATTIRE, PROXY, AND ELECTRONIC DEVICES 6(c) - Suggest 'Respect for each other, constituents, and those appearing before the Council is paramount and full attention to the matters before the body is the purpose of the Council Meeting The use of electronic devices to communicate regarding City business during meetings is prohibited; and, all other uses of electronic devices are strongly discouraged and should be reserved only for emergency situations '	Same as suggested in Code of Conduct
18	Under ATTIRE, PROXY, AND ELECTRONIC DEVICES 6(a) Suggest that Council may designate certain Meetings to allow for clothing to match supporting specific events.	No staff recommendation.
19	Under CONFIDENTIAL INFORMATION - Suggestion to combine Section 7 and Section 12	Not recommended as Elected Officials are sometimes provided confidential information outside of closed sessions
20	Under GENERAL RULES OF DECORUM include a statement regarding the same rules hold true if on Social Media OR add a section in this document regarding Social Media.	Add a Section on the appropriate use of Social Media as City Officials OR Create a Social Media Policy and address all areas of concern in that policy.
21	(Technically on Page 5) - Last paragraph under RULES OF DECORUM (Line 2) - ADD 'Or the person is offended by such remark' after 'If the conduct continues'.	No staff recommendation. (It is difficult to use the suggested addition objectively)
	PAGE 5	
22	Display the RULES PERTAINING TO INDIVIDUALS ADDRESSING THE COUNCIL DURING CITIZEN COMMENT PERIOD prominently in Council Chambers.	Display these rules in Council Chambers and make the verbiage available in written form to those wanting to speak at meetings (Since there are so many speakers that speak at multiple meetings, they will have the rules in advance every time except the first time they speak...will be more efficient than reading the rules at each meeting to notify speakers.)
23	Add the 1st Paragraph of the GENERAL RULES OF DECORUM to the posted RULES PERTAINING TO INDIVIDUALS ADDRESSING THE COUNCIL.	Make suggested change.
24	Under RULES PERTAINING TO INDIVIDUALS ADDRESSING THE COUNCIL DURING CITIZEN COMMENT PERIOD (b) - Citizens have always been able to speak freely on topics of their own choosing. Do not discontinue allowing free speech	Change not recommended as statements should be at least related to the City of Franklin or something that the Council will address at some point.
25	Add that citizens speaking need to identify themselves as candidates for office if that applies to them	Make suggested change.
26	UPDATE written citizen comments need to be received 24 hours in advance of the meeting.	Make suggested change
27	UPDATE Allow Council Members to comment or attempt to answer questions during Citizen Comment Period if authorized by the Presiding Officer.	Make suggested change

	PAGE 6	
28	Under RULES PERTAINING TO THE TIMING OF SUBMISSIONS FOR INCLUSION ON THE COUNCIL AGENDA AND INFORMATION REQUESTED FOR MEETINGS there is a need for a method that avoids political voting placement of agenda items With the exception of closed session items, aldermanic requested items should be placed on the agenda in the order received by the Clerk	Agendas are set by staff and the Mayor based on a logical flow for the meetings For example, presentations are set early in the meeting, visitors are set early in the meeting, items which depend on other items appear in appropriate order
29	Under RULES PERTAINING TO THE TIMING OF SUBMISSIONS FOR INCLUSION ON THE COUNCIL AGENDA AND INFORMATION REQUESTED FOR MEETINGS Council Members should be allowed to work with the Department Heads, including the Clerk and the City Attorney	Council as a body possesses legislative authority to make and approve motions Staff carries those actions out under the supervision and direction of the Mayor who is responsible for the executive and administrative functions
30	Under RULES PERTAINING TO STAFF/APPLICANT PRESENTATIONS there is a concern on equality to all if one developer gets more assistance	The rule is intended to allow parties on the agenda to participate appropriately in the meetings There is a method, Point of Order, to raise specific concerns
	PAGE 7	
31	Under CLOSED SESSION there is a concern that a Council Member will not be included by the Mayor to participate in closed sessions	Clarification suggested to make it clear that the Presiding Officer determines who, other than the Council, is allowed to participate in closed sessions

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