



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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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

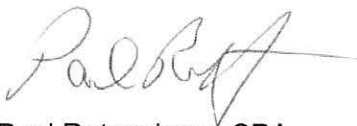
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2019. The Certificate of Achievement is a prestigious 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.

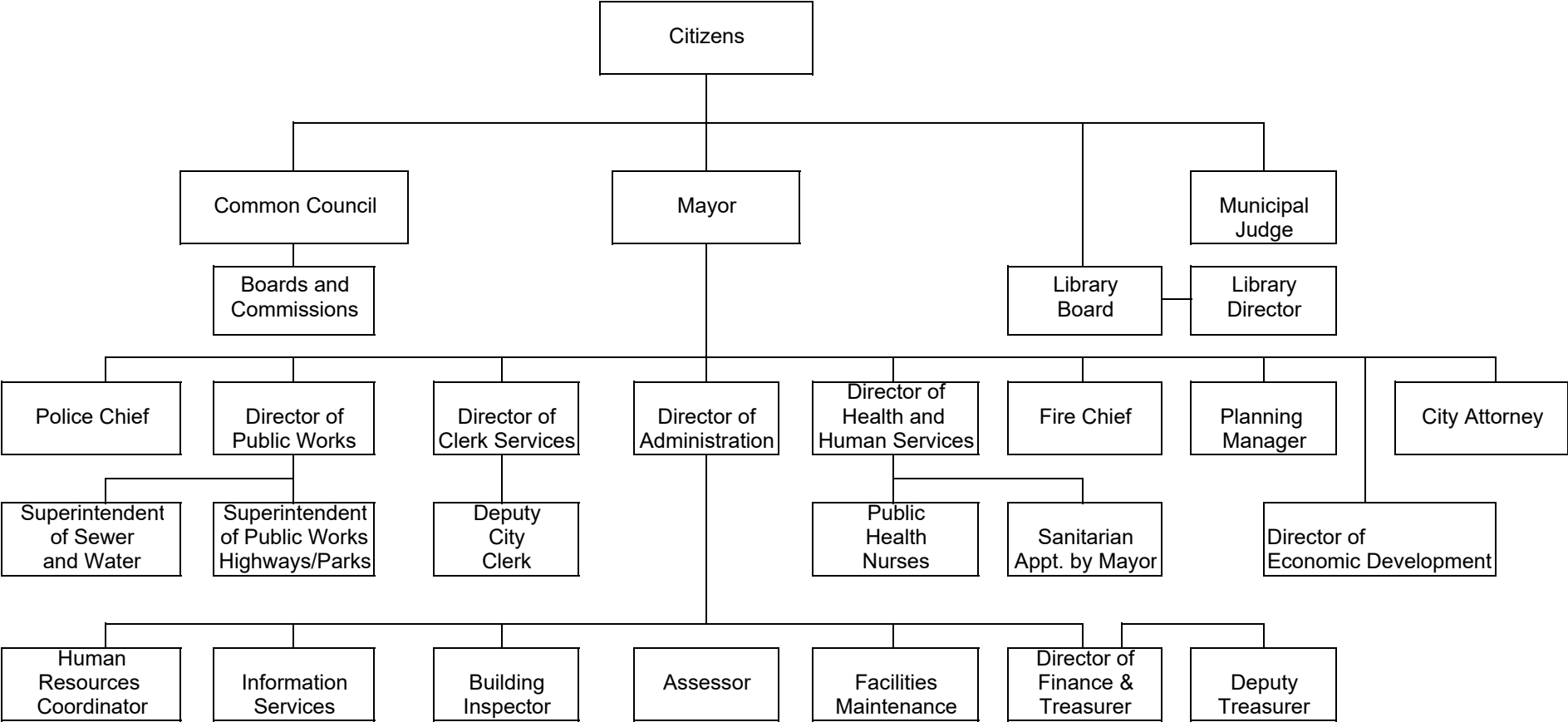
Respectfully submitted,



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
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**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.

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) represent 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**

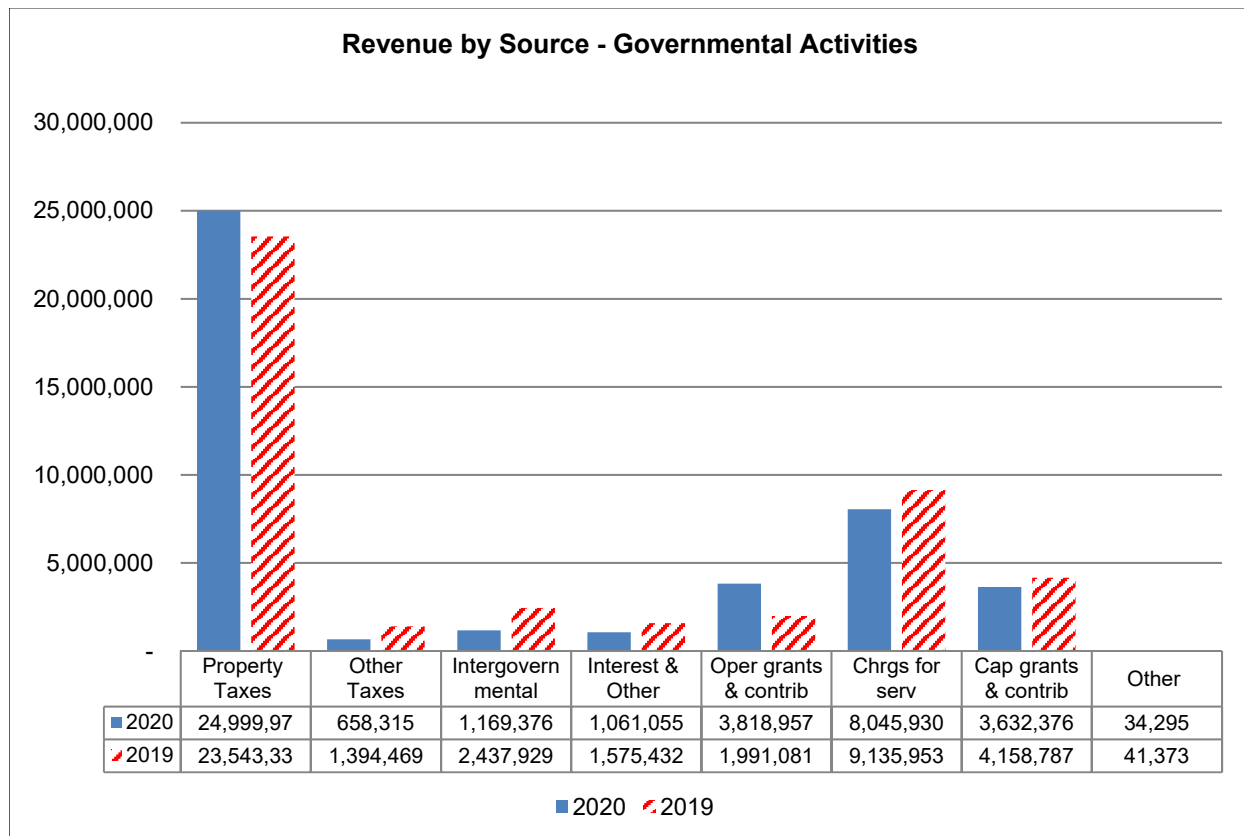
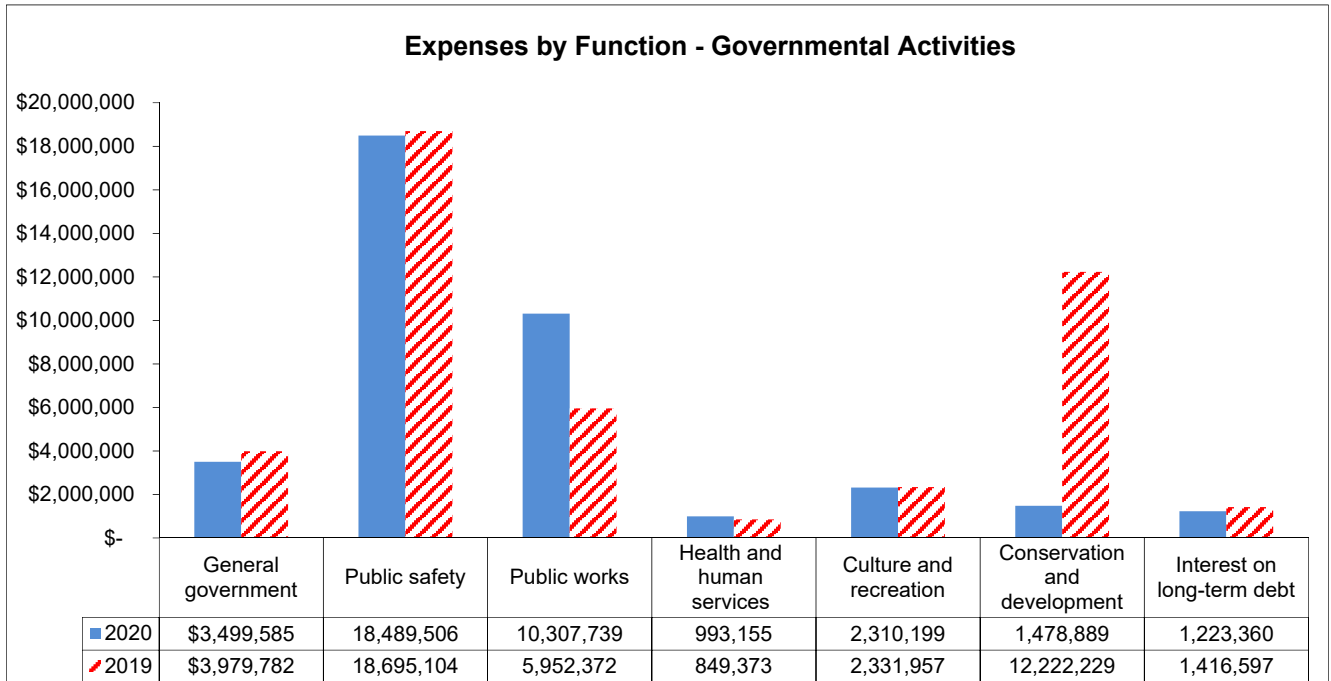
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenue						
Program revenue:						
Charges for services	\$ 8,045,930	\$ 9,135,953	\$ 10,168,857	\$ 9,624,386	\$ 18,214,787	\$ 18,760,339
Operating grants & contributions	3,818,957	1,991,081	-	-	3,818,957	1,991,081
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>	-	-
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 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.



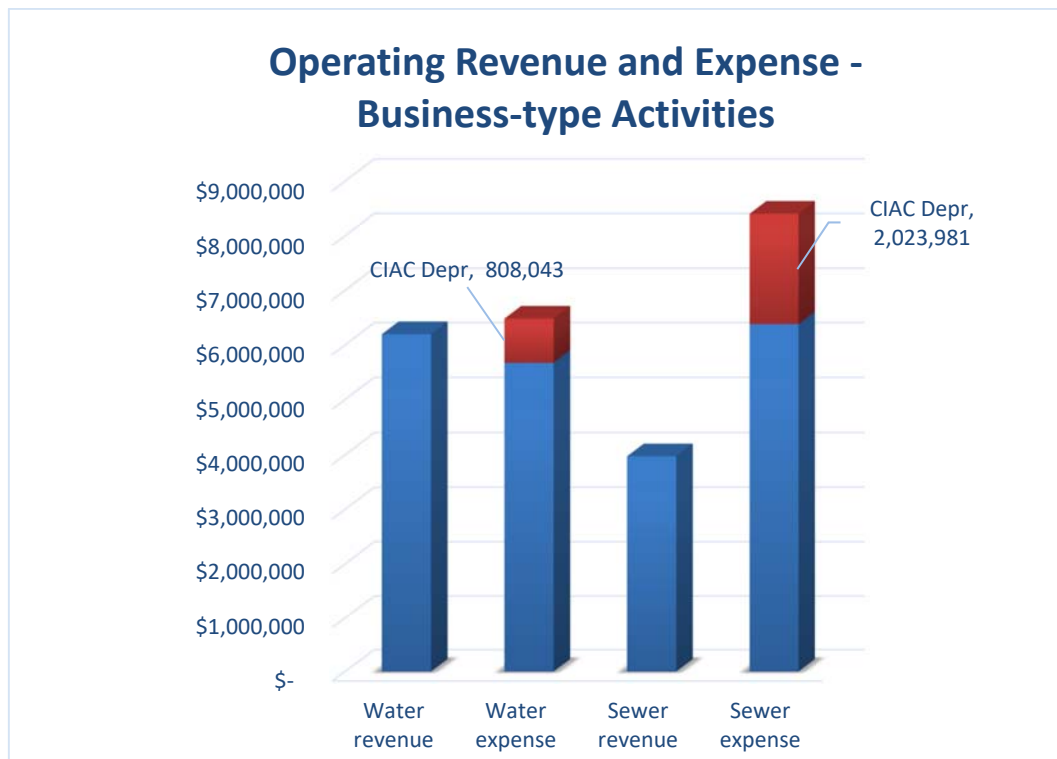
Business-type activities

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.

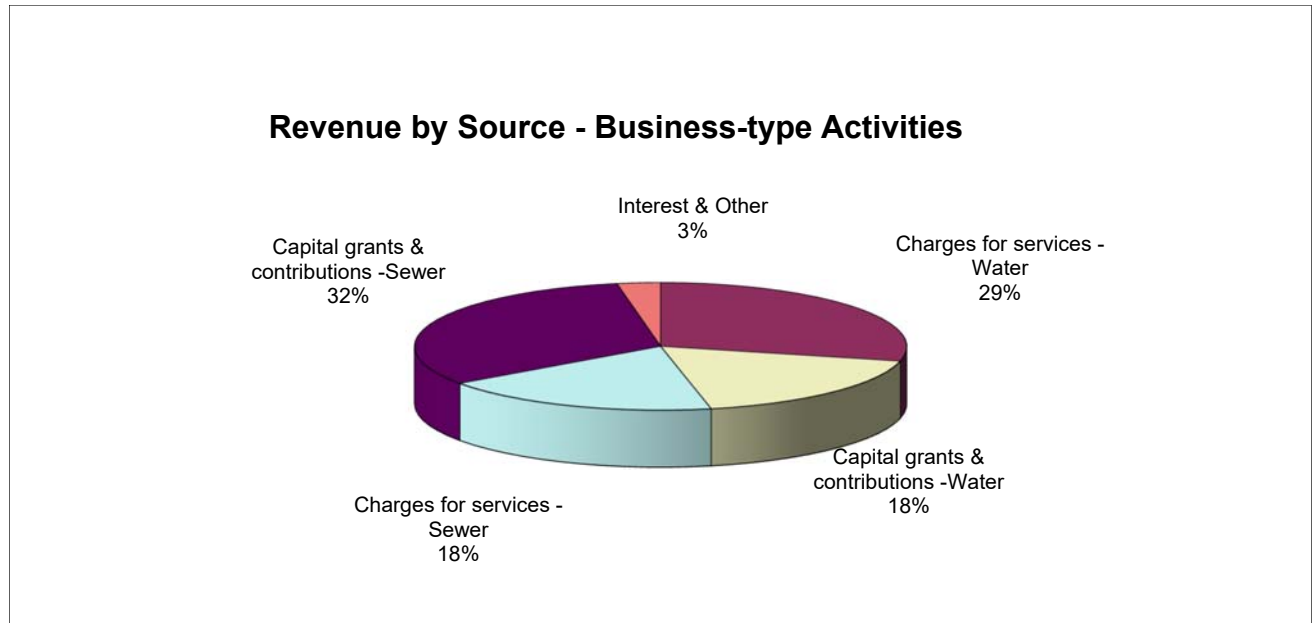
Utility rates in both Water & Sewer do not recover the cost of contributed assets. As replacements of those assets occur, future rates will rise to recover the replacement costs. Water mains were replaced in the older Rawson Homes subdivision in 2019.

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



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.

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

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	216,750,485	142,160,076	358,910,561
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	9,198,609	465,088	9,663,697
Total deferred outflow of resources	9,198,609	465,088	9,663,697
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	61,350,728	19,071,998	80,422,726
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	38,484,808	642,732	39,127,540
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	\$ 126,113,558	\$ 122,910,434	\$ 249,023,992

See accompanying notes to the financial statements.

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

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		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	<u>38,302,433</u>	<u>8,045,930</u>	<u>3,818,957</u>	<u>3,632,379</u>	<u>(22,805,167)</u>	<u>-</u>	<u>(22,805,167)</u>
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	<u>12,052,961</u>	<u>10,168,857</u>	<u>-</u>	<u>2,491,601</u>	<u>-</u>	<u>607,497</u>	<u>607,497</u>
Total primary government	<u>\$ 50,355,394</u>	<u>\$ 18,214,787</u>	<u>\$ 3,818,957</u>	<u>\$ 6,123,980</u>	<u>(22,805,167)</u>	<u>607,497</u>	<u>(22,197,670)</u>
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					<u>20,638,933</u>	<u>7,898,996</u>	<u>28,537,929</u>
Change in net position					(2,166,234)	8,506,493	6,340,259
Net position - beginning					<u>128,279,792</u>	<u>114,403,941</u>	<u>242,683,733</u>
Net position - ending					<u>\$ 126,113,558</u>	<u>\$ 122,910,434</u>	<u>\$ 249,023,992</u>

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	<u>1,148,322</u>	<u>-</u>	<u>8,304,052</u>	<u>1,423,082</u>	<u>10,875,456</u>
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	<u>19,188,734</u>	<u>1,118,692</u>	<u>8,308,985</u>	<u>3,957,749</u>	<u>32,574,160</u>
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)	<u>9,199,013</u>	<u>476,871</u>	<u>(1,550,840)</u>	<u>19,059,507</u>	<u>27,184,551</u>
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)
		(50,868,303)
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					Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals	
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 Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer 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	649,674	589,060	(1,918,868)	(1,876,096)	(1,269,194)	755,110
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	20,915,471	20,915,471	
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	77,043,383	68,122,486	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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
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	<u>287,206</u>	<u>-</u>	<u>287,206</u>
Total deferred inflows of resources for governmental funds	<u>\$ 5,385,206</u>	<u>\$ 27,188,954</u>	<u>\$ 32,574,160</u>

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	<u>1,160,686</u>	<u>5,449,095</u>	<u>-</u>	<u>-</u>	<u>6,609,781</u>
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	<u>142,378,650</u>	<u>5,472,268</u>	<u>-</u>	<u>-</u>	<u>147,850,918</u>
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	<u>39,940,980</u>	<u>2,992,987</u>	<u>-</u>	<u>-</u>	<u>42,933,967</u>
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>\$ 110,933,188</u>	<u>\$ 7,701,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,634,388</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:

	Governmental Activities	Business-Type Activities	Total
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)

<u>Payable Fund</u>	<u>Receivable Fund</u>			<u>Due within one year</u>
	<u>General</u>	<u>Development Fund</u>	<u>Total</u>	
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:

	<u>Transfers Out</u>				
	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Fund Totals</u>
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	194,705	270,572	259,601	205,676	205,675
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	1,791,904	-	956,110	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	<u>388,940</u>
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)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

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	<u>1,568,169</u>	<u>-</u>
Total	<u>\$ 8,307,080</u>	<u>\$ 10,020,052</u>

**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:

Year ended December 31:

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/Merit	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:

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
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	<u>26</u>
Total	<u><u>62</u></u>

**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:

<u>Year Ended December 31:</u>	
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 (5.50%)	Current Discount Rate (6.50%)	1% Increase to Discount Rate (7.50%)
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 by 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:

<u>Employee Group</u>	<u>#</u>	<u>City Amount</u>	<u>Age</u>	<u>Years Service</u>
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	(469,392)	(469,392)	-
Estimated Balance at December 31, 2020	\$ 8,671,008	\$ 7,547,379	\$ 1,123,629
Difference between estimated and actual Plan Fiduciary Net Position	-	247,535	(247,535)
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 <u>(-5.5%)</u>	Current Discount Rate <u>(-6.50%)</u>	1% Increase to Discount Rate <u>(-7.50%)</u>
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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>-</u>	<u>399,071</u>
Total	<u>\$ 288,417</u>	<u>\$ 575,071</u>

**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	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)
Net Change in Total Pension Liability	<u>1,246,391</u>	<u>95,702</u>	<u>1,600,492</u>	<u>104,877</u>	<u>1,199,034</u>	<u>(730,592)</u>
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	<u>452,158</u>	<u>35,687</u>	<u>395,018</u>	<u>2,104,324</u>	<u>(581,233)</u>	<u>1,485,303</u>
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	\$ 2,033,751	\$ 2,504,153	\$ 1,819,956	\$ 876,094
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

	2017	Fiscal Year Ending		2020
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
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	<u>\$ 1,929,991</u>	<u>\$ 140,842</u>	<u>\$ 2,365,255</u>	<u>\$ 3,636</u>	<u>\$ 241,256</u>	<u>\$ 69,568</u>	<u>\$ 481,737</u>	<u>\$ 321,505</u>	<u>\$ 5,553,790</u>
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	<u>44,163</u>	<u>80</u>	<u>404,813</u>	<u>-</u>	<u>5,520</u>	<u>300</u>	<u>92,797</u>	<u>49,129</u>	<u>596,802</u>
DEFERRED INFLOWS OF RESOURCES									
Unearned revenue	1,337,200	-	1,548,035	-	-	-	-	-	2,885,235
FUND BALANCES									
Restricted:									
Donations	-	-	-	-	235,736	-	-	-	235,736
Health services	-	-	-	-	-	-	-	272,376	272,376
Library services	548,628	140,762	-	-	-	-	-	-	689,390
Solid waste	-	-	412,407	-	-	-	-	-	412,407
Recreational services	-	-	-	3,636	-	69,268	-	-	72,904
Tourism Commission	-	-	-	-	-	-	388,940	-	388,940
Total fund balances	<u>548,628</u>	<u>140,762</u>	<u>412,407</u>	<u>3,636</u>	<u>235,736</u>	<u>69,268</u>	<u>388,940</u>	<u>272,376</u>	<u>2,071,753</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,929,991</u>	<u>\$ 140,842</u>	<u>\$ 2,365,255</u>	<u>\$ 3,636</u>	<u>\$ 241,256</u>	<u>\$ 69,568</u>	<u>\$ 481,737</u>	<u>\$ 321,505</u>	<u>\$ 5,553,790</u>

(Continued)

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

	Capital Projects Funds						Total	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	\$ 15,773,679
Receivables								
Accounts	5,100	-	737,130	-	-	-	742,230	840,730
Taxes	296,000	-	-	-	52,753	-	348,753	3,266,820
Special assessments	-	-	-	-	268,514	-	268,514	268,514
Due from other governments	-	-	-	-	-	-	-	45,595
Long-term advances	-	-	-	-	-	4,245,000	4,245,000	4,245,000
Total assets	<u>\$ 1,069,727</u>	<u>\$ 2,435,786</u>	<u>\$ 2,753,994</u>	<u>\$ 602,990</u>	<u>\$ 2,656,691</u>	<u>\$ 9,367,360</u>	<u>\$ 18,886,548</u>	<u>\$ 24,440,338</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 81,484	\$ 45,950	\$ 223,201	\$ -	\$ -	\$ 182	\$ 350,817	\$ 945,438
Accrued liabilities	-	-	-	-	-	475,463	475,463	477,644
Total liabilities	<u>81,484</u>	<u>45,950</u>	<u>223,201</u>	<u>-</u>	<u>-</u>	<u>475,645</u>	<u>826,280</u>	<u>1,423,082</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	508,000	-	268,514	-	776,514	776,514
Unearned revenue	296,000	-	-	-	-	-	296,000	3,181,235
Total Unavailable and Unearned Revenue	<u>296,000</u>	<u>-</u>	<u>508,000</u>	<u>-</u>	<u>268,514</u>	<u>-</u>	<u>1,072,514</u>	<u>3,957,749</u>
FUND BALANCES								
Restricted:								
Utility improvements	-	-	-	-	2,388,177	-	2,388,177	2,388,177
Development	-	-	-	-	-	8,891,715	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:								
Capital projects	692,243	2,389,836	2,022,793	602,990	-	-	5,707,862	5,707,862
Total fund balances	<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>	<u>19,059,507</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,069,727</u>	<u>\$ 2,435,786</u>	<u>\$ 2,753,994</u>	<u>\$ 602,990</u>	<u>\$ 2,656,691</u>	<u>\$ 9,367,360</u>	<u>\$ 18,886,548</u>	<u>\$ 24,440,338</u>

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								
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	Total
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	<u>1,419,499</u>	<u>39,339</u>	<u>1,970,509</u>	<u>-</u>	<u>103,511</u>	<u>-</u>	<u>35,004</u>	<u>1,073,240</u>	<u>4,641,102</u>
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	<u>1,434,298</u>	<u>46,022</u>	<u>2,013,227</u>	<u>-</u>	<u>29,117</u>	<u>8,048</u>	<u>116,015</u>	<u>999,425</u>	<u>4,646,152</u>
Excess (deficiency) of revenue over expenditures	<u>(14,799)</u>	<u>(6,683)</u>	<u>(42,718)</u>	<u>-</u>	<u>74,394</u>	<u>(8,048)</u>	<u>(81,011)</u>	<u>73,815</u>	<u>(5,050)</u>
Fund balances - beginning	<u>563,427</u>	<u>147,445</u>	<u>455,125</u>	<u>3,636</u>	<u>161,342</u>	<u>77,316</u>	<u>469,951</u>	<u>198,561</u>	<u>2,076,803</u>
Fund balances - ending	<u>\$ 548,628</u>	<u>\$ 140,762</u>	<u>\$ 412,407</u>	<u>\$ 3,636</u>	<u>\$ 235,736</u>	<u>\$ 69,268</u>	<u>\$ 388,940</u>	<u>\$ 272,376</u>	<u>\$ 2,071,753</u>

(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	\$ 1,668,071
Intergovernmental revenue	18,573	187,106	608,365	868,993	-	-	1,683,037	2,856,503
Public charges for services	472,300	400,000	878,313	350,015	-	-	2,100,628	4,009,106
Special assessments	-	-	-	-	167,773	1,230,313	1,398,086	1,398,086
Investment earnings	10,544	59,471	15,721	7,942	25,607	137,294	256,579	290,673
Miscellaneous revenue	22,205	-	-	-	-	-	22,205	174,898
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>	<u>10,397,337</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	27,769	27,769	72,618
Public safety	-	-	-	-	-	-	-	588,507
Public works	-	-	-	-	-	-	-	2,024,374
Health and human services	-	-	-	-	-	-	-	346,721
Culture and recreation	-	-	-	-	-	-	-	1,369,451
Conservation and development	-	-	-	-	-	-	-	6,429
Capital outlay	<u>722,791</u>	<u>806,366</u>	<u>2,395,669</u>	<u>1,130,167</u>	<u>-</u>	<u>580,045</u>	<u>5,635,038</u>	<u>5,900,859</u>
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>	<u>10,308,959</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>	<u>88,378</u>
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	55,622	21,563	-	-	-	-	77,185	77,185
Transfers in	48,379	-	903,587	-	-	-	951,966	951,966
Transfers out	-	-	-	-	-	(701,537)	(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>	<u>327,614</u>
Net change in fund balances	200,532	(138,226)	10,317	96,783	193,380	58,256	421,042	415,992
Fund balances - beginning	<u>491,711</u>	<u>2,528,062</u>	<u>2,012,476</u>	<u>506,207</u>	<u>2,194,797</u>	<u>8,833,459</u>	<u>16,566,712</u>	<u>18,643,515</u>
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>	<u>\$ 19,059,507</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 tippage 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

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
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>	(641,689)	<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

	<u>Library Operating Fund</u>			<u>Library Auxiliary Fund</u>		
	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Excess (Deficiency)</u>	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Excess (Deficiency)</u>
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	<u>1,415,500</u>	<u>1,419,499</u>	<u>3,999</u>	<u>68,500</u>	<u>39,339</u>	<u>(29,161)</u>
EXPENDITURES						
Current:						
Culture and recreation	1,312,619	1,314,671	(2,052)	52,100	37,942	14,158
Capital outlay	<u>154,000</u>	<u>121,142</u>	<u>32,858</u>	<u>16,400</u>	<u>8,080</u>	<u>8,320</u>
Total expenditures	<u>1,466,619</u>	<u>1,435,813</u>	<u>30,806</u>	<u>68,500</u>	<u>46,022</u>	<u>22,478</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(51,119)</u>	<u>(16,314)</u>	<u>34,805</u>	<u>-</u>	<u>(6,683)</u>	<u>(6,683)</u>
Net change in fund balances - budgetary basis	<u>\$ (51,119)</u>	<u>(16,314)</u>	<u>\$ 34,805</u>	<u>\$ -</u>	<u>(6,683)</u>	<u>\$ (6,683)</u>
Adjustments to generally accepted accounting principles basis						
2020 encumbrances		<u>1,515</u>			-	
Net change in fund balances - generally accepted accounting principles basis		<u>(14,799)</u>			<u>(6,683)</u>	
Fund balances - beginning		<u>563,427</u>			<u>147,445</u>	
Fund balances - ending		<u>\$ 548,628</u>			<u>\$ 140,762</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

	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

	<u>Donations Fund</u>					<u>Civic Celebrations Fund</u>		
	<u>Original Budget</u>	<u>Change Inc (Dec)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Excess (Deficiency)</u>	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Excess (Deficiency)</u>
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	-	-	-	149	(149)	-	-	-
Public Safety	68,950	-	68,950	28,968	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				
	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,179	\$ -	\$ 210,179	\$ 31,871	\$ (178,308)
Intergovernmental revenue	254,750	650,000	904,750	1,059,037	154,287	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	2,633	2,633
Miscellaneous revenue	2,080	-	2,080	14,203	12,123	-	-	-	500	500
Total revenue	<u>256,830</u>	<u>650,000</u>	<u>906,830</u>	<u>1,073,240</u>	<u>166,410</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	5,300	-	-	-	-	-
Public safety	6,000	570,000	576,000	559,539	16,461	-	-	-	-	-
Public works	-	15,000	15,000	11,147	3,853	-	-	-	-	-
Health and human services	296,054	70,000	366,054	346,721	19,333	-	-	-	-	-
Culture and recreation	-	-	-	8,790	(8,790)	-	-	-	-	-
Conservation and development	-	-	-	-	-	439,000	(108,629) ¹	330,371	30,482	299,889
Capital outlay	25,000	-	25,000	28,528	(3,528)	-	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>32,629</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>199,039</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>\$ 199,039</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									<u>25,424</u>	
Net change in fund balances - generally accepted accounting principles basis				<u>73,815</u>					<u>(81,011)</u>	
Fund balances - beginning				<u>198,561</u>					<u>469,951</u>	
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) ²	475,000	472,300	(2,700)	677,600	(277,600) ²	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	<u>989,350</u>	<u>190,027</u> ¹	<u>1,179,377</u>	<u>827,582</u>	<u>351,795</u>	<u>850,000</u>	<u>237,142</u> ¹	<u>1,087,142</u>	<u>869,690</u>	<u>217,452</u>
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>	95,741	<u>\$ 359,214</u>	<u>\$ (78,500)</u>	<u>\$ (514,742)</u>	<u>\$ (593,242)</u>	(201,550)	<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				200,532					(138,226)	
Fund balances - beginning				491,711				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

	<u>Capital Improvement Fund</u>					<u>Street Improvement Fund</u>				
	<u>Original Budget</u>	<u>Change Inc (Dec)</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>	<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										
Intergovernmental revenue	\$ 500,000	\$ 943,000	1 \$ 1,443,000	\$ 608,365	\$ (834,635)	\$ 845,000	\$ -	\$ 845,000	\$ 868,993	\$ 23,993
Public charges for services - Landfill siting	722,000	(542,000)	2 180,000	878,313	698,313	368,500	(18,500)	2 350,000	350,015	15
Investment earnings (loss)	25,000	-	25,000	15,721	(9,279)	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>(145,601)</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	3 6,682,470	2,170,542	4,511,928	1,300,000	187,936	3 1,487,936	1,026,464	461,472
Total expenditures	4,920,000	1,762,470	6,682,470	2,170,542	4,511,928	1,300,000	187,936	1,487,936	1,026,464	461,472
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>4,366,327</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	(2,009,313)	-	-	-	-	-
Net change in fund balances - budgetary basis	<u>\$ (831,500)</u>	<u>\$ (1,290,070)</u>	<u>\$ (2,121,570)</u>	235,444	<u>\$ 2,357,014</u>	<u>\$ (81,700)</u>	<u>\$ (206,436)</u>	<u>\$ (288,136)</u>	200,486	<u>\$ 488,622</u>
Adjustments to generally accepted accounting principles basis										
2019 encumbrances				(1,356,570)					(103,703)	
2020 encumbrances				<u>1,131,443</u>					<u>-</u>	
Net change in fund balances - generally accepted accounting principles basis				10,317					96,783	
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	<u>953,200</u>	<u>(376,968)</u>	<u>576,232</u>	<u>1,040,438</u>	<u>464,206</u>	<u>122,500</u>	<u>(29,500)</u>	<u>93,000</u>	<u>193,380</u>	<u>100,380</u>
OTHER FINANCING SOURCES (USES)										
Transfers out	<u>(1,075,442)</u>	<u>(71,400)</u>	<u>(1,146,842)</u>	<u>(701,537)</u>	<u>445,305</u>	<u>(1,000,000)</u>	<u>-</u>	<u>(1,120,000)</u>	<u>-</u>	<u>1,120,000</u>
Net change in fund balances - budgetary basis	<u>\$ (122,242)</u>	<u>\$ (448,368)</u>	<u>\$ (570,610)</u>	338,901	<u>\$ 909,511</u>	<u>\$ (877,500)</u>	<u>\$ (29,500)</u>	<u>\$ (1,027,000)</u>	193,380	<u>\$ 1,220,380</u>
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	<u>\$ 3,232,141</u>	<u>\$ 2,261,102</u>	<u>\$ 946,767</u>	<u>\$ 3,526,359</u>	<u>\$ 5,026,398</u>	<u>\$ 69,430</u>	<u>\$ 15,062,197</u>
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	<u>865,126</u>	<u>2,620,884</u>	<u>157</u>	<u>2,940,244</u>	<u>1,745,000</u>	<u>132,641</u>	<u>8,304,052</u>
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	<u>2,067,579</u>	<u>1,160,642</u>	<u>478,853</u>	<u>-</u>	<u>4,601,911</u>	<u>-</u>	<u>8,308,985</u>
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)	<u>299,436</u>	<u>(1,520,424)</u>	<u>467,757</u>	<u>586,115</u>	<u>(1,320,513)</u>	<u>(63,211)</u>	<u>(1,550,840)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,232,141</u>	<u>\$ 2,261,102</u>	<u>\$ 946,767</u>	<u>\$ 3,526,359</u>	<u>\$ 5,026,398</u>	<u>\$ 69,430</u>	<u>\$ 15,062,197</u>

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	<u>1,920,796</u>	<u>1,339,443</u>	<u>878,721</u>	<u>28,199</u>	<u>130,043</u>	<u>-</u>	<u>4,297,202</u>
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	<u>1,513,270</u>	<u>6,927,807</u>	<u>14,570,203</u>	<u>8,023,728</u>	<u>4,793,564</u>	<u>63,211</u>	<u>35,891,783</u>
Excess (deficiency) of revenue over expenditures	<u>407,526</u>	<u>(5,588,364)</u>	<u>(13,691,482)</u>	<u>(7,995,529)</u>	<u>(4,663,521)</u>	<u>(63,211)</u>	<u>(31,594,581)</u>
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)	<u>-</u>	<u>-</u>	<u>9,704,526</u>	<u>3,139,794</u>	<u>-</u>	<u>-</u>	<u>12,844,320</u>
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	<u>(108,090)</u>	<u>4,067,940</u>	<u>4,454,713</u>	<u>5,441,850</u>	<u>3,343,008</u>	<u>-</u>	<u>17,199,421</u>
Fund balances (deficit) - ending	<u>\$ 299,436</u>	<u>\$ (1,520,424)</u>	<u>\$ 467,757</u>	<u>\$ 586,115</u>	<u>\$ (1,320,513)</u>	<u>\$ (63,211)</u>	<u>\$ (1,550,840)</u>

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>-</u>	<u>1,941,500</u>	<u>1,920,796</u>	<u>(20,704)</u>	<u>1,387,600</u>	<u>-</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	-	-	-	-	-	23,040	1,520,675	1,543,715	558,111	985,604
Conservation and development	711,705	49,000	760,705	760,705	-	-	10,700	10,700	(9,300)	20,000
Capital outlay	-	-	-	-	-	700	10,236,906 ¹	10,237,606	6,598,494	3,639,112
Debt Service										
Principal	665,000	-	665,000	665,000	-	-	-	-	-	-
Interest	80,265	-	80,265	80,265	-	-	-	-	-	-
Total expenditures	<u>1,469,520</u>	<u>49,000</u>	<u>1,518,520</u>	<u>1,513,270</u>	<u>5,250</u>	<u>31,290</u>	<u>11,783,281</u>	<u>11,814,571</u>	<u>7,144,591</u>	<u>4,669,980</u>
Excess (deficiency) of revenue over expenditures	<u>471,980</u>	<u>(49,000)</u>	<u>422,980</u>	<u>407,526</u>	<u>(15,454)</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>
OTHER FINANCING SOURCES										
General obligation debt issued	-	-	-	-	-	6,200,000	-	6,200,000	-	(6,200,000)
Net change in fund balances - budgetary basis	<u>\$ 471,980</u>	<u>\$ (49,000)</u>	<u>\$ 422,980</u>	<u>407,526</u>	<u>\$ (15,454)</u>	<u>\$ 7,556,310</u>	<u>\$ (11,783,281)</u>	<u>\$ (4,226,971)</u>	<u>(5,805,148)</u>	<u>\$ (1,578,177)</u>
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				407,526					(5,588,364)	
Fund balances (deficit) - beginning				<u>(108,090)</u>					<u>4,067,940</u>	
Fund balances (deficit) - ending				<u>\$ 299,436</u>					<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	-	32,500	28,199	(4,301)
Total revenue	<u>769,900</u>	<u>-</u>	<u>769,900</u>	<u>878,721</u>	<u>108,821</u>	<u>32,500</u>	<u>-</u>	<u>32,500</u>	<u>28,199</u>	<u>(4,301)</u>
EXPENDITURES										
General government	18,100	19,959	38,059	5,186	32,873	10,650	20,000	30,650	29,941	709
Public works	9,500	4,929	14,429	2,305	12,124	28,040	140,000	168,040	167,721	319
Conservation and development	700	7,250	7,950	(3,300)	11,250	700	16,156	16,856	16,044	812
Capital outlay	-	-	-	-	-	3,000,000	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	<u>919,063</u>	<u>13,607,138</u>	<u>14,526,201</u>	<u>14,554,344</u>	<u>(28,143)</u>	<u>3,365,980</u>	<u>6,176,156</u>	<u>9,542,136</u>	<u>8,022,572</u>	<u>1,519,564</u>
Excess (deficiency) of revenue over expenditures	<u>(149,163)</u>	<u>(13,607,138)</u>	<u>(13,756,301)</u>	<u>(13,675,623)</u>	<u>80,678</u>	<u>(3,333,480)</u>	<u>(6,176,156)</u>	<u>(9,509,636)</u>	<u>(7,994,373)</u>	<u>1,515,263</u>
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)	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,704,526</u>	<u>9,704,526</u>	<u>3,250,000</u>	<u>-</u>	<u>3,250,000</u>	<u>3,139,794</u>	<u>(110,206)</u>
Net change in fund balances - budgetary basis	<u>\$ (149,163)</u>	<u>\$ (13,607,138)</u>	<u>\$ (13,756,301)</u>	<u>(3,971,097)</u>	<u>\$ 9,785,204</u>	<u>\$ (83,480)</u>	<u>\$ (6,176,156)</u>	<u>\$ (6,259,636)</u>	<u>(4,854,579)</u>	<u>\$ 1,405,057</u>
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				<u>(3,986,956)</u>					<u>(4,855,735)</u>	
Fund balances - beginning				<u>4,454,713</u>					<u>5,441,850</u>	
Fund balances - ending				<u>\$ 467,757</u>					<u>\$ 586,115</u>	

(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 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 ¹	4,524,800	4,497,500	27,300
Capital outlay	-	170,000	170,000	166,663	3,337
Debt Service					
Interest	<u>268,549</u>	<u>-</u>	<u>268,549</u>	<u>116,072</u>	<u>152,477</u>
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	<u>\$ (12,549)</u>	<u>\$ (4,694,100)</u>	<u>\$ (4,706,649)</u>	<u>(4,660,321)</u>	<u>\$ 46,328</u>
Adjustments to generally accepted accounting principles basis					
2019 encumbrances				(9,100)	
2020 encumbrances				<u>5,900</u>	
Net change in fund balances - generally accepted accounting principles basis				(4,663,521)	
Fund balances - beginning				<u>3,343,008</u>	
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			
Incurred 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

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure Improvements</u>	<u>Construction In process</u>	<u>Total</u>
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>-</u>	<u>-</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>-</u>	<u>-</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>-</u>	<u>-</u>	<u>15,723,163</u>
Conservation and Development:						
Planning	-	-	48,185	-	-	48,185
Total Conservation and Development	<u>-</u>	<u>-</u>	<u>48,185</u>	<u>-</u>	<u>-</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

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets</u>			
	<u>12/31/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20</u>
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	<u>\$ 194,910,854</u>	<u>\$ 14,056,671</u>	<u>\$ 3,823,175</u>	<u>\$ 205,144,350</u>

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)

	<u>2020</u>	<u>2019</u>	<u>2018</u> *	<u>2017</u>	Fiscal Year <u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u> (2)	<u>2011</u>
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	4,889,704	1,487,025	2,582,464
Total governmental activities net position	<u>\$ 126,113,558</u>	<u>\$ 128,279,792</u>	<u>\$ 134,415,358</u>	<u>\$ 137,616,975</u>	<u>\$ 135,778,188</u>	<u>\$ 131,047,147</u>	<u>\$ 122,708,989</u>	<u>\$ 118,000,800</u>	<u>\$ 113,442,058</u>	<u>\$ 107,969,822</u>
Business-type activities					(1)					
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					
Unrestricted	4,681,817	3,997,436	4,861,140	4,179,263	3,450,718	2,853,728	4,015,630	3,017,842	2,518,834	3,171,123
Total business-type activities net position	<u>\$ 122,910,434</u>	<u>\$ 114,403,941</u>	<u>\$ 108,831,292</u>	<u>\$ 110,957,113</u>	<u>\$ 113,160,845</u>	<u>\$ 92,071,540</u>	<u>\$ 92,896,445</u>	<u>\$ 92,390,256</u>	<u>\$ 92,251,424</u>	<u>\$ 93,015,561</u>
Total	(3)	(3)	(3)	(3)	(3)					
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	(895,974)	(4,173,375)	10,383,495	15,637,898	18,392,464	19,255,669	12,864,290	7,907,546	4,005,859	5,753,587
Total net position	<u>\$ 249,023,992</u>	<u>\$ 242,683,733</u>	<u>\$ 243,246,650</u>	<u>\$ 248,574,088</u>	<u>\$ 248,939,033</u>	<u>\$ 223,118,687</u>	<u>\$ 215,605,434</u>	<u>\$ 210,391,056</u>	<u>\$ 205,693,482</u>	<u>\$ 200,985,383</u>

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	18,398,830	16,959,091	16,194,631	16,484,847	17,228,769	16,622,386
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	1,478,889	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	165,254	313,301	405,022	582,211	802,562	1,272,721	1,553,257
Total governmental activities expenses	<u>38,302,433</u>	<u>45,447,414</u>	<u>42,786,445</u>	<u>33,471,644</u>	<u>33,562,154</u>	<u>31,930,769</u>	<u>29,927,068</u>	<u>29,712,367</u>	<u>30,491,161</u>	<u>31,019,049</u>
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	3,640,106	3,373,459
Total business-type activities expenses	<u>12,052,961</u>	<u>11,561,181</u>	<u>11,463,606</u>	<u>11,154,576</u>	<u>11,390,434</u>	<u>9,914,508</u>	<u>9,258,690</u>	<u>9,185,467</u>	<u>8,704,255</u>	<u>7,624,646</u>
Total expenses	<u>\$ 50,355,394</u>	<u>\$ 57,008,595</u>	<u>\$ 54,250,051</u>	<u>\$ 44,626,220</u>	<u>\$ 44,952,588</u>	<u>\$ 41,845,277</u>	<u>\$ 39,185,758</u>	<u>\$ 38,897,834</u>	<u>\$ 39,195,416</u>	<u>\$ 38,643,695</u>
Program Revenue										
Governmental activities:									**	
Charges for services:										
General government	\$ 220,817	\$ 186,597	\$ 195,685	\$ 150,998	\$ 138,723	\$ 150,787	\$ 213,328	\$ 251,573	\$ 163,947	\$ 217,360
Public safety	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 works	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
Health and human services	128,691	209,064	210,718	181,625	184,304	164,674	115,650	118,702	126,516	105,686
Culture and recreation	59,478	193,019	191,991	204,845	176,065	146,594	118,008	113,217	45,992	181,414
Conservation and development	139,094	150,570	160,257	152,247	122,264	152,588	51,917	63,366	73,530	78,667
Operating grants and contributions	3,818,957	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
Capital grants and contributions	3,632,379	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
Total governmental activities program revenue	<u>15,497,266</u>	<u>15,285,821</u>	<u>11,539,111</u>	<u>10,734,050</u>	<u>11,334,941</u>	<u>8,650,984</u>	<u>8,744,740</u>	<u>8,893,886</u>	<u>8,437,906</u>	<u>7,716,926</u>
Business-type activities										
Charges for services:										
Water	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
Sewer	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
Capital grants and contributions	2,491,601	1,893,179	-	-	349,952	566,251	238,557	-	-	-
Total business-type activities program revenue	<u>12,660,458</u>	<u>11,517,565</u>	<u>9,666,202</u>	<u>9,370,939</u>	<u>9,733,075</u>	<u>9,516,561</u>	<u>8,927,173</u>	<u>8,647,731</u>	<u>8,503,708</u>	<u>7,663,852</u>
Total program revenue	<u>\$ 28,157,724</u>	<u>\$ 26,803,386</u>	<u>\$ 21,205,313</u>	<u>\$ 20,104,989</u>	<u>\$ 21,068,016</u>	<u>\$ 18,167,545</u>	<u>\$ 17,671,913</u>	<u>\$ 17,541,617</u>	<u>\$ 16,941,614</u>	<u>\$ 15,380,778</u>

** Restated - In 2012 the Solid Waste Fee began

*** Implemented GASB 68

**** Implemented GASB 75

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	\$ (22,805,167)	\$ (30,161,593)	\$ (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	\$ (22,197,670)	\$ (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	1,085,976	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	27,419,864	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	(377,730)	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	\$ 4,558,742	\$ 5,472,236	\$ 7,688,641
Governmental activities - prior period adjustment	-	-	-	(2,296,828)	-	4,198,079	-	-	-	-
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	\$ (562,917)	\$ (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:										
Inventories and prepaid items	\$ 38,684	\$ 19,490	\$ 57,423	\$ 15,848	\$ 46,342	\$ 41,186	\$ 78,455	\$ 45,866	\$ 62,936	\$ 55,820
Advances to other funds	206,450	136,200	219,700	230,700	2,248,616	2,198,616	2,198,616	505,040	-	-
Assigned - Purchase Orders	315,823	132,393	271,970	150,565	61,626	147,121	207,270			
Unassigned	<u>8,638,056</u>	<u>8,345,671</u>	<u>6,787,184</u>	<u>6,190,398</u>	<u>5,334,100</u>	<u>6,662,986</u>	<u>6,148,771</u>	<u>7,230,661</u>	<u>6,439,199</u>	<u>6,065,053</u>
Total general fund	<u>9,199,013</u>	<u>8,633,754</u>	<u>7,336,277</u>	<u>6,587,511</u>	<u>7,690,684</u>	<u>9,049,909</u>	<u>8,633,112</u>	<u>7,781,567</u>	<u>6,502,135</u>	<u>6,120,873</u>
All other governmental funds:										
Nonspendable:										
Prepays	-	-	-	650	1,274	730	900	2,475	21,800	10,313
Restricted:										
Debt service	476,871	1,118,560	982,719	735,022	651,298	507,283	546,238	6,801,945	7,423,733	7,876,755
Utility improvements	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
Development	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
TIF Districts	1,353,308	17,307,511	12,430,497	2,405,999	2,583,687	996,460	347,978	-	-	552,904
Donations	235,736	161,342	150,606	150,136	177,333	133,678	122,550	102,326	105,238	299,982
Health services	272,376	198,561	192,510	199,428	161,571	160,003	175,220	165,846	179,239	-
Library services	689,390	710,872	630,290	580,430	494,386	523,237	596,277	579,817	520,775	492,473
Solid waste	412,407	455,125	430,747	393,677	330,883	260,944	216,385	188,307	100,546	-
Recreational services	72,904	80,952	75,743	65,727	48,386	47,656	46,151	51,476	52,244	72,857
Tourism Commission	388,940	469,951	376,069	211,793						
Assigned:										
Capital projects	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
Unassigned	<u>(2,904,148)</u>	<u>(108,090)</u>	<u>(13,344)</u>	<u>(218,450)</u>	<u>(70,316)</u>	<u>(150,927)</u>	<u>(2,196,383)</u>	<u>(5,180,799)</u>	<u>(5,965,890)</u>	<u>(3,663,211)</u>
Total all other government funds	<u>17,985,538</u>	<u>36,961,496</u>	<u>29,902,070</u>	<u>16,850,904</u>	<u>15,345,779</u>	<u>12,144,314</u>	<u>9,397,545</u>	<u>10,998,110</u>	<u>10,320,588</u>	<u>16,287,972</u>
Total fund balances	<u>\$ 27,184,551</u>	<u>\$ 45,595,250</u>	<u>\$ 37,238,347</u>	<u>\$ 23,438,415</u>	<u>\$ 23,036,463</u>	<u>\$ 21,194,223</u>	<u>\$ 18,030,657</u>	<u>\$ 18,779,677</u>	<u>\$ 16,822,723</u>	<u>\$ 22,408,845</u>

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	\$ 24,542,968	\$ 24,506,840	\$ 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	3,313,760	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	<u>41,609,146</u>	<u>42,184,781</u>	<u>38,537,791</u>	<u>33,765,755</u>	<u>34,790,125</u>	<u>34,525,150</u>	<u>34,542,513</u>	<u>34,379,526</u>	<u>34,973,793</u>	<u>38,238,172</u>
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	5,125,682	5,465,245	5,302,766	4,587,108	5,140,650	4,855,870	4,848,568	4,817,644
Health and human services	1,010,695	857,355	895,261	858,441	766,249	716,169	666,475	668,711	719,447	681,984
Culture, recreation and education	1,657,838	1,698,579	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										
Principal	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
Interest	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
Debt issuance costs	190,327	473,097	203,184	40,442	53,789	-	73,091	-	-	-
Total expenditures	<u>60,464,738</u>	<u>59,889,735</u>	<u>49,310,903</u>	<u>36,257,072</u>	<u>34,154,054</u>	<u>32,439,718</u>	<u>41,057,391</u>	<u>33,628,506</u>	<u>41,653,083</u>	<u>38,993,848</u>
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	(6,679,290)	(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)	-	-	(5,895,000)	-	-	-	-	-
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	2,398,454	2,415,916
Transfers out	(1,349,916)	(680,150)	(727,293)	(198,746)	(1,808,982)	(1,363,794)	(1,951,870)	(1,638,782)	(1,337,416)	(1,440,214)
Net change in fund balances	<u>\$ (18,410,699)</u>	<u>\$ 8,356,903</u>	<u>\$ 13,799,932</u>	<u>\$ 401,952</u>	<u>\$ 1,842,240</u>	<u>\$ 3,163,566</u>	<u>\$ (749,020)</u>	<u>\$ 1,956,954</u>	<u>\$ (5,586,123)</u>	<u>\$ 278,897</u>
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	Oak Creek/ Franklin School District	Whitnall School District	Total Assessed Value
Total	\$ 3,208,068,400	\$ 771,293,045	\$ 250,064,300	\$ 4,229,425,745

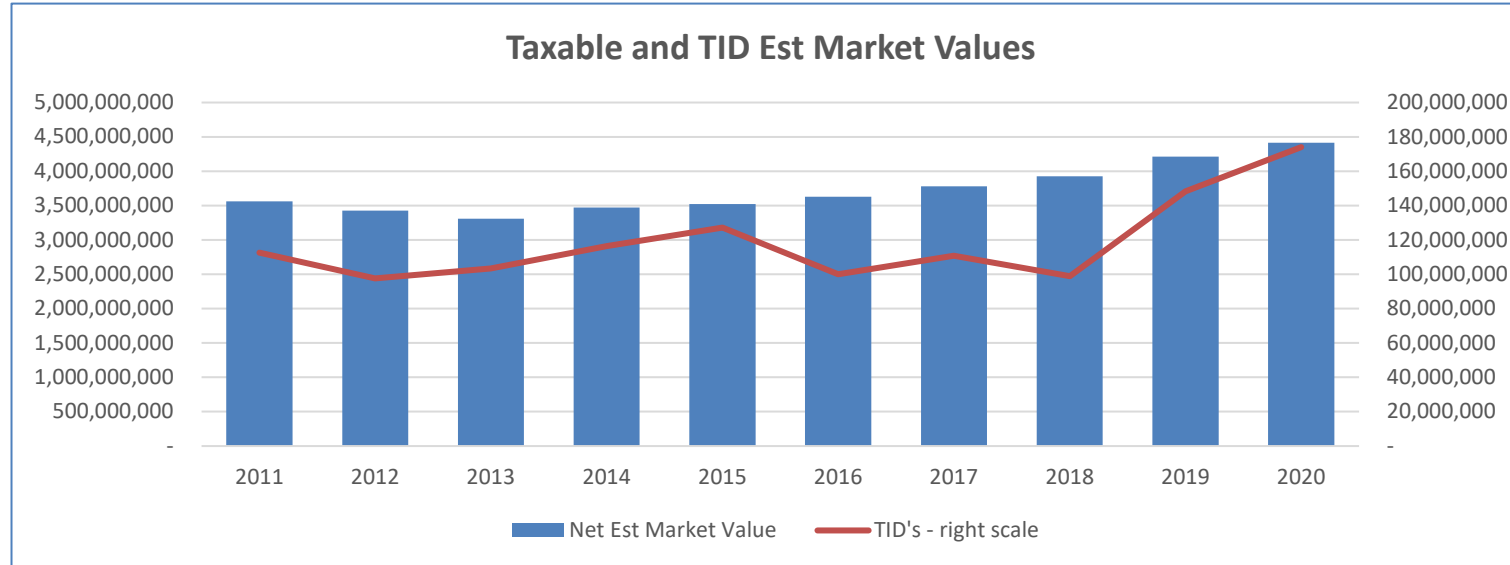
Note: Assessed values are determined by the City and the Wisconsin Department of Revenue. Estimated actual values were obtained from the Wisconsin Department of Revenue and include Wisconsin Section 70.57 adjustments.

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	Value of TID's				Pct of Total	Total TID's	Net of TID's Estimated Actual Value	Equalized Tax Rate
		TID 3	TID 4	TID 5	TID 7				
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

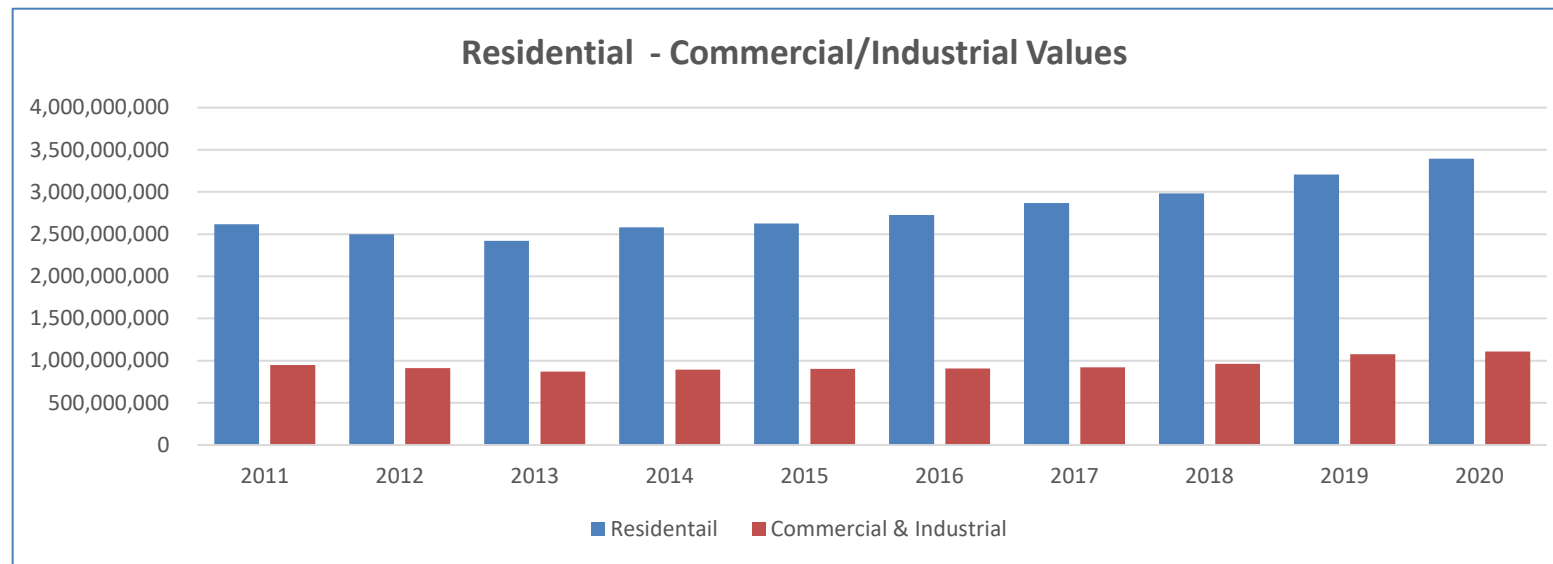


Note:

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
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
	General	Library	Debt Service	Capital Outlay	Equipment Replacement	Street Improvement	Total	School Districts			Milwaukee Area		Milwaukee Metropolitan		State	
								Franklin	Oak Creek	Whitnall	School Credits	Technical College	Milwaukee County	Sewerage District		
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

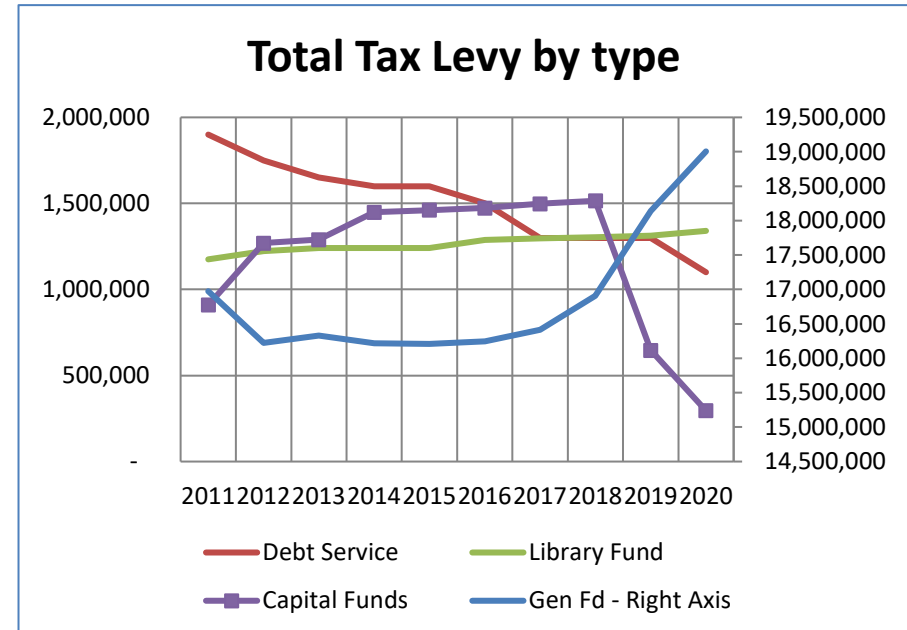
CITY OF FRANKLIN, WISCONSIN
Property Tax Levies and Collections
Last Ten Years

Fiscal Year	City Tax levy					Total Local Tax Levy	Tax increment financing	Total	Total collections	% of levy collected	Outstanding delinquent PP taxes
	General Fund	Library Fund	Capital Funds	Debt Service							
2020	\$ 19,005,700	\$ 1,340,500	\$ 295,700	\$ 1,100,000	\$ 21,741,900	\$ 3,261,911	\$ 25,003,811	\$ 25,001,212	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	23,552,311	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	23,493,585	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	22,772,580	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	23,567,148	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	23,212,140	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	23,016,525	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	22,851,675	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	22,981,469	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	27,695,587	99.99%	53,589	

Source: City of Franklin

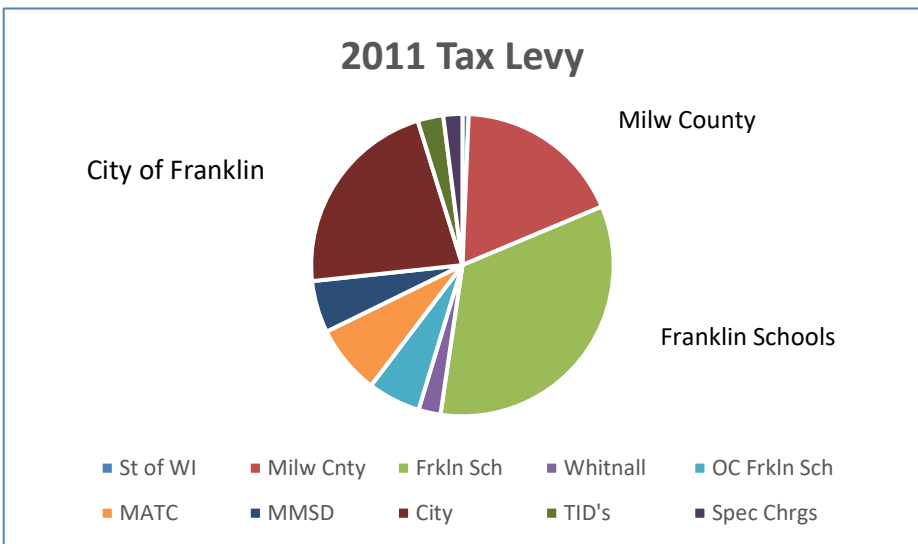
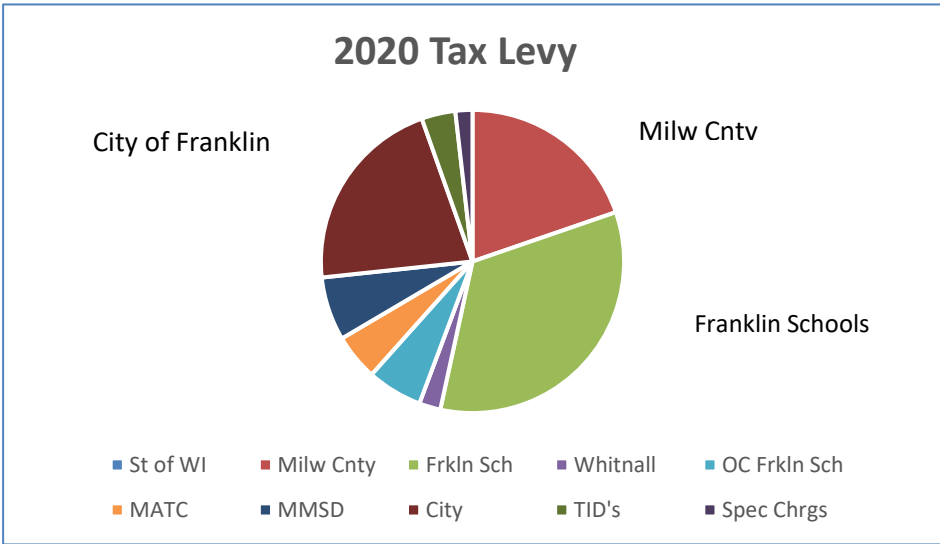
Notes: Collections in subsequent years are not shown because Milwaukee County annually purchases all of the City's outstanding delinquent real estate taxes. Payment for the real estate taxes are received by the City every August pursuant to the County's settlement procedures. Outstanding delinquent taxes 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	MATC	MMSD	Local	Tax 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

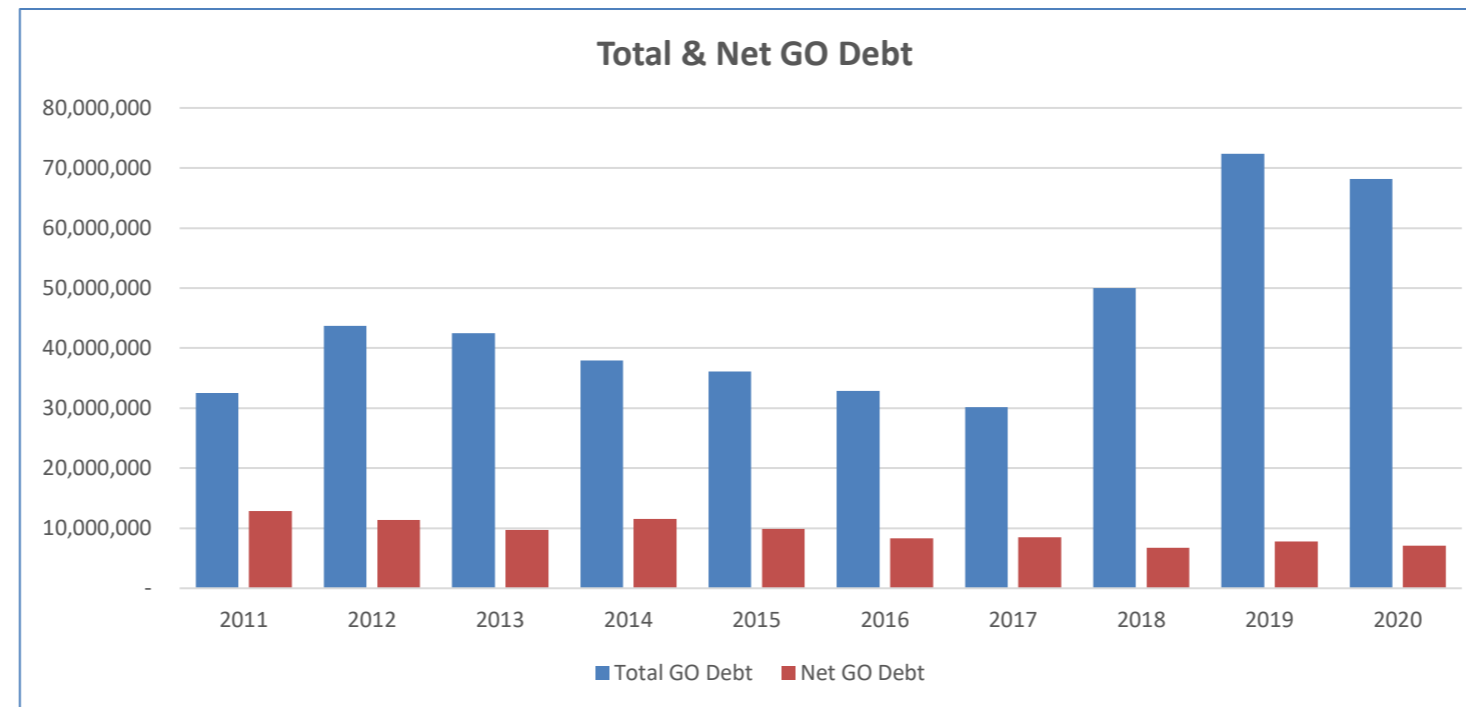


Source: State of Wisconsin Department of Revenue Statement of Taxes.

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%

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

Fiscal Year	General Bonded Debt					Total General 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		Business-type		(Discount) Premium								
	General Obligation Bonds	General Obligation Notes	Sewer General Obligation Bonds	Water General Obligation Bonds									
2020	\$45,450,000	\$ 4,870,000	\$ 16,280,069	\$ 960,000	\$ 607,360	\$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	454,716	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	150,083	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	207,197	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	246,576	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	191,221	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	252,273	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		21,387	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 levys 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					Payments		Total Payments	Unpaid Accrued Interest
	TID 3	TID 5	TID 6	TID 7	Total	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

<u>Jurisdiction</u>	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	<u>53,300,000</u>	100.00%	<u>50,934,680</u>
Total	<u>\$ 1,633,742,556</u>		<u>\$ 227,052,961</u>

<u>History</u>	Milwaukee County	School Districts			MATC	MMSD	Overlapping Debt Total	City of Franklin	Total
	Franklin	Whitnall	Oak Creek/Franklin						
2020	\$ 33,112,755	\$ 61,035,000	\$ 1,820,139	\$ 22,998,417	\$ 5,361,507	\$ 51,790,463	\$ 176,118,281	\$ 50,934,680	\$ 227,052,961
2019	34,714,136	63,700,000	2,088,927	25,434,474	5,287,206	49,779,719	181,004,462	53,746,398	234,750,860
2018	36,832,839	66,180,000	1,424,487	17,335,108	5,369,134	54,190,796	181,332,364	30,160,083	211,492,447
2017	39,459,338	69,155,000	16,338	17,951,517	5,466,807	58,329,568	190,378,568	8,845,000	199,223,568
2016	41,064,057	29,120,000	76,706	16,756,664	5,289,102	56,916,164	149,222,693	10,491,576	159,714,269
2015	41,616,636	31,360,000	31,330	17,132,063	7,686,624	61,464,077	159,290,730	12,511,221	171,801,951
2014	42,750,442	33,940,000	39,011	7,614,274	5,531,580	58,752,848	148,628,155	13,187,273	161,815,428
2013	43,757,820	36,275,000	46,013	7,680,950	5,659,039	59,969,813	153,388,635	17,901,387	171,290,022
2012	46,023,745	5,105,000	56,142	8,444,593	5,929,102	63,513,083	129,071,665	21,670,000	150,741,665
2011	49,686,048	6,885,000	1,175,097	8,483,031	5,266,621	58,187,207	129,683,004	32,495,000	162,178,004

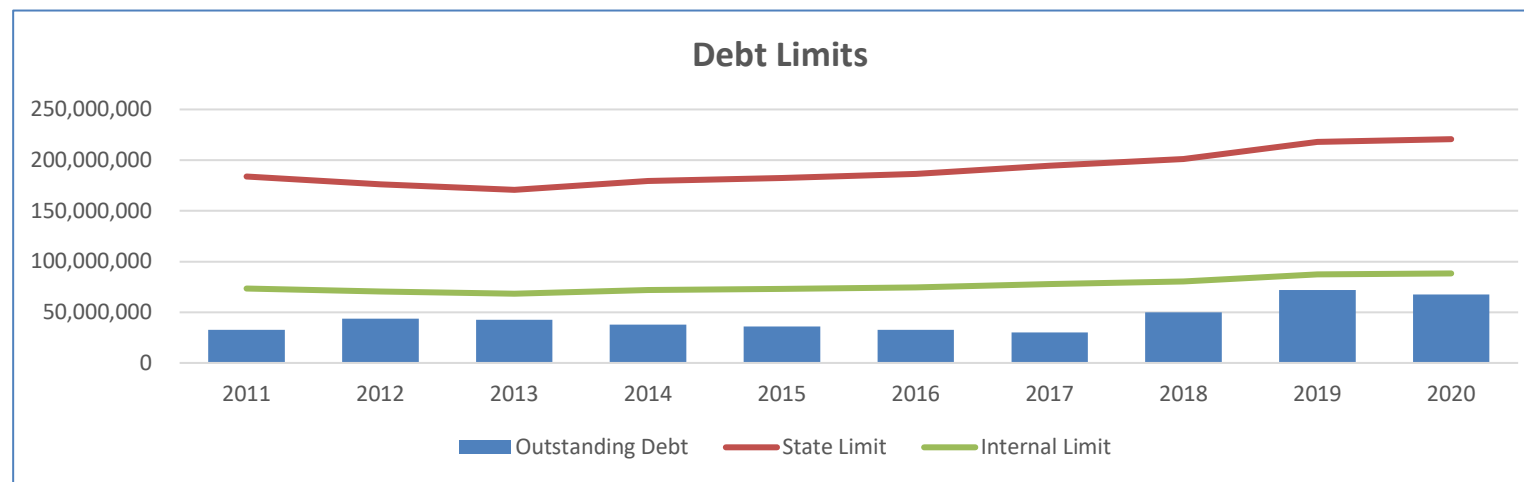
Source: Debt information supplied by each taxing jurisdiction and applicable percentages from the State Department of Revenue.

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	(1) Population	(2) Personal Income	(2) Per capita adjusted gross income			(3) Unemployment rates		
			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

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2020</u>			<u>2011</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
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

<u>Department</u>	<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>
General government										
Common council	-	-	-	-	-	-	-	-	-	-
Municipal Court	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.00
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

	<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>
Police										
Crimes Against Persons	133	118	105	129						
Crimes Against Property	972	849	833	976						
Crimes Against Society	437	580	488	462						
Part 1 Major crimes		581	528	763	780	844	859	873	852	689
Arrests	929	1,151	975	903	1,265	1,312	1,290	1,117	1,799	1,554
Traffic & parking citations	8,200	7,626	8,661	7,800	6,866	7,859	8,163	7,431	9,449	11,093
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
EMS responses	3,880	3,441	3,226	3,309	3,406	2,976	2,863	2754	2,688	2,605
Fire inspections	2,650	2,620	2,600	2,600	2,500	2,509	2,480	2436	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	1162	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	1533	1326	1500	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	8421	8407	8384	8179	8259	7,923	7972	8,205	8,353
Recyclables collected (tons)	2,868	2580	2718	2786	2766	2975	3,479	3114	2,737	2,813
Yard waste (tons)	423	205	285	250	340	332	221	322	335	274
Health										
Immunization clinic visits	1,300	1133	1414	1133	1334	2032	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

Source: City Budget Document

** 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	2630	2595	2579	2565	2155	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