

FINAL OFFICIAL STATEMENT DATED NOVEMBER 18, 2020

In the opinion of Quarles & Brady LLP, Bond Counsel, under existing law interest on the Bonds is included in gross income for federal income tax purposes. See "TAXABILITY OF INTEREST" herein. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

New Issue

Rating: Moody's Investors Service, Inc. "Aa2"

CITY OF FRANKLIN, WISCONSIN (Milwaukee County)

\$9,545,000 TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020A

PURPOSE/AUTHORITY/SECURITY: The \$9,545,000 Taxable General Obligation Refunding Bonds, Series 2020A (the "Bonds") are authorized pursuant to Section 67.04, Wisconsin Statutes, by the City of Franklin, Wisconsin (the "City"), for the purpose of current refunding certain outstanding obligations of the City as more fully described herein. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: December 10, 2020

DATE OF DELIVERY: December 10, 2020

SERIAL MATURITIES: March 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest</u>		<u>CUSIP</u> Base 355185	<u>Year</u>	<u>Amount</u>	<u>Interest</u>		<u>CUSIP</u> Base 355185
		<u>Rate</u>	<u>Yield</u>				<u>Rate</u>	<u>Yield</u>	
2024	\$200,000	2.000%	0.550%	RK7	2031	\$750,000	1.600%	1.600%	RS0
2025	\$200,000	2.000%	0.700%	RL5	2032	\$925,000	1.700%	1.700%	RT8
2026	\$300,000	2.000%	0.800%	RM3	2033	\$950,000	1.750%	1.750%	RU5
2027	\$400,000	2.000%	0.950%	RN1	2034	\$970,000	1.800%	1.800%	RV3
2028	\$500,000	2.000%	1.100%	RP6	2035	\$1,000,000	1.900%	1.900%	RW1
2029	\$600,000	2.000%	1.300%	RQ4	2036	\$1,025,000	2.000%	2.000%	RX9
2030	\$675,000	2.000%	1.450%	RR2	2037	\$1,050,000	2.050%	2.050%	RY7

OPTIONAL REDEMPTION: Bonds maturing on March 1, 2031 and thereafter are subject to optional redemption on March 1, 2030 or any date thereafter, at a price of par plus accrued interest.

INTEREST: March 1, 2021 and semiannually thereafter.

PAYING AGENT: Bond Trust Services Corporation.

**BOND COUNSEL &
DISCLOSURE COUNSEL:** Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein.

The Bonds are offered, subject to prior sale, when, as and if accepted by the Underwriter named below and subject to an opinion as to the validity by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, and certain other conditions. Quarles & Brady LLP will also act as Disclosure Counsel to the City. It is expected that delivery of the Bonds will be made on or about December 10, 2020 against payment therefor. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to effect secondary market trading in the Bonds. For information with respect to the Underwriter, see "Underwriting" herein.

BOK FINANCIAL SECURITIES, INC.
Milwaukee, Wisconsin

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Final Official Statement is not to be construed as a contract with the Underwriter. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact.

Ehlers and Associates, Inc. ("Ehlers") prepared this Final Official Statement relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

The Underwriter has reviewed the information in this Final Official Statement in accordance with, and as a part of, the Underwriter's responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the Underwriter will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Final Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; and (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded.

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CITY OF FRANKLIN COMMON COUNCIL

		<u>Term Expires</u>
Stephen R. Olson	Mayor	April 2023
Mark Dandrea	Common Council President	April 2022
Mike Barber	Aldersperson	April 2022
Shari Hanneman	Aldersperson	April 2023
Daniel Mayer	Aldersperson	April 2022
John Nelson	Aldersperson	April 2023
Kristen Wilhelm	Aldersperson	April 2023

ADMINISTRATION

Peggy Steeno, Director of Administration

Paul Rotzenberg, Director of Finance & Treasurer

Sandra L. Wesolowski, Director of Clerk Services/City Clerk

PROFESSIONAL SERVICES

Jesse A. Wesolowski, City Attorney, Franklin, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other offices located in Roseville, Minnesota and Denver, Colorado)

INTRODUCTORY STATEMENT

This Final Official Statement contains certain information regarding the City of Franklin, Wisconsin (the "City") and the issuance of its \$9,545,000 Taxable General Obligation Refunding Bonds, Series 2020A (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds included in the resolution awarding the sale of the Bonds (the "Award Resolution") adopted by the Common Council on November 17, 2020.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's Municipal Advisor. A copy of this Final Official Statement is available at emma.msrb.org.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 10, 2020. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Final Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2021, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB").

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2031 shall be subject to optional redemption prior to maturity on March 1, 2030 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Section 67.04, Wisconsin Statutes, for the purpose of current refunding the City’s Taxable Note Anticipation Notes, Series 2018A, dated May 1, 2018 (the "Series 2018A Notes") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 355185
Series 2018A Notes	05/01/18	12/30/20	Par	2023	3.20%	<u>\$9,480,000*</u>	PG8
Total Series 2018A Notes Being Refunded						\$9,480,000	

* The City is refunding the remaining outstanding amount of the 2023 maturity after a portion was previously refunded by the City’s Taxable General Obligation Corporate Purpose Bonds, Series 2019C, dated December 4, 2019.

SOURCES AND USES

Sources

Par Amount of Bonds	\$9,545,000
Reoffering Premium	159,526
Estimated Interest Earnings	<u>3,900</u>
Total Sources	\$9,708,426

Uses

Total Underwriter's Discount	\$54,961
Costs of Issuance	72,539
Deposit to Current Refunding Fund	9,580,277
Rounding Amount	<u>648</u>
Total Uses	\$9,708,425

SECURITY

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

The City received a rating of "Aa2" on the Bonds from Moody's Investors Service, Inc. ("Moody's"), and bidders were notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

An opinion as to the validity of the Bonds will be furnished by Quarles & Brady LLP, of Milwaukee, Wisconsin, bond counsel to the City. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding). (See "FORM OF LEGAL OPINION" found in Appendix B.)

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

TAXABILITY OF INTEREST

Interest on the Bonds is included in gross income for present Federal income tax purposes. Interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds ("Premium Bonds") is more than the principal amount payable at maturity, the Premium Bonds will be considered to have "bond premium" equal to the difference between the issue price and the stated redemption price at maturity.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. Owners of Premium Bonds, the interest on which is subject to tax, may make an election to amortize the bond premium and to offset the taxable interest income with the amortizable bond premium for the year. Any amortizable bond premium that reduces the amount of interest income also reduces the owner's adjusted tax basis in the Bond by a corresponding amount. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (for example, upon a sale, exchange, redemption, or payment at maturity) of such Premium Bond. If the election is made, it is effective for all Bonds acquired during that year and all future years unless the taxpayer receives permission from the IRS to revoke the election. Owners of Premium Bonds should consult with their tax advisors regarding the calculation and treatment of bond premium for federal income tax purposes, as well as the manner of making the election.

Owners of the Premium Bonds who do not purchase such Premium Bonds in the initial offering at the issue price should consult with their tax advisors regarding the tax consequences of owning the Premium Bonds.

Owners of Premium Bonds should consult with their tax advisors regarding the state and local tax consequences of owning such Premium Bonds.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

UNDERWRITING

The Underwriter named on the cover page hereof (the "Underwriter") has agreed to purchase the Bonds from the City for a purchase price of \$9,649,564.58 plus accrued interest to the date of closing. The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the offering prices derived from the coupons and yields for each maturity set forth on the cover page.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2019, have been audited by Baker Tilly Virchow Krause, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should review this Official Statement, including the appendices, in its entirety.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to rapidly evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus impacts the City and its financial condition will depend on future developments,

which are highly uncertain and cannot be predicted by the City, including the duration of the outbreak and measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. Schools remained closed for the duration of the 2019-2020 school year, but certain non-essential businesses were allowed to open operations on a limited basis during this time, including curbside pickup, delivery, mailings and minimum basic operations.

Also on April 16, 2020, President Trump outlined "Guidelines for Opening Up America Again," a three-phased approach to restarting the economy based on public health experts' advice. The guidelines start with a set of criteria that should be met before starting phases one to three. The criteria include a downward trajectory of people with flu-like and COVID-19-like symptoms for 14 days; a downward trajectory of documented cases for 14 days or a downward trajectory of positive tests as a percentage of total tests over a 14-day period; and hospitals with the ability to treat all patients without crisis care and a robust testing program for at-risk healthcare workers.

On April 20, 2020, Governor Evers announced Wisconsin's three-phased approach to reopening the State's economy, based on President Trump's guidelines, including similar criteria to be met before phase one can begin. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which will distribute \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation is \$585,206. These funds will be disbursed up to the amount of the allocation after eligible expenditures are reported through the State's cost tracker application. In addition, the City has received approximately \$400,000 in additional grants through the CARES Act for costs related to the pandemic, including for contact tracing, election expenses, testing and health and human services.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. On September 22, 2020, Emergency Order #1 was extended through November 21, 2020.

On October 6, 2020, Emergency Order #3 was issued, which limited public gatherings to no more than 25% of the total occupancy limits for the room or building (or no more than 10 people for indoor spaces without occupancy limits), with certain exceptions. Emergency Order #3 expired November 6, 2020.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the City. The City cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the City may materially adversely affect the financial condition of the City (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

CURRENT PROPERTY VALUATIONS

2020 Equalized Value	\$4,587,752,500
2020 Equalized Value Reduced by Tax Increment Valuation	\$4,413,724,900
2020 Assessed Value	\$4,511,874,000

2020 EQUALIZED VALUE BY CLASSIFICATION

	2020 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 3,396,938,200	74.044%
Commercial	953,773,700	20.790%
Manufacturing	156,827,500	3.418%
Agricultural	873,600	0.019%
Undeveloped	5,173,200	0.113%
Ag Forest	205,200	0.004%
Forest	518,400	0.011%
Other	20,051,700	0.437%
Personal Property	53,391,000	1.164%
Total	<u>\$ 4,587,752,500</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2016	\$3,704,478,925	\$3,729,003,100	2.19%
2017	3,854,766,200	3,888,926,200	4.29%
2018	4,035,310,280	4,022,941,400	3.45%
2019	4,229,425,745	4,360,269,000	8.39%
2020	4,511,874,000	4,587,752,500	5.22%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2019 Equalized Value¹	Percent of City's Total Equalized Value
Northwestern Mutual	Insurance Services	\$ 107,335,971	2.46%
Ascension Wisconsin	Medical Services	27,903,344	0.64%
Whitnall Pointe Apartments	Multi Family	24,789,560	0.57%
VTLC Development	Packaging Manufacturing	22,961,967	0.53%
Manchester Oaks	Muti Family	22,360,054	0.51%
Wal-Mart ²	Retailer	22,012,039	0.50%
Aurora Healthcare	Healthcare Provider	15,244,615	0.35%
Baptista's Bakery Inc	Food Manufacturer	14,836,399	0.34%
TI Investors of Franklin, LLC	Multi Family	14,499,620	0.33%
Franklin Wyndham, LLC	Land Held for Development	14,456,531	0.33%
Total		\$ 286,400,100	6.57%

City's Total 2019 Equalized Value³ \$4,360,269,000

Source: The City.

¹ Calculated by dividing the 2019 Assessed Values by the 2019 Aggregate Ratio of assessment for the City.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation. 2019 taxpayer information is the latest available.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds and the Concurrent Obligations, as defined herein)

\$ 67,560,069

MUNICIPAL REVENUE OBLIGATIONS

The City has issued municipal revenue obligations (“MROs”) as part of development agreements, which are payable solely from tax increment revenues to the extent those revenues are available. Such obligations are special limited obligations of the City payable solely from tax increment revenues of the related tax increment district. If such tax increment revenues are not generated and available, no payment is due on the related MRO. For more information on such MROs, see Note 3.H. in “APPENDIX A - FINANCIAL STATEMENTS” attached hereto. In addition to those listed in the financial statements, the City issued a \$14,952,000 MRO in April 1, 2020.

¹ Outstanding debt is as of the dated date of the Bonds excludes the obligations being refunded.

City of Franklin, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 12/31/2020)

Calendar Year Ending	Sewerage System Promissory Notes (CWFL) (1) Series 2012			Water System Bonds Series 2014B			Refunding Bonds Series 2016A			Promissory Notes Series 2017B		
	Dated Amount	Maturity		Dated Amount	Maturity		Dated Amount	Maturity		Dated Amount	Maturity	
2021	1,306,669	01/25/2012	384,730	180,000	12/18/2014	60,000	1,115,000	04/20/2016	50,000	12/21/2017	50,000	42,125
2022	1,338,839	\$24,588,635	352,164	335,000	\$1,290,000	60,000	28,288	\$5,770,000	225,000	\$1,630,000	225,000	38,000
2023	1,371,802	05/01	318,796	330,000	03/01	60,000	26,488	03/01	235,000	31,100	235,000	31,100
2024	1,405,575		284,606	325,000		60,000	24,688		240,000	23,975	240,000	23,975
2025	1,440,181		249,575	65,000		65,000	22,888		250,000	16,625	250,000	16,625
2026	1,475,638		213,682	65,000		65,000	21,013		255,000	9,688	255,000	9,688
2027	1,511,968		176,904	65,000		65,000	19,063		260,000	3,250	260,000	3,250
2028	1,549,193		139,221	70,000		70,000	15,088					
2029	1,587,334		100,611	70,000		70,000	12,988					
2030	1,626,414		61,049	75,000		75,000	10,813					
2031	1,666,456		20,514	75,000		75,000	8,516					
2032				80,000		80,000	6,172					
2033				80,000		80,000	3,750					
2034							1,250					
2035												
2036												
2037												
	16,280,069		2,301,853	1,170,000		960,000	218,113		1,115,000		1,515,000	164,763

(1) Debt supported by Intergovernmental Agreement with another entity that has agreed to pay all principal and interest on the issue.

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City of Franklin, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 12/10/2020)

Calendar Year Ending	Taxable Corporate Purpose Bonds Series 2019A (1)		Community Development Bonds Series 2019B		Taxable Corporate Purpose Bonds Series 2019C (1)		Promissory Notes Series 2019D	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest
2021	965,000	03/01	965,000	391,250	0	219,700	0	309,610
2022	1,495,000	03/01	1,495,000	354,350	160,000	216,500	200,000	307,860
2023	940,000	03/01	940,000	317,825	215,000	209,000	200,000	304,260
2024	1,000,000	03/01	1,000,000	288,725	270,000	199,300	450,000	298,023
2025	1,000,000	03/01	1,000,000	258,725	370,000	186,500	450,000	289,023
2026	1,020,000	03/01	1,020,000	228,425	515,000	168,800	625,000	277,691
2027	1,100,000	03/01	1,100,000	196,625	535,000	147,800	660,000	263,548
2028	1,100,000	03/01	1,100,000	162,938	560,000	125,900	685,000	248,245
2029	1,100,000	03/01	1,100,000	128,563	575,000	106,075	3,345,000	200,228
2030	1,100,000	03/01	1,100,000	93,500	595,000	88,525	630,000	152,213
2031	1,100,000	03/01	1,100,000	57,063	615,000	70,375	630,000	136,148
2032	1,100,000	03/01	1,100,000	19,250	630,000	51,700	655,000	119,115
2033					650,000	32,094	775,000	99,616
2034					675,000	10,969	875,000	76,710
2035							850,000	52,348
2036							660,000	30,335
2037							670,000	10,218
			13,020,000	2,497,238	6,365,000	1,833,238	12,360,000	3,175,188
							2,185,000	208,150

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(1) Debt service is expected to pay with tax increment revenues from the City's TID #5. The major development in TID #5 is Ball Park Commons, which is a mixed-use development consisting of a baseball stadium, sports village, restaurants, apartments, retail buildings, a hotel and offices. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available. Property in TID #5 has not increased in value at the rate anticipated by the City, and the City expects that tax increment revenues may not be realized in amounts sufficient to cover the full debt service payments in future year. While the developer of Ball Park Commons agreed in its development agreement to make shortfall payments to make up for any deficiency in tax increment revenues for payment of debt service, no guarantee can be given that the developer will timely make any required shortfall payments.

In 2019, in connection with the planned construction of additional facilities at Ball Park Commons, the developer incurred an impact fee of \$250,000, which the developer agreed to pay to the City upon the earlier of securing financing for the project or July 1, 2020. The developer has not yet secured financing for the project, and the developer did not make the payment to the City by July 1, 2020 and has not since made the payment. To the extent tax increment revenues are not available to pay debt service and the developer fails to timely make shortfall payments, the City would be required to levy to pay debt service. In addition, the City may use interfund advances from its general fund to support the TID #5 fund.

City of Franklin, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 12/10/2020)

		Taxable Refunding Bonds Series 2020A (1)		Community Development Bonds Series 2020B	
Dated Amount	12/10/2020	12/10/2020	12/10/2020	12/10/2020	12/10/2020
Maturity	03/01	03/01	03/01	03/01	03/01
	Principal	Interest	Principal	Interest	
	0	130,743	0	33,171	
	0	180,335	0	45,753	
	0	180,335	75,000	45,003	
	200,000	178,335	100,000	43,253	
	200,000	174,335	150,000	40,753	
	300,000	169,335	150,000	37,753	
	400,000	162,335	200,000	34,253	
	500,000	153,335	250,000	29,753	
	600,000	142,335	300,000	24,253	
	675,000	129,585	325,000	19,628	
	750,000	116,835	350,000	16,165	
	925,000	102,973	375,000	12,171	
	950,000	86,798	380,000	7,640	
	970,000	69,755	390,000	2,633	
	1,000,000	51,525			
	1,025,000	31,775			
	1,050,000	10,763			
	9,545,000	2,071,430	3,045,000	392,177	

Calendar Year Ending	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2021	3,811,669	1,633,254	5,444,923	63,748,400	5.64%	2021
2022	4,173,839	1,590,718	5,764,557	59,574,560	11.82%	2022
2023	3,796,802	1,481,844	5,278,645	55,777,759	17.44%	2023
2024	4,285,575	1,373,091	5,658,667	51,492,183	23.78%	2024
2025	4,395,181	1,255,898	5,651,078	47,097,003	30.29%	2025
2026	4,700,638	1,133,785	5,834,423	42,396,365	37.25%	2026
2027	5,051,968	1,005,027	6,056,995	37,344,397	44.72%	2027
2028	4,714,193	874,479	5,588,671	32,630,204	51.70%	2028
2029	7,577,334	715,051	8,292,384	25,052,870	62.92%	2029
2030	5,026,414	555,312	5,581,726	20,026,456	70.36%	2030
2031	5,186,456	425,615	5,612,071	14,840,000	78.03%	2031
2032	3,760,000	311,381	4,071,381	11,080,000	83.60%	2032
2033	2,835,000	229,898	3,064,898	8,245,000	87.80%	2033
2034	2,990,000	161,316	3,151,316	5,255,000	92.22%	2034
2035	1,850,000	103,873	1,953,873	3,405,000	94.96%	2035
2036	1,685,000	62,110	1,747,110	1,720,000	97.45%	2036
2037	1,720,000	20,980	1,740,980	0	100.00%	2037
	67,560,069	12,933,629	80,493,698			

(1) Debt service is expected to pay with tax increment revenues from the City's TID #5. The major development in TID #5 is Ball Park Commons, which is a mixed-use development consisting of a baseball stadium, sports village, restaurants, apartments, retail buildings, a hotel and offices. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available. Property in TID #5 has not increased in value at the rate anticipated by the City, and the City expects that tax increment revenues may not be realized in amounts sufficient to cover the full debt service payments in future year. While the developer of Ball Park Commons agreed in its development agreement to make shortfall payments to make up for any deficiency in tax increment revenues for payment of debt service, no guarantee can be given that the developer will timely make any required shortfall payments.

In 2019, in connection with the planned construction of additional facilities at Ball Park Commons, the developer incurred an impact fee of \$250,000, which the developer agreed to pay to the City upon the earlier of securing financing for the project or July 1, 2020. The developer has not yet secured financing for the project, and the developer did not make the payment to the City by July 1, 2020 and has not since made the payment. To the extent tax increment revenues are not available to pay debt service and the developer fails to timely make shortfall payments, the City would be required to levy to pay debt service. In addition, the City may use interfund advances from its general fund to support the TID #5 fund.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 4,587,752,500
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 229,387,625
Less: General Obligation Debt (includes the Bonds and the Concurrent Obligations)	<u>(67,560,069)¹</u>
Unused Debt Limit	<u><u>\$ 161,827,556</u></u>

OVERLAPPING DEBT²

Taxing District	2020 Equalized Value³	% In City	Total G.O. Debt⁴	City's Proportionate Share
Milwaukee County	\$ 70,916,861,100	6.47%	\$481,283,105	\$ 31,139,017
Milwaukee Area Technical College District	88,345,375,521	5.19%	99,470,000	5,162,493
Franklin Public School District	3,484,017,900	100.00%	61,035,000	61,035,000
Oak Creek-Franklin Joint School District	5,049,120,503	16.51%	153,680,000	25,372,568
Whitnall School District	1,959,271,089	13.80%	13,685,407	1,888,586
Milwaukee Metro Sewer District	69,616,173,600	6.59%	751,978,446	<u>49,555,380</u>
City's Share of Total Overlapping Debt				<u><u>\$ 174,153,044</u></u>

¹ The City has adopted a policy which further limits its ability to issue general obligation debt. Under the City's current policy, the City shall not issue general obligation debt in such an amount which would cause their outstanding debt to be in excess of 40% of the statutory debt limit. However, the City may amend such policy at any time.

² Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

³ Includes tax increment valuation.

⁴ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$4,587,752,500	Debt/ Per Capita 36,514¹
Total General Obligation Debt	\$ 67,560,069	1.47%	\$ 1,850.25
City's Share of Total Overlapping Debt	<u>174,153,044</u>	<u>3.80%</u>	<u>4,769.49</u>
Total	\$ 241,713,113	5.27%	\$ 6,619.74

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

Concurrently with the Bonds, the City plans to issue \$3,045,000 General Obligation Community Development Bonds, Series 2020B (the "Concurrent Obligations"). The City expects to issue approximately \$14,000,000 in general obligation debt in 2021 for its capital borrowing, including for water projects, community development projects in TIDs and other capital projects. Pursuant to a development agreement with a developer, the City expects to issue a \$3,100,000 MRO to said developer sometime in the next 12 months, when infrastructure improvements are accepted by the City in the related TID. Under the development agreement, such MRO is a special, limited revenue obligation of the City payable solely from certain tax increment revenues that are appropriated by the Common Council. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

¹ Estimated 2020 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2015/16	\$20,509,000	100%	\$5.82
2016/17	20,509,000	100%	5.65
2017/18	21,027,849	100%	5.57
2018/19	21,389,375	100%	5.45
2019/20	21,741,900	100%	5.16

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2020 Wisconsin Act 185, which provides that for property taxes payable in 2020, a taxation district may, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors must first adopt a resolution authorizing such waiver and determining criteria for determining hardship and the taxation district must subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county shall proportionally settle with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settle the remaining unpaid taxes, interest, and penalties on September 20, 2020. The County and the City adopted such resolutions. The City cannot predict whether and how

much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools ¹	County	Local	Other ²	Total
2015/16	\$13.06	\$5.13	\$5.82	\$1.92	\$25.93
2016/17	12.66	5.10	5.65	1.93	25.34
2017/18	12.26	5.05	5.57	1.73	24.61
2018/19	11.95	4.90	5.45	1.69	23.99
2019/20	11.41	4.79	5.16	1.65	23.01

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members)

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

(except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other exclusions from and adjustments to the tax levy limit. Among the items excluded from the limit are amounts levied for any revenue shortfall for debt service on a revenue bond issued under Section 66.0621. Among the adjustments permitted is an adjustment applicable when a tax increment district terminates, which allows an amount equal to the prior year's allowable levy multiplied by 50% of the political subdivision's percentage growth due to the district's termination.

With respect to general obligation debt service, the following provisions are made:

(a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.

(b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.

(c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1956 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to three-year terms. The appointed City Clerk is responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 198 full-time and 42 part-time employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2017 ("Fiscal Year 2017"), the fiscal year ended December 31, 2018 ("Fiscal Year 2018") and the fiscal year ended December 31, 2019 ("Fiscal Year 2019"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,074,037, \$1,119,560 and \$1,380,924, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2018, the total pension liability of the WRS was calculated as \$100.29 billion and the fiduciary net position of the WRS was calculated as \$96.74 billion, resulting in a net pension liability of \$3.56 billion. The spread of COVID-19 has impacted and may in the future impact investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2019, the City reported an liability of \$3,258,799 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2018 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.09159883% of the aggregate WRS net pension liability as of December 31, 2018.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4.A in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Police	December 31, 2021
Fire	December 31, 2020

Supplemental Pension Benefits

The City provides other pension benefits to public works employees who have satisfied specified eligibility standards through a single-employer defined benefit plan. The amount of such benefits are based on years of service and average compensation. Membership of the plan consisted of 26 retirees receiving benefits, 9 terminated vested retirees and 27 active plan members as of January 1, 2020, the date of the latest actuarial valuation. The plan is closed to new members as of January 1, 2019.

Pension benefit calculations are required to be updated every two years and prepared in accordance with Governmental Accounting Standards Board Statement No. 68 ("GASB 68"). An actuarial study for the plan was most recently completed by The Principal Financial Group in April 2020 with an actuarial valuation date of January 1, 2020 (the "Pension Actuarial Report").

Under GASB 68, an actuarially determined contribution ("ADC") is calculated as a target or recommended contribution to the plan for the reporting period, determined in conformity with actuarial standards based on the most recent measurement available. As shown in the Pension Actuarial Report, the City's ADC for Fiscal Year 2019 was

\$255,552. As shown in the Pension Actuarial Report, for Fiscal Year 2019, contributions to the plan totaled \$256,000. The City's current funding practice is to at least fully fund ADC.

For Fiscal Year 2019, the total pension liability was \$11,268,865 and the fiduciary net position was \$9,110,866, resulting in net pension liability of \$2,157,999.

Under the Service and Expense Agreement (the "Agreement") for the supplemental pension benefits plan, the plan administrator guarantees payments to certain plan participants under a group annuity contract. In the event the value of the group annuity contract drops below a threshold amount, the plan administrator may require the City to make a payment for the difference in value. The spread of COVID-19 severely impacted investment markets in March 2020, which resulted in the plan administrator making a payment request of approximately \$1,100,000 from the City. The Common Council approved a payment of \$1,000,000 but shortly thereafter the investment markets improved and the custodian withdrew its payment request. No guarantee can be given that the investment markets will not experience significant declines in the future resulting in similar payment requests. See "RISK FACTORS - Impact of the Spread of COVID-19" herein.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note 4.A. in "Appendix A - Financial Statements" attached hereto. The Pension Actuarial Report is available from the City upon request.

The City also provides a defined contribution pension plan benefit to eligible non-protective employees (other than public works employees). Eligibility begins after six months of employment with the City. The plan is closed to new members as of January 1, 2019. Employees are required to make contributions of 5% of wages. For Fiscal Year 2019, the City contributed \$44,204 and employees contributed \$44,204 to the plan. For more information, see Note 4.B. in "Appendix A - Financial Statements."

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to former employees and their dependents through a single employer defined benefit plan. Eligible retirees may continue to participate in the City's group health plan. The City contributes a fixed portion of the premiums determined at retirement based on the employment category of retiree, and the retiree is responsible for paying the balance of the premiums. Membership of the plan consisted of 26 retirees receiving benefits and 174 active plan members as of January 1, 2020, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years. Prior to June 15, 2017, OPEB calculations were required to be prepared in accordance with Statement No. 45 of the Governmental Accounting Standards Board ("GASB 45") regarding retiree health and life insurance benefits, and related standards. For fiscal years beginning after June 15, 2017, OPEB calculations will be required to be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was most recently completed by Actuarial & Health Care Solutions, LLC in January 2020, with an actuarial valuation date of January 1, 2020 (the "OPEB Actuarial Report").

Under GASB 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

The ADC for Fiscal Year 2019 was \$377,172. For Fiscal Year 2019, contributions to the plan totaled \$377,172, which was 100% of the ADC. The City's current funding practice is to at least fully fund the ADC.

As of December 31, 2019 the total OPEB liability of the plan was \$8,358,716 and the plan fiduciary net position was \$6,538,760, resulting in a net OPEB liability of \$1,819,656.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding actuarial assumptions, see Note 4.C. in "Appendix A - Financial Statements." The OPEB Actuarial Report is available from the City upon request.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

FUNDS ON HAND (as of September 30, 2020)

Fund	Total Cash and Investments
General	\$ 14,535,565
TIF Districts	8,778,166
Special Revenue	2,934,640
Debt Service	1,063,596
Capital Projects	12,793,571
Enterprise Funds	4,246,952
Internal Service Funds	3,327,568
Total Funds on Hand	<u><u>\$ 47,680,058</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2017	2018	2019
Water			
Total Operating Revenues	\$ 6,057,085	\$ 5,961,350	\$ 5,822,259
Less: Operating Expenses	<u>(5,393,413)</u>	<u>(5,476,438)</u>	<u>(5,357,060)</u>
Operating Income	\$ 663,672	\$ 484,912	\$ 465,199
Plus: Depreciation	1,194,029	1,204,485	1,245,739
Interest Income	<u>9,926</u>	<u>43,412</u>	<u>66,996</u>
Revenues Available for Debt Service	\$ 1,867,627	\$ 1,732,809	\$ 1,777,934
Less: PILOT Payment	<u>(1,029,649)</u>	<u>(1,008,038)</u>	<u>(965,358)</u>
Net Revenues	<u><u>\$ 837,978</u></u>	<u><u>\$ 724,771</u></u>	<u><u>\$ 812,576</u></u>
Sewer			
Total Operating Revenues	\$ 3,313,854	\$ 3,704,852	\$ 3,802,127
Less: Operating Expenses	<u>(5,222,142)</u>	<u>(5,476,724)</u>	<u>(5,725,563)</u>
Operating Income	\$ (1,908,288)	\$ (1,771,872)	\$ (1,923,436)
Plus: Depreciation	2,119,900	2,135,076	2,172,379
Interest Income	<u>16,587</u>	<u>31,810</u>	<u>45,120</u>
Revenues Available for Debt Service	<u><u>\$ 228,199</u></u>	<u><u>\$ 395,014</u></u>	<u><u>\$ 294,063</u></u>

Due to the spread of COVID-19, on March 22, 2020, Governor Tony Evers issued emergency order #11, temporarily suspending certain provisions of the Wisconsin Administrative Code relating to service rules for electric, natural gas and water public utilities. The Wisconsin Public Service Commission accordingly issued an order stating that public utilities may not disconnect or refuse service to customers, shall offer customers a deferred payment agreement if the customer is unable to pay a bill in full, and may not assess any fee or charge for late payment during the period of the order. The order is in effect until further order of the PSCW. Such order may materially negatively impact the revenues of the utility systems, and the City cannot predict the extent of the impact. See "RISK FACTORS - Impact of the Spread of COVID-19" herein.

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2019 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2017 Audited ¹	2018 Audited	2019 Audited	2020 Projected ²	2021 Proposed Budget
Revenues					
Taxes	\$ 17,093,625	\$ 17,611,739	\$ 18,829,930	\$ 19,654,600	\$ 19,811,800
Intergovernmental revenues	2,264,961	2,317,488	1,757,347	1,847,400	1,710,400
Licenses and permits	773,877	1,166,156	1,314,918	1,007,480	1,108,650
Penalties and forfeitures	485,407	475,840	451,062	450,000	490,000
Public charges for services	1,603,247	2,405,406	2,829,033	1,866,950	2,499,650
Intergovernmental charges for services	172,796	192,542	226,178	183,600	203,200
Investment earnings	189,275	241,398	510,943	345,500	359,718
Miscellaneous general revenues	148,853	244,136	189,606	138,000	135,750
Total Revenues	\$ 22,732,041	\$ 24,654,705	\$ 26,109,017	\$ 25,493,530	\$ 26,319,168
Expenditures					
Current:					
General government	\$ 2,940,898	\$ 2,944,482	\$ 2,953,923	\$ 2,967,035	\$ 3,162,903
Public safety	16,660,351	17,077,275	17,157,353	17,739,750	18,352,063
Public works	3,852,472	3,388,370	4,140,073	4,070,505	4,288,736
Health and social services	675,875	670,131	646,760	723,410	713,239
Culture, recreation and education	187,959	240,916	223,360	190,485	218,343
Conservation and development	520,314	512,157	606,419	622,963	599,884
Contingency	0	0	0	0	10,000
Total Expenditures	\$ 24,837,869	\$ 24,833,331	\$ 25,727,888	\$ 26,314,148	\$ 27,345,168
Excess of revenues over (under) expenditures	\$ (2,105,828)	\$ (178,626)	\$ 381,129	\$ (820,618)	\$ (1,026,000)
Other Financing Sources (Uses)					
Operating transfers in	1,059,793	101,1392	968,448	1,046,000	1,050,000
Operating transfers out	(57,138)	(84,000)	(52,100)	0	(24,000)
Total Other Financing Sources (Uses)	\$ 1,002,655	\$ 927,392	\$ 916,348	\$ 1,046,000	\$ 1,026,000
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ (1,103,173)	\$ 748,766	\$ 1,297,477	\$ 225,382	\$ 0
General Fund Balance January 1	7,690,684	6,587,511	7,336,277	8,633,754	8,859,136
General Fund Balance December 31	\$ 6,587,511	\$ 7,336,277	\$ 8,633,754	\$ 8,859,136	\$ 8,859,136
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 246,548	\$ 180,623	\$ 155,690		
Restricted	0	0	0		
Committed	0	0	0		
Assigned	150,565	271,970	132,393		
Unassigned	6,190,398	6,883,684	8,345,671		
Total	\$ 6,587,511	\$ 7,336,277	\$ 8,633,754		

¹ Deficit includes a one-time \$605,700 extraordinary pension contribution.

² The Proposed 2021 Budget does not include any specific additional expenses for the COVID-19 pandemic, based on the inability to accurately forecast such expenses. Approximately \$175,000 of the expenses incurred by the City thus far, which are expected to be reimbursed by CARES Act funds (see "RISK FACTORS - Impact of the Spread of COVID-19" herein), were one-time expenditures to put into place equipment, plumbing fixtures and partitions that will be used by the City for the foreseeable future to provide services during the pandemic.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 35,451, and a current estimated population of 36,514, comprises an area of 34.5 square miles and is located in the southwest corner of Milwaukee County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Northwestern Mutual	Insurance/Investment Services	1,938
Covenant Healthcare Systems	Medial and Surgical Hospital	853
Krones, Inc.	High Speed Labeling/Filler Machines	625
Franklin Public Schools	K-12 Education	558
Baptista's Bakery	Commercial Bakery	519
Carlisle Interconnect Technologies	Wire Harnesses	393
Milwaukee County Corrections South	Government	388
Wal-Mart	Retailer	300
Strauss Veal & Lamb Int'l Inc.	Animal Processing	288
Senior Flexonics - GA Precision	Off-Road Engine Components Mfg.	273

Source: The City

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2016	2017	2018	2019	2020 ¹
<u>New Single Family Homes</u>					
No. of building permits	23	18	30	53	55
Valuation	\$9,721,721	\$8,991,610	\$13,357,904	\$24,005,422	\$25,446,409
<u>New Multiple Family Buildings</u>					
No. of building permits	1	0	7	19	8
Valuation	\$5,550,000	\$0	\$27,972,154	\$36,975,000	\$4,133,700
<u>New Commercial/Industrial</u>					
No. of building permits	5	13	9	15	7
Valuation	\$154,300	\$28,861,659	\$8,677,160	\$16,739,561	\$5,098,920
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	267	251	267	714	733
Valuation	\$27,316,600	\$49,403,073	\$62,150,023	\$98,318,744	\$55,229,253

Source: The City.

¹ As of October 26, 2020.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	29,494
2010 U.S. Census	35,451
2020 Estimated Population	36,514
Percent of Change 2000 - 2010	20.20%

Income and Age Statistics

	The City	Milwaukee County	State of Wisconsin	United States
2018 per capita income	\$40,163	\$28,121	\$32,018	\$32,621
2018 median household income	\$79,153	\$48,742	\$59,209	\$60,293
2018 median family income	\$106,362	\$62,314	\$75,313	\$73,965
2018 median gross rent	\$1,023	\$864	\$837	\$1,023
2018 median value owner occupied units	\$240,300	\$153,600	\$173,600	\$204,900
2018 median age	43.0 yrs.	34.7 yrs.	39.3 yrs.	37.9 yrs.
		State of Wisconsin	United States	
City % of 2018 per capita income		125.44%	123.12%	
City % of 2018 median family income		141.23%	143.80%	

Housing Statistics

	<u>The City</u>		
	2010	2018	Percent of Change
All Housing Units	14,356	13,946	-2.86%

Source: 2000 and 2010 Census of Population and Housing, and 2018 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

Year	<u>Average Employment</u>			<u>Average Unemployment</u>		
	City	Milwaukee County	City	Milwaukee County	State of Wisconsin	
2016	17,796	453,685	3.8%	5.0%	4.0%	
2017	17,882	456,025	3.2%	4.0%	3.3%	
2018	17,643	451,475	2.9%	3.6%	3.0%	
2019	17,517	448,251	3.2%	4.0%	3.3%	
2020, September ¹	17,423	445,854	5.1%	7.3%	4.7%	

Source: Wisconsin Department of Workforce Development.

¹ Preliminary

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

**PREPARED BY THE
DEPARTMENT OF FINANCE**

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

CITY OF FRANKLIN, WISCONSIN

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CITY OF FRANKLIN, WISCONSIN

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May 13, 2020

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, 2019, 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 generally 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 Virchow Krause, 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, 2019, 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 Virchow Krause, 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, 2019, 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 35,996. Over the last ten years the City has experienced no real growth in population. The city is a residential community (75.7%) with a commercial and industrial component (24.3%). Median Family Income of \$102,206 is 144% 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). 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. 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 2019 compared to 2018, 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. In addition, the Statesman Estates multi-family development completed late in 2019, and the Bear Development project in the southwest portion of the City got infrastructure work underway. Several new residential subdivisions are in various stages of completion.

Estimated actual property values have grown at an average annual rate of 1.94% since 2009. The new growth was \$64.6 million in 2019, \$34.6 million in 2018, and \$19 million in 2017. 2020 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.

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

A landfill in southwestern portion of the City received an expansion of its license (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 in 2019 to over \$2.6 million. 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 has stagnated, rising just 2.0%. The recession of 2008 had longer impacts than many expected. The development activity 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 0.9%.

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 \$62.6 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.

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 75.7% of the City's property value is residential compared to 73.9% ten years ago. Future tax relief will need to come from industrial and commercial tax base expansion.

Organizational and Service Growth

2019 was a year where overall revenue of \$42.1 million grew 9.5% compared to last year. Increased landfill siting fee revenues caused by the expanded license and impact fee collections on new multi-family development drove the revenue increase.

2019 and 2018 were revaluation years. The last reassessment was done in 2010. 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 97% of fair value. The estimated actual value of City properties was approximately \$4.2 billion. The City has risen to the third largest city in Milwaukee County based upon equalized value.

The challenge for the operating departments in 2019 was to continue to maintain service levels at a time of flat revenues and growth of 1.60% in new property base. The largest revenue resource – tax levy – is limited to this growth factor. Controlling expenditures at this level has challenged many Wisconsin cities, Franklin is not exempt.

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, this places 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, 2019 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 not required to have a single audit of grants in 2019 and the last single audit was in 2010.

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 in 2009 during the revenue decline and replenished in 2010 and 2011 when revenue stabilized.

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, 2018. 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 26th 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.

A Certificate of Achievement is valid for a period of one year. 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 2019 Certificate.

Acknowledgments

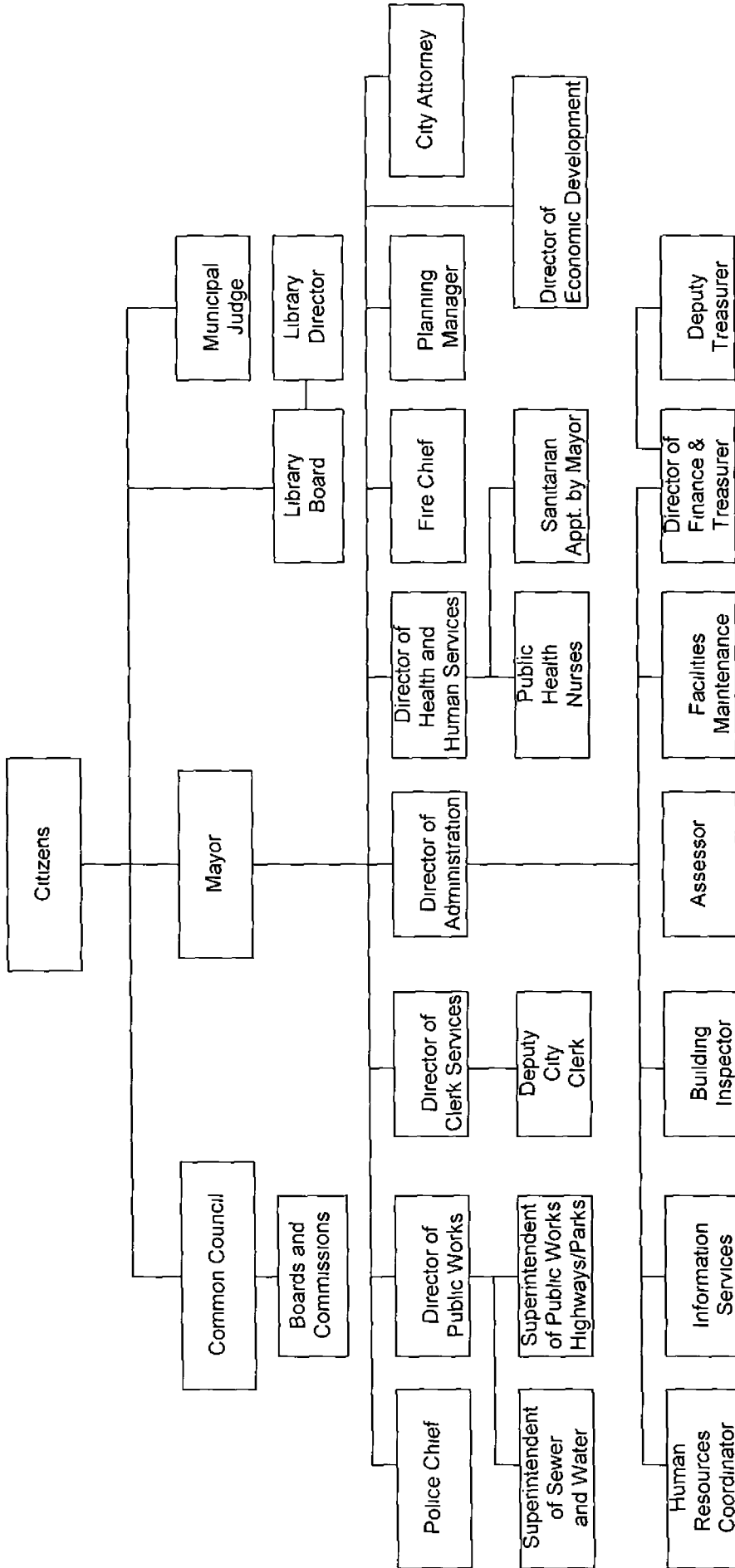
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff. Appreciation is also extended to all other City employees who contributed to its preparation. Thanks are also extended to the Mayor, Common Council, 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

**CITY OF FRANKLIN, WISCONSIN
Organization Chart**



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

Elected Officials

<u>Title</u>	<u>Name</u>
Mayor	Stephen R Olson
Aldermen	
District No 1	Mark Dandrea
District No 2	Daniel M Mayer
District No 3	Kristen Wilhelm
District No 4	Steve F Taylor
District No 5	Mike Barber
District No 6	John Nelson
Municipal Judge	Fred F Klimetz

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	Mark Luberta
Director of Economic Development	Calli Berg
Director of Finance & Treasurer	Paul Roitzenberg
Director of Health & Human Services	Courthey Day
Fire Chief	Adam Remington
Human Resources Coordinator	Dana Zahn
Information Services Manager	James Mateiski
Library Director	Jennifer Loeffel
Planning Manager	Joel Dietl
Police Chief	Rick Oliva
Superintendent of Public Works	Kevin Schlueter
Superintendent of Sewer & Water	Mike Roberts



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**City of Franklin
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Monell
Executive Director/CEO

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 2019 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. 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 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, 2019, 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.

Emphasis of Matters

As discussed in Note I, City of Franklin adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

As discussed in Note I, City of Franklin adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

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 2018 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 April 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent in all material respects with the audited financial statements from which it has been derived.

Baker Tilly Vorchow Krause, LLP

Milwaukee Wisconsin
May 13, 2020

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 127) 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 128 & 129) 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 26 & 27) 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.

**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, 2019. 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, 2019, by \$242.7 million (net position). The City now has a \$4.2 mil deficit (in Unrestricted Net Position), putting pressure on its ability to meet creditor obligations.
- The City's total net position decreased by a net amount of \$563,000. Net investment in capital assets increased by \$15.8 million, while unrestricted net position decreased by \$14.6 million and restricted net position decreased by \$1.8 million. Several major development projects continued in 2019, with the Ballpark Commons project receiving an additional \$3.2 million City support, the creation of 71D6 for the Bear Development in the southwest portion of the City and Velo Village (TID 7) apartment complex connected to Ballpark Commons. In addition, four residential developments were in various stages of completion, Aspen Woods, Ryan Wood, Park Circle and Safeway Reserve. Several contributed \$1.1 million in new infrastructure to the City in 2019. Additionally, the Statesmen Estates multifamily development was completed.
- The City's governmental funds reported, as of December 31, 2019, combined ending fund balances of \$45.6 million, an increase of \$8.4 million from the prior year. Half the increase represents a \$4 million refunding bond issue, (with the debt payment in early 2020). The new development noted earlier generated \$2.7 million in new impact fees.
- The Non-spendable fund balance of \$155,690 did not change much.
- The restricted fund balances totaling \$31.5 million, (an increase of \$8.4 million), was driven by development activities with in Tax Increment Financing Districts, principally unspent debt proceeds and collections of impact fees.
- The assigned fund balances in total of \$5.5 million decreased \$1.4 million from the prior year as the City Hall HVAC, roofing and entrance project completed.
- The unassigned fund balance as of December 31, 2019 for the General Fund was \$8.2 million. This represents approximately 32 percent of total 2019 General Fund expenditures. The \$1.3 million increase was the result of un-expected building permit revenues increased investment income and reduced Public Safety expenditures.
- The City's Business type activities generated a \$5.5 million surplus, including \$7.8 million of capital contributions (\$5.9 million from the City and \$1.9 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.

City of Franklin, Wisconsin
For the Year Ended December 31, 2019

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 28 – 32) 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 33 – 37) of this report.

Custodial 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, a post-employment benefits trust to hold funds until needed to pay designated health benefits for eligible current and future retirees and other agency funds.

The basic custodial fund financial statements can be found on Exhibit J & K (page 38 & 39) 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 40 – 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 Pension Plans. Required supplementary information can be found on pages 97 - 102 of this report.

City of Franklin, Wisconsin
For the Year Ended December 31, 2019

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 12.2 can be found on pages 103 - 125 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 \$242 million and \$243 million at the end of 2019 and 2018, respectively.

**CITY OF FRANKLIN NET POSITION
December 31, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	
Current and other assets	\$ 83,521,920	\$ 71,044,675	\$ 7,775,752	\$ 7,905,215	\$ 91,297,672
Long term Note Rec			16,280,088	17,555,340	16,280,088
Capital assets	135,590,157	129,809,049	110,933,188	105,030,800	246,523,345
Total assets	219,112,077	197,852,724	134,989,008	130,491,355	354,101,085
Deferred Outflows	11,127,908	5,866,670	803,624	192,473	11,931,552
Current liabilities	7,883,909	4,215,583	1,728,984	1,493,373	9,610,893
Long-term liabilities	62,395,660	34,879,642	19,449,699	20,183,810	81,845,359
Total liabilities	70,279,569	39,094,225	21,178,683	21,677,183	91,456,252
Deferred Inflows	31,680,624	30,309,811	212,008	169,353	31,892,632
Net position					
Net investment in capital assets	123,769,857	113,400,761	92,371,165	85,170,183	212,636,622
Restricted	16,185,146	17,188,242	18,035,340	18,799,989	34,220,466
Unrestricted	(11,675,211)	3,825,355	3,897,436	4,861,140	(4,173,375)
Total net position	\$ 128,279,792	\$ 134,415,358	\$ 114,403,941	\$ 108,831,292	\$ 242,683,733
					\$ 243,246,650

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 88 and 81 percent, in 2019 and 2018, 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.

City of Franklin Wisconsin
For the Year Ended December 31 2019

Investment in capital assets accounted for \$213 million and \$197 million in 2019 and 2018 respectively of the year end net position

City of Franklin Wisconsin
For the Year Ended December 31 2018

Investment in capital assets accounted for \$213 million and \$197 million in 2019 and 2018 respectively of the year end net position

Government-wide activities

The details of changes in net position follow

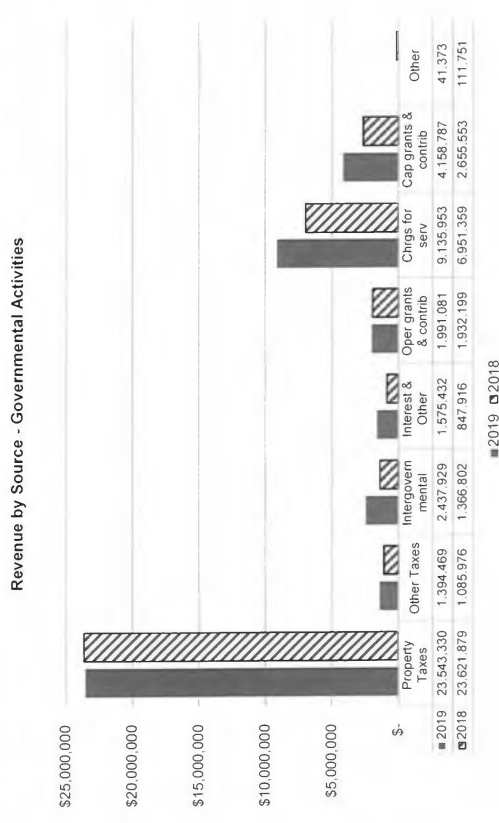
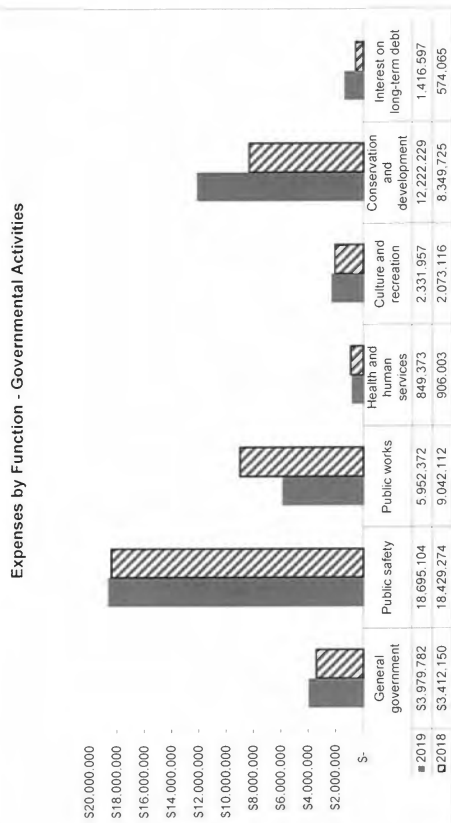
**City of Franklin Changes in Net Position
For the Years Ending December 31, 2019 and 2018**

	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	
Revenue					
Program revenue:					
Charges for services	\$ 9,135,953	\$ 6,951,359	\$ 9,624,386	\$ 9,666,202	\$ 18,760,339
Operating grants & contributions	1,991,081	1,932,199			1,991,081
Capital grants & contributions	4,168,787	2,655,553	1,893,179		6,051,966
General revenue:					
Property taxes	23,543,330	23,621,879			23,543,330
Other taxes	1,394,469	1,085,976			1,394,469
Intergovernmental	2,437,929	1,366,802			2,437,929
Investment earnings	1,575,432	847,916	554,542	546,047	2,129,974
Other	41,373	111,751	95,217	134,928	1,395,963
Total revenue	44,278,354	38,573,435	12,167,324	10,349,177	56,445,678
Expenses:					
General government	3,979,782	3,412,150			3,979,782
Public safety	18,695,104	18,428,273			18,695,104
Public works	5,952,372	9,042,112			5,952,372
Health & human services	849,373	906,003			849,373
Culture & recreation	2,331,957	2,073,116			2,331,957
Conservation & development	12,222,229	8,349,725			12,222,229
Interest on long-term debt	1,416,597	574,065			1,416,597
Water			5,393,192	5,514,057	5,393,192
Sewer			5,167,989	5,949,549	5,167,989
Total expenses	45,447,414	42,786,444	11,561,181	11,463,606	57,008,595
Increase in net position before transfers	(1,169,060)	(4,213,009)	606,143	(1,114,429)	(5,627,438)
Transfers	(4,966,505)	1,011,392	4,966,506	(1,011,392)	
Change in net position	(6,135,565)	(3,201,617)	5,572,649	(2,125,821)	(5,627,439)
Net position - beginning	134,415,358	137,616,975	108,831,292	110,867,113	243,246,650
Net position - ending	\$ 128,279,792	\$ 134,415,358	\$ 114,403,941	\$ 108,831,292	\$ 243,246,650

Governmental Activities

2019 saw development activity increase further, with a \$5.3 million grant to an apartment developer, over \$1 million of subdivision infrastructure contributions and the Ballpark Commons project winding up including \$5.9 million of developer grants for site preparation, along with significant infrastructure investment. The intergovernmental revenue increase relates to a storm sewer project at Rawson Homes. \$3 million of developer impact fees added to total revenues. These developer grants will be recovered in the future when TID tax collections are realized. Interest costs are rising on the increased debt levels.

The 2018 Governmental Activities decrease of \$3.2 million is the result of developer grants in Ballpark Commons. The City committed \$22.5 million of site preparation and infrastructure costs to the Developer with approximately \$14.4 million spent in 2018. Much of those payments were classified as developer's grants.



Business-type activities

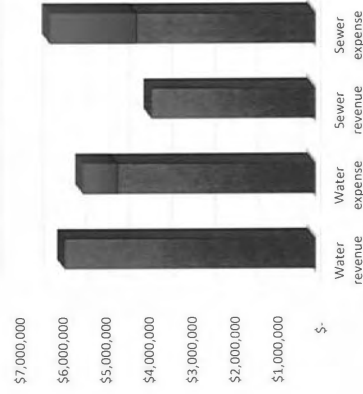
The Development activity impacted the Business-type activities with capital contributions from both the Government and Developers. City TID activities contributed \$5.9 of water and sanitary sewer assets (principally at Ballpark Commons, the new light industrial park and a water main replacement in Rawson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

2018 business-type activities decreased the City's net position by \$2.1 million.

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

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

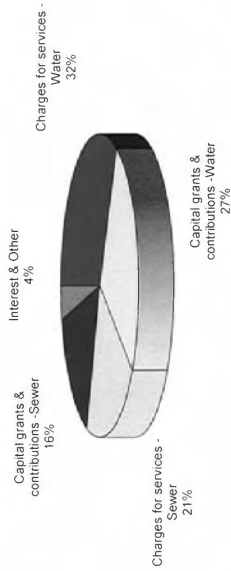
Operating Revenue and Expense - Business-type Activities



Water and Sewer expenses can exceed revenue due to the current policy of including only depreciation from City spending on capital assets in the rate formula. The large amount of infrastructure that has been contributed is the reason for this policy. 84% 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 \$3.2 million sanitary sewer project in the next two years.

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).

Revenue by Source - Business-type Activities



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.

2018 Water revenues decreased \$95,735 (1.6%) on lower volumes related to wetter weather conditions. Sewer revenues increased \$390,998 (11.8%) to recover a large cost increase from the sanitary sewer processor. There were no infrastructure contributions in 2018.

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 \$45.6 million, an increase of \$8.4 million from the prior year. At year end the unassigned fund balance was \$8.2 million, an increase of \$1.4 million related primarily to the General Fund surplus. A small deficit in the TIF Fund represents a tax refund in TID#3.

The City has assigned fund balances for activities of the Capital Projects of \$5.5 million. In addition, \$132,393 of General Fund Balance has been assigned for purchase commitments into 2020.

Outside party restrictions have resulted in restricted fund balances

- 1) to pay debt service \$1.1 million –collections of special assessments increased the balance
- 2) for utility improvements - \$2.2 million – the increase resulted from utility assessment collections and interest on deferred assessment balances
- 3) for development purposes - \$8.8 million – two large multi-family projects resulted in significant impact fee revenues
- 4) for TIF Districts of \$17.3 million – \$6 million in new Debt resources during the year went unspent as the developer experienced delays, and a \$4 million refunding bond was sold in December, for which the refunding will occur in the first quarter of 2020. At the same time, the Ballpark Commons TID spent down debt proceeds from 2018 on infrastructure projects
- 5) for library services \$711,000
- 6) for Solid Waste services \$455,000
- 7) for Tourism activities - \$470,000 and
- 7) for donations, health grant funds, and recreational activities – totaling \$441,000

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 (\$136,200). 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 is the chief operating fund of the City. As of December 31, 2019, the total fund balance of the General Fund was \$8.6 million of which \$8.3 million was unassigned. This unassigned fund balance represents approximately 32% of 2019 General Fund expenditures

The total General fund balance increased by \$1.3 million during 2019. Much of the surplus came from increased building permits and investment earnings. Reduced Public Safety projects left \$600,000 of appropriations unspent.

The Debt Service Fund has a total fund balance of \$1.1, restricted for the payment of debt service. Much of the fund balance relates to collections of street special assessments

The TIF Districts Fund has total fund balance of \$17.2 million. The TID#4 \$4.1 million fund balance will fund 2020 project costs. Ballpark Commons (TID#5) sold a new \$3.2 million bond in 2019 using the proceeds on additional project costs. TID#6 sold \$6.4 million of new bonds to fund infrastructure projects, however developer delays left \$5.4 million unspent. Velo Village (TID#7) sold \$3 million of notes to fund a developer mortgage in early 2020.

The Nonmajor Governmental Funds have a total fund balance of \$18.6 million. Special Revenue fund balances totaled \$2.1 million. Capital Project funds had fund balances totaling \$16.5 million half of which is in the Development Fund (Impact fees). The City issued \$2.2 million in new notes during 2019 to provide resources for the 2019 capital project programs

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 \$2.8 million, a decrease of \$531,130 from the prior year. The Utility replaced the Rawson Homes water main spending \$1.3 million

Unrestricted net position of the Sanitary Sewer Utility at the end of the year amounted to \$1.2 million, a decrease of \$332,571 from the prior year. The Utility performed significant maintenance costs on sewer lift stations

The enterprise funds financial statements can be found on Exhibits G, H and I (page 33 – 37) of this report

An Internal Service Fund providing resources related to employee health benefits had a \$728,353 surplus, increasing fund balance to \$2.5 million. The City introduced a high deductible option in 2019, with a larger than expected participation. As a result claims costs were reduced 22%. In addition, the Stop Loss carrier introduced a rebate program that generated \$122,000. The fund balance represents a significant percentage of annual health benefit costs (94%).

General Fund Budgetary Highlights

Revenue exceeded the amended budget by \$538,000. The Original budget was amended to add \$650,000 of revenues to recognize charges to developers for inspection services on expected donated infrastructure construction. The largest revenue increase (\$273,000) came from construction permits on new development. Investment earnings of \$510,000, exceeded expectations as short-term rates rose.

Actual expenditures were less than amended budgeted by \$2.7 million (9.5% of the amended budget). The City introduced a High Deductible health plan option for employees in 2019 after the 2019 budget was adopted. The appropriations for the High Deductible plan were included in Contingency and the 2019 budget was amended in the first quarter to re-align that employee benefit across activities. The City established a \$1.8 million amended contingency. That contingency was not spent. Public Safety project costs were not spent and the retirement of inspection personnel resulted in unspent personnel appropriations.

A \$1.3 million surplus compares favorably to the amended budgeted deficit of \$2.1 million. Removing the \$1.8 million contingency noted above the amended budget deficit was more like \$0.3 million.

Capital assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2019, amounts to \$246.5 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
	2019	2018	2019	2018	2019	2018	
Land	\$ 25,450,016	\$ 25,109,551	\$ 888,479	\$ 888,479	\$ 26,338,495	\$ 25,999,030	
Buildings and Improvements other than buildings	28,404,573	27,233,712	6,328,241	6,702,216	34,732,814	33,935,928	
Machinery and equipment	119,046,303	105,348,431	142,378,652	134,188,155	281,424,955	239,558,586	
Construction in process	20,023,758	18,894,992	6,128,239	5,609,997	26,152,997	24,704,989	
Total capital assets	<u>1,988,204</u>	<u>6,811,711</u>	<u>1,160,685</u>	<u>53,054</u>	<u>3,148,889</u>	<u>6,874,765</u>	
Less Accumulated depreciation	<u>194,910,854</u>	<u>183,198,397</u>	<u>156,885,298</u>	<u>147,651,901</u>	<u>(105,272,805)</u>	<u>330,850,298</u>	
Capital assets net of depreciation	<u>\$ 135,590,157</u>	<u>\$ 126,909,049</u>	<u>\$ 110,933,188</u>	<u>\$ 105,030,800</u>	<u>\$ 246,523,345</u>	<u>\$ 231,938,849</u>	

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was \$14.6 million or 6.3%. Development drove most of the increase, with infrastructure at Ballpark Commons (TID#5) the round-about at S 51st and Drexel Ave, a fire engine, City Hall roof replacement and Heating Ventilating and Cooling system replacement some of the larger projects.

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 12 – 12.2 (page 124 – 126).

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, 2019, the City had general obligation note and bond issues outstanding totaling \$71.9 million. The current legal debt limitation for the City is \$218.0 million. The City's current outstanding general obligation debt is 33.0% of the statutory debt limit.

By City policy, outstanding general obligation debt is limited to 2% of total equalized value or \$87.2 million. Outstanding debt represents 82% of this internal limit, leaving an internal debt limit margin of \$15.3 million. The Finance Committee reviewed the Debt Policy in July, 2019 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 considering new debt issues.

The City's present rating from Moody's for its general obligation debt is "Aa2". The "Aa2" rating was affirmed with the 2019 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.

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 million 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

City of Franklin's Outstanding Debt (All purposes)

	Governmental Activities		Business-type Activities		Total
	2019	2018	2019	2018	
General obligation					
Premium (Discount)	\$ 446,398	\$ 150,083	\$ (8,318)	\$ (9,353)	\$ 438,080
Note Anticipation Notes	13,480,000	23,480,000	-	-	13,480,000
Bonds	34,620,000	3,385,000	18,570,341	19,869,970	53,190,341
Notes	5,200,000	3,145,000	-	-	5,200,000
Total	\$ 53,746,398	\$ 30,160,083	\$ 18,562,023	\$ 19,860,617	\$ 72,308,421

Additional information of the City's long-term debt can be found in Note 3(H) (page 65-68) Schedule 5 (page 106) and Tables 11 - 13 (page 134-137) 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 eight years of that TID. This note bears interest at 4.5%. A \$202,000 payment was made in 2019. The remaining balance of all the notes at December 31 2019 was \$5,189,000.

New Developer agreements in 2019 committed the City to two additional MRO's a \$3.1 million grant in TID#6 issuable upon acceptance of donated infrastructure and a \$14,952 grant in TID#7 supporting the 265 unit Velo Village apartment project issuable upon construction initiation for the project.

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 2019 for the City was 3.0% and Milwaukee County which includes the City, was 3.5%. This compares with an unemployment rate of 3.5% for the State of Wisconsin.
- The 2019 Budget assessed tax rate of \$5.43 was down from \$5.61 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 \$21.0 million the previous five years, to \$21.4 million in 2019. Much of the restrained total levy increase came by way of a shift of debt service levy, which declined \$450,000 over that same period, shifting tax levy to operating and capital levy.
- The 2020 tax levy increased another \$352,600 (1.7%) by another use of a one-time tool in state levy limits.
- 2019 budgeted expenditures increased \$1.13 million (4.0%). This was made possible by the use of Charges for Services as an increasing resource in Capital Project funds and applying the prior tax levy resource to the General Fund.
- This larger increase in expenditures compared to tax levy resources is not sustainable.

Subsequent Events of Note:

- In March 2020 the US President, WI Governor and Franklin's Mayor declared a public health emergency. It is too early to project the financial impact of this crisis on City finances. The Common Council adopted a 2020 Budget Amendment appropriating \$250,000 of contingency to fight the disease.
- Related to that health crisis, the US Equity markets declined significantly, and the City's Defined Benefit Plan administrator placed a \$750,000 call for additional one-time contributions. The Common Council authorized 2020 appropriations to support a \$1 million extraordinary contribution and also authorized the Director of Finance to make up to a \$750,000 contribution if necessary, returning to Council should additional contributions be required.
- The 2020 Budget anticipated \$2.7 million of Landfill Siting revenues (Public Charges for Services) substantially supporting capital programs. By April 2020, this revenue stream began to decline, such that the Common Council considered reductions in 2020 capital program appropriations.
- On April 6, 2020, the Common Council authorized the issuance of a \$14,952 million Municipal Revenue Obligation to Velo Village under the terms of a Developer's Agreement signed in October, 2019.

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

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
As of December 31, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 53,523,392	\$ 3,475,763	\$ 56,999,155
Receivables			
Accounts	1,455,277	2,386,979	3,842,256
Taxes	26,628,560	280,938	26,909,498
Special assessments	691,966		691,966
Due from other governments	1,080,035	1,275,272	2,355,307
Prepaid items	5,326		5,326
Inventories	14,164		14,164
Long term advances	123,200	(123,200)	
Restricted cash		480,000	480,000
Due from other governments - long term		16,280,068	16,280,068
Capital assets (net of accumulated depreciation)			
Land	25,450,016	888,479	26,338,495
Buildings and improvements	16,558,754	6,328,241	22,886,995
Machinery and equipment	6,980,916	6,129,239	13,110,155
Infrastructure	84,614,267	96,426,543	181,040,810
Construction in progress	1,986,204	1,160,686	3,146,890
Total assets	219,112,077	134,989,008	354,101,085
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	10,809,272	648,098	11,457,370
Total deferred outflow of resources	10,809,272	648,098	11,457,370
LIABILITIES			
Accounts payable	4,848,870	1,605,442	6,454,312
Accrued liabilities	2,266,899	37,944	2,304,843
Due to other governments	130,380		130,380
Accrued interest	581,424	83,598	665,022
Special deposits	56,306		56,306
Noncurrent liabilities			
Benefit obligations due within one year	743,005	80,486	823,491
Benefit obligations due in more than one year	7,906,255	807,190	8,713,445
General obligation debt due within one year	6,090,000	1,330,272	7,420,272
General obligation debt due in more than one year	47,656,400	17,231,751	64,888,151
Total liabilities	70,279,539	21,176,683	91,456,222
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	4,830,062	56,482	4,886,544
Subsequent year property taxes	26,531,956		26,531,956
Total Deferred Inflow of Resources	31,362,018	56,482	31,418,500
NET POSITION			
Net Investment in capital assets	123,769,857	92,371,165	212,636,622
Restricted for			
Debt service	127,211		127,211
Utility improvements	2,586,422		2,586,422
Development	9,066,099		9,066,099
TID Funds	2,328,611		2,328,611
Library	710,872		710,872
Solid Waste	455,125		455,125
Recreation services	80,952		80,952
Health	198,561		198,561
Donations	161,342		161,342
Tourism Commission	469,951		469,951
Sewer equipment replacement		480,000	480,000
Intergovernmental Cooperation Agreement		17,555,340	17,555,340
Unrestricted (deficit)	(11,675,211)	3,997,436	(4,173,375)
Total net position	\$ 128,279,792	\$ 114,403,941	\$ 242,683,733

See accompanying notes to the financial statements

CITY OF FRANKLIN WISCONSIN
Statement of Activities
For the Year Ended December 31 2019

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities							
General government	\$ 3,979,782	\$ 186,597	\$ 368,185	\$ 21,684	\$ (3,771,501)	\$ (3,771,501)	(3,771,501)
Public safety	18,695,104	3,189,400	1,324,182	496,353	(14,641,166)	(14,641,166)	(14,641,166)
Public works	5,952,372	5,207,303	204,647	2,413,929	2,993,042	2,993,042	2,993,042
Health and human services	849,373	209,064	94,067	1,226,821	(435,662)	(435,662)	(435,662)
Culture and recreation	2,331,957	193,019			(818,050)	(818,050)	(818,050)
Conservation and development	12,222,229	150,570			(12,071,659)	(12,071,659)	(12,071,659)
Interest on long term debt	1,416,597				(1,416,597)	(1,416,597)	(1,416,597)
Total governmental activities	45,447,414	9,135,953	1,991,081	4,158,787	(30,161,593)	(30,161,593)	(30,161,593)
Business-type activities							
Water	5,393,192	5,822,259		1,189,743	1,618,810	1,618,810	1,618,810
Sewer	6,167,989	3,802,127		703,436	(1,662,426)	(1,662,426)	(1,662,426)
Total business-type activities	11,561,181	9,624,386		1,893,179	(43,616)	(43,616)	(43,616)
Total primary government	\$ 57,008,595	\$ 18,760,339	\$ 1,991,081	\$ 6,051,966	(30,161,593)	(30,205,209)	(30,205,209)
General revenue							
Property taxes levied for general purposes					20,068,272	20,068,272	20,068,272
Property taxes levied for debt service					1,300,000	1,300,000	1,300,000
Property taxes levied for TIF Districts					2,175,058	2,175,058	2,175,058
Other taxes					1,394,469	1,394,469	1,394,469
Intergovernmental revenue not restricted to specific programs					2,437,929	2,437,929	2,437,929
Investment earnings					1,575,432	554,542	2,129,974
Miscellaneous revenue					41,373	95,217	136,590
Transfers					(4,966,506)	4,966,506	
Total general revenue and transfers					24,026,027	5,616,265	29,642,292
Change in net position					(6,135,566)	5,572,649	(562,917)
Net position beginning					134,415,358	108,831,292	243,246,650
Net position ending					\$ 128,279,792	\$ 114,403,941	\$ 242,683,733

CITY OF FRANKLIN WISCONSIN
Balance Sheet
Governmental Funds
As of December 31 2019

	<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	\$ 8 946 683	\$ 1 093 213	\$ 22 308 355	\$ 18 483 341	\$ 50 831 592
Receivables					
Accounts	1 172 832			282 445	1 455 277
Taxes	19 005 823	1 125 347	3 261 911	3 235 479	26 628 560
Special assessments		36 475		655 491	691 966
Due from other governments	80 694			999 341	1 080 035
Prepaid items	5 326				5 326
Inventories	14 164				14 164
Advances to other funds	136 200			1 500 000	1 636 200
TOTAL ASSETS	<u>\$ 29 361 722</u>	<u>\$ 2 255 035</u>	<u>\$ 25 570 266</u>	<u>\$ 25 156 097</u>	<u>\$ 82 343 120</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 619 010	\$	\$ 2 730 799	\$ 1 470 812	\$ 4 820 621
Accrued liabilities	916 573		865 135	310 191	2 091 899
Due to other governments	130 380				130 380
Special deposits	56 306				56 306
Advance from other funds			1 513 000		1 513 000
Total liabilities	<u>1 722,269</u>	<u></u>	<u>5 108 934</u>	<u>1 781 003</u>	<u>8 612 206</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned & unavailable revenue	<u>19 005 699</u>	<u>1 136 475</u>	<u>3 261 911</u>	<u>4 731 579</u>	<u>28 135 664</u>
FUND BALANCES					
Nonspendable					
Inventories and prepaid items	19 490				19 490
Advances to other funds	136 200				136 200
Restricted					
Debt service		1 118 560			1 118 560
Utility improvements				2 194 797	2 194 797
Development				8 833 459	8 833 459
TIF Districts			17 307 511		17 307 511
Donations				161 342	161 342
Health services				198 561	198 561
Library services				710 872	710 872
Solid waste				455 125	455 125
Recreational services				80 952	80 952
Tourism				469 951	469 951
Assigned					
Purchases on order	132 393				132 393
Capital projects				5 538 456	5 538 456
Unassigned (deficit)	<u>8 345 671</u>		<u>(108 090)</u>		<u>8,237 581</u>
Total fund balances	<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>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 29 361 722</u>	<u>\$ 2 255 035</u>	<u>\$ 25 570 266</u>	<u>\$ 25 156 097</u>	<u>\$ 82 343 120</u>

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, 2019

Fund balances total governmental funds		\$ 45 595 250
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		135 590 157
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenues when earned in the government-wide statements		
Special assessments		428 100
Impact fees		232 640
Intergovernment grant		943 000
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		11 127 908
Deferred inflows		(5 148 698)
Internal Service Fund net position		2 488 521
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		(53 300 002)
Compensated absences		(2 148 384)
Net pension and OPEB obligations		(6 500 878)
Unamortized debt premiums		(446 398)
Accrued Interest		(581 424)
Net position of governmental activities		<u>\$ 128 279 792</u>

CITY OF FRANKLIN WISCONSIN
Statement of Revenue Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31 2019

	<u>General</u>	<u>Debt Service</u>	<u>TIF Districts</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE					
Taxes	\$ 18 829 930	\$ 1 300 000	\$ 2 278 617	\$ 2 134 421	\$ 24 542 968
Intergovernmental revenue	1 757 347		504 013	1 052 400	3,313 760
Licenses and permits	1 314 918			20 671	1 335,589
Fines forfeitures and penalties	451 062				451 062
Public charges for services	2 829 033			4 080 163	6 909 196
Special assessments		28 524		3 474 482	3,503 006
Intergovernmental charges for services	226 178				226 178
Investment earnings	510 943	35 588	444 570	518 850	1 509 951
Miscellaneous revenue	189 606		42 500	160 965	393 071
Total revenue	<u>26 109,017</u>	<u>1 364 112</u>	<u>3,269 700</u>	<u>11 441 952</u>	<u>42 184 781</u>
EXPENDITURES					
Current					
General government	2 953 923		266 229	6 701	3,226,853
Public safety	17 157 353			24 431	17 181 784
Public works	4 140 073		52 499	1 660 197	5 852 769
Health and human services	646 760			210 595	857 355
Culture recreation and education	223 360			1 475 219	1 698,579
Conservation and development	606 419		11 540 612	88 594	12 235 625
Capital outlay			7 985 635	7 937 731	15 923 366
Debt service					
Principal		1 405 000	10 000 000		11 405 000
Interest		135 338	899 969		1 035 307
Debt issuance costs			423 173	49 924	473 097
Total expenditures	<u>25,727 888</u>	<u>1 540 338</u>	<u>31 168 117</u>	<u>11 453,392</u>	<u>69 889 735</u>
Excess (deficiency) of revenue over expenditures	<u>381 129</u>	<u>(176 226)</u>	<u>(27 898 417)</u>	<u>(11,440)</u>	<u>(27 704 954)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets				34 478	34 478
Transfers in	968 448	323 419		356 731	1 648 598
Transfers out	(52 100)	(92 000)		(536 050)	(680 150)
General obligation debt issued			17 685 000	2 285 000	19 970 000
Refunding debt issued			14 725 000		14 725 000
Premium on debt issued		80 648	270 685	12 598	363,931
Total other financing sources and uses	<u>916 348</u>	<u>312 067</u>	<u>32 680 685</u>	<u>2 152,757</u>	<u>36 061 857</u>
Net change in fund balances	1 297 477	135 841	4 782 268	2 141 317	8 356 903
Fund balances beginning	<u>7 336 277</u>	<u>982 719</u>	<u>12 417 153</u>	<u>16 502 198</u>	<u>37 238 347</u>
Fund balances ending	<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>

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, 2019

Net change in fund balances total governmental funds	\$ 8 356 903
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 outlay as reported in the governmental funds	15 923 366
Capital outlay contributed to business-type units	(5 934 954)
Items capitalized from non outlay accounts	1 388 621
Depreciation	(3 727 753)
Net book value of assets disposed	(77 234)
Contributed capital assets are reported as revenues in the statement of activities	
	1 110 062
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	11 405 000
Proceeds from long term debt net of premium	(35 058 931)
The Governmental Funds report Deferred Inflows for resources that are not available for activities	
Grants & Charges for Services	943 000
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	(923 258)
Accrued interest payable and amortization of debt premium	(209 293)
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities	
Net special assessments	(59 448)
Internal service fund change in net position	728 353
Net change in net position of governmental activities	\$ (6,135 566)

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 2019

	Budgeted Amount			Actual	Variance with final budget Excess (Deficiency)
	Original	Change Inc (Dec)	Final		
REVENUE					
Taxes	\$ 19 876 475	\$	\$ 19 876 475	\$ 19 798 378	\$ (78 097)
Intergovernmental revenue	1 736 127		1 736 127	1 757 347	21 220
Licenses and permits	1,041,490		1 041 490	1 314 918	273 428
Fines forfeitures and penalties	546 000		546 000	451 062	(94 938)
Public charges for services	2 056 950	650 000	2 706 950	2 829 033	122 083
Intergovernmental charges for services	207,500		207 500	226 178	18 678
Investment earnings	265 000		265 000	510 943	245 943
Miscellaneous revenue	159 650		159 650	189 606	29 956
Total revenue	<u>25 889 192</u>	<u>650,000</u>	<u>26 539 192</u>	<u>27 077 465</u>	<u>538,273</u>
EXPENDITURES					
Current					
General government	4 894 848	(206 984)	4 687 864	2 926 072	1 761 792
Public safety	17 784 187	(32 700)	17 751,487	17 150 753	600 734
Public works	3 571 132	571 783	4 142 915	4,020 678	122 237
Health and human services	750 797	(9 935)	740 862	646 760	94 102
Culture and recreation	182 702	43 541	226 243	223 360	2 883
Conservation and development	640 776	73 513	714,289	620,688	93,601
Total expenditures	<u>27 824 442</u>	<u>439 218</u>	<u>28 263 660</u>	<u>25 588 311</u>	<u>2 675 349</u>
Excess (deficiency) of revenue over (under) expenditures	(1 935 250)	210 782	(1 724 468)	1 489 154	3 213 622
OTHER FINANCING SOURCES (USES)					
Transfers in	59 250	30 625	89 875		(89 875)
Transfers out	(274 000)	(8 100)	(282 100)	(52 100)	230 000
Net change in fund balance budgetary basis	(2 150 000)	233 307	(1 916 693)	1 437 054	3 353 747
Adjustments to generally accepted accounting principles basis					
2019 encumbrances			132 393	132 393	
2018 encumbrances			(271 970)	(271 970)	
Net change in fund balance generally accepted accounting principles basis	(2 150 000)		(2,056 270)	1,297,477	3 353 747
Fund Balances beginning	<u>7 336 277</u>		<u>7 336 277</u>	<u>7 336 277</u>	
Fund Balances ending	<u>\$ 5 186 277</u>		<u>\$ 5 280 007</u>	<u>\$ 8 633 754</u>	<u>\$ 3 353 747</u>

See accompanying notes to the financial statements

CITY OF FRANKLIN WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31 2019
 (with comparative information for December 31 2018)

	Business-type Activities		Enterprise Funds		Current Year Totals	Governmental Activities Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
ASSETS						
Current assets						
Cash and investments	\$ 2,425,883	\$ 2,731,422	\$ 1,049,880	\$ 1,383,225	\$ 3,475,763	\$ 2,691,800
Receivables						
Accounts receivable	1,395,461	1,399,959	991,518	956,759	2,386,979	
Taxes receivable	161,985	173,394	118,953	108,886	280,938	
Due from other governments			1,275,272	1,244,629	1,275,272	
Prepaid expenses		2,291		2,291		
Total current assets	<u>3,983,329</u>	<u>4,307,066</u>	<u>3,435,623</u>	<u>3,695,790</u>	<u>7,418,952</u>	<u>2,691,800</u>
Noncurrent assets						
Restricted cash and investments			480,000		480,000	
Due from other governments			16,280,068	17,555,340	16,280,068	
Regulatory assets		42,059				
Capital assets						
Land	162,885	162,885	725,594	725,594	888,479	
Buildings and improvements	3,020,191	3,020,191	3,308,050	3,308,050	6,328,241	
Improvements other than buildings	60,725,142	55,613,608	81,653,509	78,754,451	142,378,651	
Machinery and equipment	4,920,074	4,821,896	1,209,165	1,182,171	6,129,239	
Construction in progress	1,065,176	60,301	95,510	2,753	1,160,686	
Less accumulated depreciation	(21,423,626)	(20,238,971)	(24,528,482)	(22,382,129)	(45,952,108)	
Total capital assets (net of accumulated depreciation)	<u>48,469,842</u>	<u>43,439,910</u>	<u>62,463,346</u>	<u>61,590,890</u>	<u>110,933,188</u>	
Total noncurrent assets	<u>48,469,842</u>	<u>43,481,969</u>	<u>79,223,414</u>	<u>79,146,230</u>	<u>127,693,256</u>	
Total assets	<u>52,453,171</u>	<u>47,789,035</u>	<u>82,659,037</u>	<u>82,842,020</u>	<u>135,112,208</u>	<u>2,691,800</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension and OPEB related	346,811	102,915	301,287	89,558	648,098	

Continued

CITY OF FRANKLIN WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31 2019
(with comparative information for December 31 2018)

	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	\$ 943 378	\$ 760 659	\$ 662 064	\$ 620 577	\$ 1 605 442	\$ 28 279
Accrued liabilities	689	689	37 255	29 109	37 944	175 000
Accrued interest payable	11 563	11 196	72 035	77 143	83 598	
Current portion of accrued compensated absences	40 243		40 243		80 486	
Current portion of long-term advances	16 750	16 500			16 750	
Current portion of long-term obligations	55 000	55 000	1 275 272	1 244 629	1 330 272	
Total current liabilities	<u>1 067 623</u>	<u>844 044</u>	<u>2 086 869</u>	<u>1 971 458</u>	<u>3,154 492</u>	<u>203 279</u>
Noncurrent liabilities						
Net pension liability	379 808	66 480	328 016	57 415	707 824	
Net OPEB liability	14 026	24 289	14 026	24 289	28 052	
General obligation notes payable	951 682	1 005 647	16 280 069	17 555 341	17 231 751	
Accrued compensated absences	35,657	75 360	35 657	75 360	71 314	
Total noncurrent liabilities	<u>1,381 173</u>	<u>1 171 776</u>	<u>16,657 768</u>	<u>17 712,405</u>	<u>18 038 941</u>	
Long-term advances	<u>106,450</u>	<u>123 200</u>			<u>106 450</u>	
Total liabilities	<u>2 555 246</u>	<u>2 139 020</u>	<u>18 744 637</u>	<u>19 683 863</u>	<u>21 299 883</u>	<u>203,279</u>
DEFERRED INFLOWS OF RESOURCES						
Pension and OPEB related	<u>29 911</u>	<u>90 872</u>	<u>26 571</u>	<u>78 481</u>	<u>56 482</u>	
NET POSITION						
Net investment in capital assets	47 463 160	42 379 263	44 908 005	42 790 920	92 371 165	
Restricted						
Sewer equipment replacement			480 000		480 000	
Intergovernmental cooperation agreement			17 555 340	18 799 969	17 555 340	
Unrestricted	<u>2 751 665</u>	<u>3 282 795</u>	<u>1 245 771</u>	<u>1 578 345</u>	<u>3,997 436</u>	<u>2 488 521</u>
Total net position	<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>

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 2019
(with comparative information for December 31 2018)

	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	\$ 2,874,381	\$ 2,918,671	\$ 2,066,966	\$ 2,019,797	\$ 4,941,347	\$
Multi-Family	741,263	751,798	503,338	498,485	1,244,601	
Commercial	648,437	689,710	591,845	584,945	1,240,282	
Irrigation	108,212	139,507			108,212	
Industrial	438,327	475,734	430,270	415,365	868,597	
Public authority	268,223	248,797	171,112	152,553	439,335	
Total metered sales	<u>5,078,843</u>	<u>5,224,217</u>	<u>3,763,531</u>	<u>3,671,145</u>	<u>8,842,374</u>	
Group health & dental charges						3,315,854
Unmetered sales	20,928	17,155	2,355		23,283	
Public fire protection service	544,847	542,668			544,847	
Private fire protection service	125,087	123,381			125,087	
Forfeited discounts, penalties and other	52,554	53,929	36,241	33,707	88,795	
Total operating revenue	<u>5,822,259</u>	<u>5,961,350</u>	<u>3,802,127</u>	<u>3,704,852</u>	<u>9,624,386</u>	<u>3,315,854</u>
OPERATING EXPENSES						
Cost of sales and services	3,539,664	3,541,829	2,534,298	2,534,885	6,073,962	2,652,981
Depreciation	1,245,739	1,204,485	2,172,379	2,135,076	3,418,118	
Amortization	42,059	130,666			42,059	
Administration	529,598	599,458	1,018,886	806,763	1,548,484	
Total operating expenses	<u>5,357,060</u>	<u>5,476,438</u>	<u>5,725,563</u>	<u>5,476,724</u>	<u>11,082,623</u>	<u>2,652,981</u>
Operating income (loss)	<u>465,199</u>	<u>484,912</u>	<u>(1,923,436)</u>	<u>(1,771,872)</u>	<u>(1,458,237)</u>	<u>662,873</u>
NONOPERATING REVENUE (EXPENSES)						
Investment earnings	66,996	43,412	487,546	504,635	554,542	65,480
Sundry	92,997	112,106	2,220	22,822	95,217	
Interest expense	(36,132)	(37,619)	(442,426)	(472,825)	(478,558)	
Total non-operating revenue (expenses)	<u>123,861</u>	<u>117,899</u>	<u>47,340</u>	<u>54,632</u>	<u>171,201</u>	<u>65,480</u>
Income (loss) before capital contributions and transfers	589,060	602,811	(1,876,096)	(1,717,240)	(1,287,036)	728,353
Capital contributions	4,929,075		2,899,058		7,828,133	
Transfers out	(965,368)	(1,008,038)	(3,080)	(3,354)	(968,448)	
Change in net position	<u>4,552,767</u>	<u>(405,227)</u>	<u>1,019,882</u>	<u>(1,720,594)</u>	<u>5,572,649</u>	<u>728,353</u>
Net position beginning	<u>45,662,058</u>	<u>46,067,285</u>	<u>63,169,234</u>	<u>64,889,828</u>	<u>108,831,292</u>	<u>1,760,168</u>
Net position ending	<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>

CITY OF FRANKLIN WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31 2019
(with comparative information for December 31 2018)

	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	\$ 5,936,577	\$ 6,181,203	\$ 3,767,823	\$ 3,634,238	\$ 9,704,400	\$ 3,377,516
Payments to suppliers	(3,329,430)	(3,382,687)	(3,065,756)	(2,921,813)	(6,395,186)	(2,621,990)
Payments to employees	(416,854)	(597,759)	(352,076)	(484,497)	(768,930)	
Payments for interfund services used	(131,823)	(105,330)	(104,410)	(106,545)	(236,233)	
Net cash flows provided by (used) in operating activities	<u>2,058,470</u>	<u>2,095,427</u>	<u>245,581</u>	<u>121,383</u>	<u>2,304,051</u>	<u>755,526</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances from other funds						(115,700)
Transfer out paid for tax equivalent	(965,368)	(1,008,038)	(3,080)	(3,354)	(968,448)	
Net Cash Flows from Noncapital Financing Activities	<u>(965,368)</u>	<u>(1,008,038)</u>	<u>(3,080)</u>	<u>(3,354)</u>	<u>(968,448)</u>	<u>(115,700)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Advances to other funds	(16,500)	(16,000)			(16,500)	
Proceeds on disposal of asset				22,822		
Payments on capital debt	(55,000)	(55,000)	(1,244,628)	(1,214,724)	(1,299,628)	
Payments from other governments			1,244,628	1,214,723	1,244,628	
Interest on capital debt	(34,730)	(36,180)	(447,535)	(477,808)	(482,265)	
Acquisition of capital assets	(1,359,407)	(192,326)	(130,748)	(471,233)	(1,490,155)	
Net cash provided (used) by capital and related financing activities	<u>(1,465,637)</u>	<u>(299,506)</u>	<u>(578,283)</u>	<u>(926,220)</u>	<u>(2,043,920)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings	66,996	43,413	482,437	504,635	549,433	65,480
Net cash provided (used) by investing activities	<u>66,996</u>	<u>43,413</u>	<u>482,437</u>	<u>504,635</u>	<u>549,433</u>	<u>65,480</u>
Net increase (decrease) in cash and cash equivalents	(305,539)	831,296	146,655	(303,556)	(158,884)	705,306
Cash and cash equivalents Beginning	<u>2,731,422</u>	<u>1,900,126</u>	<u>1,383,225</u>	<u>1,686,781</u>	<u>4,114,647</u>	<u>1,986,494</u>
Cash and cash equivalents Ending	<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 Investments Unrestricted	\$ 2,425,883	\$ 2,731,422	\$ 1,049,880	\$ 1,383,225	\$ 3,475,763	\$ 2,691,800
Cash and Investments Restricted			480,000		480,000	
	<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>

Continued

CITY OF FRANKLIN WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31 2019
(with comparative information for December 31 2018)

	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)	\$ 465,199	\$ 484,912	\$ (1,923,436)	\$ (1,771,872)	\$ (1,458,237)	\$ 662,873
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities						
Depreciation	1,245,740	1,204,485	2,172,379	2,135,076	3,418,119	
Depreciation allocated to other funds	12,809	12,927	(12,809)	(12,750)		
Amortization	42,059	130,666			42,059	
Nonoperating revenues	92,997	118,006			92,997	
(Increase) decrease in assets and deferred outflows of resources						
Accounts receivable	4,498	74,125	(29,651)	(103,322)	(25,153)	61,662
Taxes receivable	11,409	(11,538)	(10,067)	(11,871)	1,342	
Prepaid expense	2,291	(2,291)	2,291	(2,291)	4,582	3,045
Due from other funds		39,260		44,579		
Deferred outflows of resources	918	(4,960)	918	(4,960)	1,836	
Increase (decrease) in liabilities and deferred inflow of resources						
Accounts payable	182,720	49,363	41,489	(179,912)	224,209	27,946
Accrued liabilities	540	339	8,686	1,364	9,226	
Due to other funds		(55,014)		(20,908)		
Pension obligations	2,139	50,586	630	43,688	2,769	
Post employment retirement benefit	(10,263)	4,562	(10,263)	4,562	(20,526)	
Deferred inflows of resources	5,414		5,414		10,828	
Total adjustments	<u>1,593,271</u>	<u>1,610,515</u>	<u>2,169,017</u>	<u>1,893,255</u>	<u>3,762,288</u>	<u>92,653</u>
Net cash flows provided by (used in) operating activities	<u>\$ 2,058,470</u>	<u>\$ 2,095,427</u>	<u>\$ 245,581</u>	<u>\$ 121,383</u>	<u>\$ 2,304,051</u>	<u>\$ 755,526</u>
Noncash Capital Activities						
Cost of Utility plant installed and/or financed by external parties or the City	<u>\$ 4,929,075</u>	<u>\$ _____</u>	<u>\$ 2,899,058</u>	<u>\$ _____</u>	<u>\$ 7,828,133</u>	<u>\$ _____</u>

CITY OF FRANKLIN WISCONSIN
Statement of Fiduciary Net Position
As of December 31, 2019

	Custodial Funds	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust
ASSETS			
Cash	\$ 59,903,922	\$	\$ 222,237
Investments			
Fixed Income Securities		4,622,948	1,946,434
Domestic Equities		4,458,815	3,939,768
International Equities		1,514,407	449,569
Total Cash & Investments	<u>59,903,922</u>	<u>10,596,170</u>	<u>6,558,008</u>
Taxes receivable	15,412,512		
Accounts receivable	1,688		
Total assets	<u>75,318,122</u>	<u>10,596,170</u>	<u>6,558,008</u>
LIABILITIES			
Accounts payable	\$ 24,569	\$	\$ 9,248
Accrued liabilities			10,000
Due to other governments	75,274,916		
Special deposits	18,637		
Total liabilities	<u>75,318,122</u>	<u></u>	<u>19,248</u>
NET POSITION			
Restricted for post employment benefits		<u>10,596,170</u>	<u>6,538,760</u>
Total Net Position	<u>\$</u>	<u>\$ 10,596,170</u>	<u>\$ 6,538,760</u>

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2019

	<u>Custodial Funds</u>	<u>City of Franklin Defined Benefit Retirement Income Plan</u>	<u>City of Franklin Post Employment Benefits Trust</u>
ADDITIONS			
Tax collections	\$ 72 779 386	\$	\$
Contributions			
City of Franklin		178 174	377 172
Retirees		79 397	153 829
Net investment earnings (losses)		1 732,648	1,101 085
Total additions	<u>72 779 386</u>	<u>1 990,219</u>	<u>1 632,086</u>
DEDUCTIONS			
Tax distributions	72 779 386		
Incurred claims		504 915	79 674
Prescription drug claims	-		119 408
Claims fees		-	43 059
Stop loss premiums less claims received	-		80,589
Total deductions	<u>72 779 386</u>	<u>504,915</u>	<u>322 730</u>
Change in net position		1 485 304	1 309 356
Net position beginning		<u>9,110 866</u>	<u>5 229 404</u>
Net position - ending	<u>\$</u>	<u>\$ 10,596 170</u>	<u>\$ 6 538,760</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

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 2019 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

In January 2017 the GASB issued statement No 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1 2019. As a result of the implementation of this standard the City of Franklin's Defined Benefit Retirement Income Plan Pension Trust has been included in the reporting of the City's Fiduciary Funds.

In March 2018 the GASB issued statement No 88 - *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments including direct borrowings and direct placements. This standard was implemented January 1 2019.

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.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

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, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

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.

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.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Major Enterprise Funds (continued)

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.

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, Tourism Commission, St. Martin's Fair, Donation, Civic Celebrations 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, 2019

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, 2019, there were \$405,676 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, 2019

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, 2019**

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 75% 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 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, 2019, 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, 2019**

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 5 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, 2019

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 state government, 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 – 2019 tax roll

Lien date and levy date	December 2019
Tax bills mailed	December 2019
Payment in full or	January 31, 2020
First installment due	January 31, 2020
Second installment due	March 31, 2020
Third installment due	May 31, 2020
Personal property taxes in full	January 31, 2020
Final tax settlement with County	August 20, 2020
Tax deed by County – 2019	
Delinquent real estate taxes	October 2022

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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)

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.

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 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

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, 2019**

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. IDRBs are secured by mortgages or revenue agreements on associated projects of the business enterprises. The IDRBs do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the financial statements. Two series of Industrial Revenue Bonds originally issued with an aggregate principal amount of \$8,375,000 are outstanding with a December 31, 2019 balance of \$4,025,000.

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, 2019**

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:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 123,769,857	\$ 92,371,165	\$ (3,504,400)	\$ 212,636,622
Unrestricted	(11,675,211)	3,987,436	3,504,400	(4,173,375)

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, 2019**

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 be 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 2019 the City exceeded the 30% upper level by 3.5%.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

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 2018 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 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 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, 2019**

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, 2019 the following funds had expenditures exceeding budget

Fund/Function	Budget Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Public Health - Non-Personnel	\$ 73,250	\$ 75,056	\$ 1,806
Debt Service Interest	\$ 135,188	\$ 135,338	\$ 150
Library Auxiliary Fund	\$ 47,520	\$ 50,785	\$ 3,265
Solid Waste Fund	\$ 1,659,501	\$ 1,660,197	\$ 696
Public Works			
St. Martin's Fair Fund	\$ 52,756	\$ 53,339	\$ 583
Culture and recreation			
Grant Fund	\$ 6,000	\$ 6,299	\$ 299
Public Safety			

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, 2019**

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, 2019, 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, 2019 statement of net position are subject to the following risks:

	Carrying Value	Bank & Investment Balances	Risks
Local Government Investment Pool	\$ 2,962,536	\$ 2,962,536	Credit
Money market funds	280,709	280,709	Custodial credit
U.S. Treasuries	7,056,406	7,056,406	Custodial credit and interest rate
Certificates of Deposit	4,745,475	4,745,475	Custodial credit
U.S. agencies	10,123,831	10,123,831	Credit, custodial credit, interest rate and concentration of credit
Total fixed income investments	25,168,957	25,168,957	
Equity funds	10,362,559	10,362,559	Custodial credit
Fixed income funds	6,569,382	6,569,382	Credit and interest rate
Cash and demand deposits	92,436,357	81,827,947	Custodial credit
Total	\$ 134,537,255	\$ 123,928,845	

Reconciliation to the financial statements is shown below:

Per Statement of Net Position	
Primary Government	
Unrestricted cash and investments	\$ 56,999,155
Restricted cash and investments	480,000
Per Statement of Fiduciary Net Position	
Custodial Fund	59,903,922
Defined Benefit Retirement Income Plan Trust	10,596,170
City of Franklin Post Employment Benefits Trust	6,558,008
	<u>\$ 134,537,255</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A CASH AND INVESTMENTS (continued)

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, 2019, 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, 2019, 98% 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: Aa at 64%. The portfolio makeup of fixed income investments was treasury and agency securities at 64%, Local Government Investment Pool at 11% and money market funds at 1%. The Local Government Investment Pool is not rated. Equities and fixed income mutual funds held in trust at 24% 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, 2019, 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.

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A CASH AND INVESTMENTS (continued)

As of December 31, 2019, 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
U.S. treasuries and agencies	\$ 17,180,237	\$ 6,557,472	\$ 10,622,765	\$ -	\$ -
Fixed income funds	6,569,381	575,255	748,521	414,618	4,830,987
Total	\$ 23,749,618	\$ 7,132,727	\$ 11,371,286	\$ 414,618	\$ 4,830,987

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, 2019			Total
	Level 1	Level 2	Level 3	
US treasuries and agencies	\$ -	\$ 17,180,237	\$ -	\$ 17,180,237
Equity funds	10,362,559	-	-	10,362,559
Fixed income funds	6,569,381	-	-	6,569,381
Total	\$ 16,931,940	\$ 17,180,237	\$ -	\$ 34,112,177

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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 \$101,866 at December 31, 2019. Other than the special assessment receivables, all other receivables are expected to be collected within one year.

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

	Unavailable	Unearned	Total
Governmental funds			
Subsequent year property taxes	-	\$ 26,531,924	\$ 26,531,924
Impact fee note receivable	232,640	-	232,640
Intergovernmental grant receivable	943,000	-	943,000
Special assessments not yet due	428,100	-	428,100
Total deferred inflows of resources for governmental funds	<u>\$ 1,603,740</u>	<u>\$ 26,531,924</u>	<u>\$ 28,135,664</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

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:

Year Ending December 31	Business type Activities	
	Principal	Interest
2020	\$ 1,275,272	\$ 416,514
2021	1,306,669	384,730
2022	1,338,839	352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025-2029	7,564,314	879,993
2030-2031	3,292,870	81,563
Total	<u>\$ 17,555,341</u>	<u>\$ 2,718,367</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, 2019 is \$480,000.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E CAPITAL ASSETS

Capital asset activity for the year ended December 31 2019 was as follows

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not depreciated	\$ 25,109,551	\$ 340,465	\$ 4,625,507	\$ 25,450,016
Land	6,611,711			1,986,204
Construction in progress	31,721,262	340,465	4,625,507	27,436,220
Total capital assets not depreciated				
Capital assets depreciated	27,233,712	1,718,564	547,703	28,404,573
Buildings & improvements	18,894,992	1,232,411	103,645	20,023,758
Machinery & equipment	105,348,431	13,821,162	123,290	119,046,303
Infrastructure				
Total capital assets depreciated	151,477,135	16,772,137	774,638	167,474,634
Less: Accumulated depreciation for				
Buildings & improvements	11,611,127	725,873	491,181	11,845,819
Machinery & equipment	12,103,127	1,022,648	82,933	13,042,842
Infrastructure	32,576,094	1,979,232	123,290	34,432,036
Total accumulated depreciation	56,290,348	3,727,753	697,404	59,320,697
Net capital assets depreciated	95,186,787	13,044,384	77,234	108,153,937
Governmental activities capital assets net of accumulated depreciation	\$ 126,908,049	\$ 13,384,849	\$ 4,702,741	\$ 135,590,157

Depreciation expense was charged to functions as follows

Governmental Activities	\$	224,075
General government		699,600
Public safety		2,350,418
Public works		1,214
Health & human services		451,066
Culture & recreation		1,380
Conservation & development		1,380
Total governmental activities depreciation expense	\$	3,727,753

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Dispositions	Ending Balance
Business-Type Activities				
Capital Assets not depreciated	\$ 888,479	\$ 2,345,266	\$ 1,247,634	\$ 888,479
Land	63,054			1,160,686
Construction in progress	951,533	2,345,266	1,247,634	2,049,165
Total capital assets not depreciated				
Capital assets depreciated	6,328,241	213,923	88,751	6,328,241
Buildings & improvements	6,004,067	8,010,591	142,378,651	6,129,239
Machinery & equipment	134,368,060	8,224,514	88,751	142,378,651
Infrastructure				
Total capital assets depreciated	148,700,368	8,224,514	88,751	154,836,131
Less: Accumulated depreciation for				
Buildings & improvements	1,924,170	207,696	2,131,866	2,131,866
Machinery & equipment	3,664,124	302,249	87,111	3,879,262
Infrastructure	37,032,807	2,908,173		39,940,980
Total accumulated depreciation	42,621,101	3,418,118	87,111	45,952,108
Net capital assets depreciated	104,079,267	4,806,396	1,640	108,854,023
Business-type Activities Capital Assets Net of Accumulated Depreciation	\$ 105,030,800	\$ 7,151,662	\$ 1,249,274	\$ 110,933,188

Depreciation expense was charged to functions as follows

Business-Type Activities	\$1,245,739
Water	2,172,379
Sewer	\$3,415,118
Total Business-Type Activities Depreciation Expense	\$3,415,118

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

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 \$157,666 for the year ended December 31, 2019. Future minimum lease payments receivable in conjunction with the leases are as follows:

	Governmental Activities	Business-Type Activities	Total
2020	\$ 69,907	\$ 69,907	\$ 139,814
2021	50,300	50,300	100,600
2022	50,207	50,207	100,414
2023	80,234	40,117	120,351
2024	30,707	30,707	61,414
Total	\$ 281,355	\$ 241,238	\$ 522,593

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

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, 2019.

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. The balances at December 31, 2019 were:

	Receivable Fund		
	Payable Fund	Development Fund	Due within one year
TIF Districts	\$ 13,000	\$ 1,500,000	\$ 1,513,000
Water Fund	123,200	-	123,200
	<u>\$ 136,200</u>	<u>\$ 1,500,000</u>	<u>\$ 1,636,200</u>
			<u>\$ 29,750</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

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

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 2019 were as follows

	Transfers Out				
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Enterprise Funds	Fund Totals
Transfers In					
General Fund	\$	\$	\$	\$	\$
Debt Service Fund	52,100	92,000	323,419	968,448	968,448
Nonmajor Governmental Funds	52,100	92,000	212,631	323,419	323,419
Total	\$ 52,100	\$ 92,000	\$ 538,050	\$ 968,448	\$ 1,648,598

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

A reconciliation of fund statement transfers to government wide transfers for the year ended December 31 2019 is as follows

	Governmental Funds	Enterprise Funds
Transfers in per fund statements	\$ 1,648,598	\$ -
Transfers out per fund statements	(680,150)	(968,448)
Municipality finance addition to Utility Plant	(5,934,954)	5,934,954
Government Wide Transfers	\$ (4,966,506)	\$ 4,966,506

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS

General Obligation Debt

Long-term liabilities for the year ended December 31 2019 were as follows

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Governmental Activities					
General obligation debt	\$ 30,010,000	\$ 34,695,000	\$ 11,405,000	\$ 53,300,000	\$ 6,090,000
Premium	150,083	363,931	67,616	446,398	
Sub-total	30,160,083	35,058,931	11,472,616	53,746,398	6,090,000
Compensated absences	426,086	1,117,492	1,068,475	475,103	475,101
Accrued vacation pay	1,407,466	152,658	81,548	1,478,576	73,200
Accrued severance pay	175,601	270,485	251,381	194,705	194,704
Accrued compensatory time	2,009,153	1,540,635	1,401,404	2,148,384	743,005
Total compensated absences		3,258,799		3,258,799	
Net pension obligation WRS					
Net pension obligation	253,833	1,196,342		1,450,175	
City of Franklin Defined Benefit Retirement Plan	2,455,573	5,995,776	863,869	1,791,904	
Net OPEB obligation	4,718,559	2,065,073		8,649,262	743,005
Total benefit obligations					
Governmental activities	\$ 34,878,642	\$ 41,064,707	\$ 13,537,689	\$ 62,395,660	\$ 6,833,005
Long term liabilities					

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

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	\$ 1,070,000	\$ -	\$ 55,000	\$ 1,015,000	\$ 55,000
General obligation bonds from direct borrowings	18,799,970		1,244,829	17,555,341	1,275,272
Discount	(9,353)		(1,035)	(8,318)	
Subtotal	19,860,617		1,298,594	18,562,023	1,330,272
Compensated absences	48,182	42,592	43,052	47,722	47,722
Accrued vacation pay	76,967	7,619	4,660	79,926	8,612
Accrued severance pay	25,570	7,050	8,468	24,152	24,152
Total compensated absences	150,719	57,261	56,180	151,800	80,486
Net OPEB obligation	48,578		20,526	28,052	-
Net pension obligation					
City of Franklin Defined Benefit Retirement Plan	123,895	583,929	-	707,824	
Total Benefit Obligations	323,192	641,190	76,706	887,676	80,486
Business-type activities	\$ 20,183,809	\$ 641,190	\$ 1,375,300	\$ 19,449,699	\$ 1,410,758
Long-term liabilities					

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

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, 2019 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	\$ 2,210,000
General obligation Promissory Notes	12/18/14	2.0%	3/1/15-24	3/1 & 9/1	5,320,000	1,350,000 ¹
General obligation Notes	12/21/17	2.5%	3/1/19-27	3/1 & 9/1	1,630,000	1,565,000 ⁴
Note Anticipation Note	5/1/18	2.5%	3/1/19-23	3/1 & 9/1	23,480,000	13,480,000 ⁵
General obligation Bonds 2019A	2/20/19	3.0%	3/1/20-32	3/1 & 9/1	13,685,000	13,685,000 ⁶
General obligation Bonds 2019B	2/20/19	3.0%	3/1/22-34	3/1 & 9/1	6,365,000	6,365,000 ⁷
General obligation Bonds 2019C	12/4/19	1.75%	3/1/22-37	3/1 & 9/1	12,360,000	12,360,000 ⁸
General obligation Notes 2019D	12/4/19	2.0%	3/1/20-27	3/1 & 9/1	2,285,000	2,285,000 ⁴
Total Governmental Activities Debt						\$ 53,300,000
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	\$ 17,555,341 ²
General obligation Bonds	12/18/14	2.0%	3/1/15-34	3/1 & 9/1	1,290,000	1,015,000 ³
Total Business-type Activities Debt						\$ 18,570,341

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 Issued for capital TID 5 infrastructure and developer grant purposes 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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

H LONG TERM 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
2020	\$ 6,090,000	\$ 1,319,205	\$ 55,000	\$ 29,738
2021	2,445,000	1,359,683	60,000	28,288
2022	2,775,000	1,289,339	60,000	28,488
2023	1,170,000	1,064,703	60,000	24,688
2024	2,520,000	844,010	60,000	22,888
2025-29	15,490,000	3,050,546	335,000	85,263
2030-34	10,030,000	1,007,275	385,000	30,500
2034-37	2,180,000	92,900		
Total	\$ 53,300,000	\$ 10,027,661	\$ 1,015,000	\$ 247,853

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 obligation is not reported as a liability in the accompanying financial statements. The balance of the outstanding MRO principal at year end was \$5,189,000.

The City's outstanding direct borrowing and / or direct placement related to business-type activities of \$17,555,341 contain a provision that in an event of default, outstanding principal and any accrued interest become immediately due and payable.

In February 2019, the City issued a \$10,680,000 General Obligation Bond to provide the resources to pay \$10,000,000 of the principal balance on a \$23,480,000 Note Anticipation Note sold in May 2018.

The 2018 NAN issue had the following objectives: 1) to finance the City commitment on a TID project plan related to redevelopment of a closed landfill; 2) provide long term financing for the estimated \$10 million sunk costs after the first year; 3) provide flexibility on refunding the balance of the NAN as increment was constructed so that future debt service could match up with increment generation; and 4) provide flexibility to retire the NAN should the developer abandon the project before completion.

The \$10,000,000 was due on March 1, 2020, under the terms of the NAN. The NAN had a true interest cost of 3.2537% at time of sale. The refunding 2019 issue had a true interest cost of 3.2990%. The 2019 Refunding Bond will result in \$2,922,727 of interest thru March 1, 2032.

In December 2019, the City issued a \$4,045,000 General Obligation Bond to refund \$4,000,000 of the 2018 Note Anticipation Notes on March 1, 2020 (the earliest call date for the 2018 NAN). The refunding issue has a true interest cost of 2.6477%. Had the refunding not been initiated, the City would have paid \$448,000 of interest on the NANs until the final due date of March 1, 2023. The refunding Bonds have a final due date of March 1, 2035, and includes \$1,006,950 of interest over the term of the bonds.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

H LONG TERM 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
2020	\$ 6,090,000	\$ 1,319,205	\$ 55,000	\$ 29,738
2021	2,445,000	1,359,683	60,000	28,288
2022	2,775,000	1,289,339	60,000	28,488
2023	1,170,000	1,064,703	60,000	24,688
2024	2,520,000	844,010	60,000	22,888
2025-29	15,490,000	3,050,546	335,000	85,263
2030-34	10,030,000	1,007,275	385,000	30,500
2034-37	2,180,000	92,900		
Total	\$ 53,300,000	\$ 10,027,661	\$ 1,015,000	\$ 247,853

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 obligation is not reported as a liability in the accompanying financial statements. The balance of the outstanding MRO principal at year end was \$5,189,000.

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In February 2019, the City issued a \$10,680,000 General Obligation Bond to provide the resources to pay \$10,000,000 of the principal balance on a \$23,480,000 Note Anticipation Note sold in May 2018.

The 2018 NAN issue had the following objectives: 1) to finance the City commitment on a TID project plan related to redevelopment of a closed landfill; 2) provide long term financing for the estimated \$10 million sunk costs after the first year; 3) provide flexibility on refunding the balance of the NAN as increment was constructed so that future debt service could match up with increment generation; and 4) provide flexibility to retire the NAN should the developer abandon the project before completion.

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The City's statutory debt limit and margin of indebtedness at December 31, 2019, are \$218,013,450 and \$146,143,109, respectively. By City debt policy, the debt limit and margin of indebtedness limit are \$87,205,380 (40% of the limit prescribed by law) and \$15,335,039, 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 \$202,000 payment was made in 2019. The MRO bears interest at 4.5% payable March 1 annually. The balance of the MRO was \$1,689,000 at December 31, 2019.

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, 2019.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

I NET POSITION/FUND BALANCES

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2019 include the following

Net investment in capital assets	
Land	\$ 25 450 016
Construction in process	1 986 204
Other capital assets net of accumulated depreciation	108 153 937
Less related long term debt outstanding net of unspent bond proceeds	<u>(11 820 300)</u>
Net investment in capital assets	<u>\$ 123 769 857</u>

Business-type Activities

Business-type activities net position reported on the government-wide statement of net position at December 31, 2019 include the following

Net investment in capital assets	
Land	\$ 888 479
Construction in process	1 160 686
Other capital assets net of accumulated depreciation	108 884 023
Less related long term debt outstanding	<u>(18,562,023)</u>
Net investment in capital assets	<u>\$ 92,371 165</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

I NET POSITION/FUND BALANCES (continued)

Governmental Fund Balances

Reported on the fund financial statements at December 31, 2019 include the following

Nonspendable fund balances	\$ 136 200
General Fund - advances	19 490
General Fund - prepaid items and inventory	<u>155,690</u>
Total nonspendable fund balance	<u>\$ 155,690</u>
Restricted fund balances	
Debt service	\$ 1 118 560
Utility improvements	2 194 797
Development	8 833 459
TIF Districts	17 307 511
Donations	161 342
Health services	198 561
Library services	710 872
Solid waste	455 125
Recreational services	80 952
Tourism commission	469 951
Total restricted fund balance	<u>\$ 31 531,130</u>
Assigned Fund balances	
General Fund - purchases on order	\$ 132 393
Capital Projects	
Capital outlay	491 711
Equipment replacement	2 528 062
Capital improvement	2 012 476
Street improvement	506 207
Total assigned fund balances	<u>\$ 5 670 849</u>
Unassigned fund balances	
General Fund	\$ 8 345 671
TIF Districts (Deficit)	<u>(108 090)</u>
Total unassigned fund balances	<u>\$ 8 237 581</u>

NOTE 4 - OTHER INFORMATION (continued)

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 and expected to work at least 1,200 hours a year (880 hours 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 issues a standalone Comprehensive Annual Financial Report (CAFR) which can be found at <http://etf.wi.gov/publications/cafr.htm>

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.

NOTE 4 - OTHER INFORMATION (continued)

A DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

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

Final average earnings is the average of the participant's three highest annual earnings period. 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 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.

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:

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Year	Core Fund Adjustment	Variable Fund Adjustment
2009	(2.1)	(42.0)%
2010	(1.3)	(22.0)
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0

Contributions Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employees 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 \$973,134 in contributions from the employer.

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

Contribution rates as of December 31, 2019 are:

	Employee Category	Employee	Employer
Protective with Social Security		6.7%	10.7%

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

At December 31, 2019, the City reported a liability of \$3,258,799 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension asset liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to December 31, 2018. 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 liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2018, the City's proportion was 0.09159883%, which was an increase of 0.00378347% from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the City recognized pension expense of \$2,097,674, which includes amounts paid to WRS related to duty disability payments.

At December 31, 2019, 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	\$ 2,538,111	\$ 4,486,467
Changes in assumptions	549,314	
Net differences between projected and actual earnings on pension plan investments	4,759,253	
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,308	35,441
Employer contributions subsequent to the measurement date	1,380,924	
Total	\$ 9,245,910	\$ 4,521,908

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

A DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

\$1,380,924 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. 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	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
2020	\$ 1,220,667
2021	296,602
2022	526,465
2023	1,299,344

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

A DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

Actuarial assumptions The total pension (asset)-liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Valuation Date	December 31, 2017
Measurement Date of Net Pension Liability (Asset)	December 31, 2018
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.

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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year including the discount rate, long term expected rate of return, post-retirement adjustment wage inflation rate, mortality, and separation rates. The Total Pension Liability for December 31, 2018 is based upon a roll-forward of the liability calculated from the December 31, 2017 actuarial valuation.

NOTE 4 - OTHER INFORMATION (continued)

A DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Liabilities, Liability, 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. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 3.71%. 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate The following 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)	\$ 12,950,809	\$ 3,258,799	\$ (3,947,962)

Pension plan fiduciary net position Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://efw.wi.gov/publications/cafr.htm>

At December 31, 2019, the city reported a payable to the pension plan of \$184,066, which represents contractually required contributions outstanding as of the end of the year.

NOTE 4 - OTHER INFORMATION (continued)

A DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

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

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

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	49%	8.1%	5.5%
Fixed Income	24.5	4.0	1.5
Inflation Sensitive Assets	15.5	3.8	1.3
Real Estate	9	6.5	3.9
Private Equity/Debt	8	9.4	6.7
Multi-Asset	4	6.7	4.1
Total Core Fund	110	7.3	4.7
Variable Fund Asset Class			
US Equities	70	7.6	5.0
International Equities	30	8.5	5.9
Total Variable Fund	100	8.0	5.4

New England Pension Consultants Long Term US CPI (Inflation) Forecast 2.5%
 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, 2019**

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 is also a participant in 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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

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)

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

Active employees	29
Terminated vested participants	11
Retirees	26
Total	66

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 \$251,009 were made by the City to the plan

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

At December 31, 2019, the City reported a liability of \$2,157,999 for its net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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)

Current year changes in the net pension liability were as follows

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability	(a) - (b)
Balance at December 31, 2018	\$ 10,069,831	\$ 9,692,099	\$ 377,732	
Changes for the year:				
Service cost	161,806		161,806	
Interest	675,093	-	675,093	
Difference between expected and actual experience	149,778	-	149,778	
Changes of assumptions	1,303,694	-	1,303,694	
Change in benefit terms	(656,529)		(656,529)	
Contributions - employer	-	251,009	(251,009)	
Net investment income	-	(363,980)	363,980	
Benefit payments	(434,808)	(434,808)	-	
Administrative Expense	-	(33,454)	33,454	
Balance at December 31, 2019	<u>\$ 11,268,865</u>	<u>\$ 9,110,866</u>	<u>\$ 2,157,999</u>	80.85%

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

At December 31, 2019, 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	\$ 187,345	\$ 60,185
Changes in assumptions	1,043,833	79,004
Net differences between projected and actual earnings on pension plan investments	489,043	
Employer contributions subsequent to measurement date	176,603	
Total	<u>\$ 1,896,824</u>	<u>\$ 139,189</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

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)

The \$176,603 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. 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	Deferred Outflows of Resources and Deferred Inflows of Resources (net)
	2020	734,856
	2021	480,649
	2022	163,740
	2023	201,787

Actuarial assumptions - The pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions applied to all periods in the measurement

Actuarial Valuation Date	December 31, 2018	
Measurement Date of Net Pension Liability (Asset)	December 31, 2018	
Actuarial Cost Method	Entry Age	
Asset Valuation Method	Market Value	
Long Term Expected Rate of Return	6.50%	
Discount Rate	5.93%	
Salary Increase - Inflation	2.25%	
Salary Increase - Seniority/Merit	4.00%	
Mortality	2019 IRS Prescribed Mortality - Optional Combined Table for Small Plans	

Actuarial assumptions are based upon an experience study conducted in 2018 using historical experience. The net pension liability reported for fiscal year end December 31, 2019 was measured as of December 31, 2018, using the total pension liability that was determined by an actuarial valuation as of December 31, 2018.

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

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)

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%	34.50%
US Equity - Mid Cap	7.95%	4.00%
US Equity - Small Cap	8.50%	2.00%
Non US Equity	7.95%	13.50%
Real Estate	5.55%	6.00%
Core Bonds	4.00%	37.00%
High Yield	6.45%	3.00%

Discount rate A discount rate of 5.93% 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 5.93% 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, 2019

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 5.93% 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 (4.93%) or 1-percentage-point higher (6.93%) than the current rate

	1% Decrease to Discount Rate (4.93%)	Current Discount Rate (5.93%)	1% Increase to Discount Rate (6.93%)
City's net pension liability	\$ 3,428,409	\$ 2,157,999	\$ 1,080,562

For the year ended December 31, 2019, the City recognized pension expense of \$522,445,405,488.

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 benefits vests at various percentages based on years of service. During 2019, total contributions of \$ 7, 388,408 or 10% of covered payroll were made. The City contributed \$ 7, 382, 442, 204 and employees \$44,204,256. 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, 2019

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, 2019, 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	<u>200</u>

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

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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.

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 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	Target Allocation	Long-Term Expected Real Rate of Return
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 2019 was 16.8136%. The money weighted rate of return expresses investment performance net of investment expense adjusted for the changing amounts actually invested.

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

C POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2019, 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, 2019 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
 - 2021 and 2022 6.75% 2023 and 2024 6.25%
 - 2025 and 2026 5.75% 2027 and 2028 5.25% and 2029+ 5.00%
- Healthcare cost trend rates
- Mortality rates are 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.

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

C POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2018	\$ 7,733,557	\$ 5,229,404	\$ 2,504,153
Changes for the year:			
Service cost	210,159		210,159
Interest	516,342		516,342
Difference between expected and actual experience	132,200		132,200
Changes of assumptions	208,654		208,654
Contributions - employer		377,172	(377,172)
Contributions - employees		215,296	(215,296)
Net investment income		1,101,085	(1,101,085)
Benefit payments	(442,196)		(442,196)
Estimated Balance at December 31, 2019	\$ 8,358,716	\$ 6,480,761	\$ 1,877,955
Difference between estimated and actual Plan Fiduciary Net Position		57,999	(57,999)
Actual Balance at December 31, 2019	\$ 8,358,716	\$ 6,538,760	\$ 1,819,956

Plan fiduciary net position as a percentage of the total OPEB liability

78.23%
Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates The following presents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.5 percent) or 1 percentage point higher (7.5 percent) than the current discount rate.

	1% Decrease to Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase to Discount Rate (7.5%)
City's net OPEB liability	\$ 2,561,109	\$ 1,819,956	\$ 1,151,795

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

C POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability (continued)

Sensitivity of the net OPEB liability to changes in the 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 healthcare cost trend rates that are 1-percentage point lower (6.0 percent decreasing to 4.5 percent) or 1-percentage-point higher (8.0 percent decreasing to 6.5 percent) than the current healthcare cost trend rates

	1% Decrease to (6.75% Decreasing to 5.75%)	Healthcare Cost Trend Rates (6.75%)	1% Increase to (6.75% Increasing to 7.75%)
City's net OPEB liability	\$ 1,232,599	\$ 1,819,956	\$ 2,470,414

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

For the year ended December 31, 2019 the City recognized OPEB expense of \$262,062

At December 31, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,031	\$
Changes in assumptions	192,605	
Net differences between projected and actual earnings on pension plan investments		225,447
Total	<u>\$ 314,636</u>	<u>\$ 225,447</u>

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

C POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

	Deferred Outflow of Resources and Deferred Inflows of Resources (net)
Year ended December 31	<u>\$</u>
2020	1,816
2021	1,816
2022	1,816
2023	(126,019)
Thereafter	209,760

Payable to the OPEB Plan

At December 31, 2019 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, 2019

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

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.

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.

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2019

NOTE 4 - OTHER INFORMATION (continued)

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 \$75,000 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 2018 are as follows:

Fiscal Year	Balance Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Balance End of Year
2019	\$ 290,700	\$ 2,537,281	\$ 2,652,981	\$ 175,000
2018	290,700	3,412,999	3,412,999	290,700

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2019**

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

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

H SUBSEQUENT EVENT

In March 2020 the US President WI Governor and Franklin s Mayor declared a public health emergency It is too early to project the financial impact of this crisis on City finances The Common Council adopted a 2020 Budget Amendment appropriating \$250 000 of contingency to fight the disease

Related to that health crisis the US Equity markets declined significantly and the City s Defined Benefit Plan administrator placed a \$750 000 call for additional one time contributions The Common Council authorized 2020 appropriations to support a \$1 million extraordinary contribution and also authorized the Director of Finance to make up to a \$750 000 contribution if necessary returning to Council should additional contributions be required

The 2020 Budget anticipated \$2.7 million of Landfill Siting revenues (Public Charges for Services) substantially supporting capital programs By April 2020 this revenue stream began to decline such that the Common Council considered reductions in 2020 capital program appropriations

On April 6 2020 the Common Council authorized the issuance of a \$14.952 million Municipal Revenue Obligation to Velo Village under the terms of a Developer's Agreement signed in October 2019

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF FRANKLIN, WISCONSIN

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM**
For the Year Ended December 31, 2019

WRS Fiscal Year Ending Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability		Plan Fiduciary Net Position	
			Covered Payroll	Percentage of Covered Payroll	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	8,662,689	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%	

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM

For the Year Ended December 31, 2019

City Fiscal Year Ending Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Contributions as a Percentage of Covered Payroll	
				Covered Payroll	Payroll
12/31/15	\$ 689,692	\$ 689,692	\$ -	8.459	8.15%
12/31/16	869,137	869,137	-	8.662	10.01%
12/31/17	1,074,037	1,074,037	-	8.950	12.00%
12/31/18	1,119,560	1,119,560	-	9.094	12.31%
12/31/19	1,380,924	1,380,924	-	13.827	9.99%

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, 2019

	Fiscal Year Ending			
	2015	2016	2017	2018
Total Pension Liability				
Service Cost	\$ 165,130	\$ 180,074	\$ 154,889	\$ 182,107
Interest on the Total Pension Liability	531,850	603,514	606,747	651,297
Benefit Changes				
Difference between Expected and Actual Experience	527,384	(460,357)	425,988	(154,963)
Assumption Changes	213,402	12,332	709,323	(203,418)
Benefit Payments	(191,375)	(239,881)	(296,465)	(370,146)
Net Change in Total Pension Liability	1,246,381	95,702	1,600,492	104,877
Total Pension Liability - Beginning	7,022,369	8,268,760	8,364,462	9,964,954
Total Pension Liability - Ending	\$ 8,268,760	\$ 8,364,462	\$ 9,964,954	\$ 10,069,831
Plan Fiduciary Net Position				
Employer Contributions	293,632	339,927	302,518	1,133,559
Pension Plan Net Investment Income	377,842	(41,577)	408,272	1,372,321
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)
Pension Plan Administrative Expense	(27,941)	(22,802)	(20,307)	(31,410)
Other				(4,564)
Net Change in Plan Fiduciary Net Position	452,158	35,887	395,018	2,104,324
Plan Fiduciary Net Position - Beginning	6,704,912	7,157,070	7,192,757	7,587,775
Plan Fiduciary Net Position - Ending	\$ 7,157,070	\$ 7,192,757	\$ 7,587,775	\$ 9,692,099
Net Pension Liability (Asset) Ending	\$ 1,111,690	\$ 1,171,705	\$ 2,377,179	\$ 377,732
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87%	86%	76%	96%
Covered Payroll	\$ 1,792,628	\$ 1,876,995	\$ 1,853,074	\$ 1,792,628
Net Pension Liability as a Percentage of Covered Payroll	62%	62%	128%	21%
				121%

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, 2019

Fiscal Year Ending Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
12/31/15	\$ 293,632	\$ 293,632	\$ -	1,792,628	16%
12/31/16	339,927	339,927	-	1,876,985	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%

CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN
 For the Year Ended December 31, 2019

	Fiscal Year Ending	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 223,719	\$ 238,261
Interest on the Total OPEB Liability	489,875	509,975
Difference between Expected and Actual Experience		
Assumption Changes	(418,905)	(622,193)
Benefit Payments	294,689	126,043
Net Change in Total OPEB Liability	7,312,825	7,607,514
Total OPEB Liability Beginning	7,607,514	7,733,557
Total OPEB Liability Ending	8,358,716	8,358,716
Plan Fiduciary Net Position		
Employer Contributions	422,684	444,364
Employee Contributions	91,969	128,794
OPEB Plan Net Investment Income	673,624	(284,824)
Benefit Payments	(500,350)	(622,193)
Net Change in Plan Fiduciary Net Position	687,927	(344,359)
Plan Fiduciary Net Position Beginning	4,885,836	5,373,763
Plan Fiduciary Net Position Ending	5,573,763	5,229,404
Net OPEB Liability Ending	\$ 2,033,751	\$ 2,504,153
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	73%	68%
Covered Payroll	\$ 13,879,896	\$ 14,188,222
Net OPEB Liability as a Percentage of Covered Payroll	15%	18%

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

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 2019

	2017	Fiscal Year Ending 2018	2019
Actuarially Determined Contribution	\$ 422,684	\$ 441,859	\$ 377,172
Actual Contribution	422,684	444,364	377,172
Contribution Deficiency (Excess)	\$ —	\$ (2,505)	\$ —
Covered Payroll	\$ 13,879,886	\$ 14,188,222	\$ 14,300,000
Actual Contribution as a Percentage of Covered Payroll	3%	3%	3%

CITY OF FRANKLIN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31 2019

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 for any participating employer in WRS

Changes of assumptions Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 – 2017 Based on the experience study conducted in 2018 actuarial assumptions used to develop Total Pension Liability changed including the discount rate long-term expected rate of return post-retirement adjustment wage inflation rate mortality and separation rates

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 The following assumptions changed 1) the long term rate of return on plan assets has decreased from 6.75 to 6.5% 2) the discount rate has decreased from 6.75% to 5.93% 3) the inflation assumption has increased from 2.00% to 2.25% and 4) Salary projections have been updated from 3.00% to 4.00%

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 The discount rate was reduced from 7.00% used in the previous actuarial study to 6.5 used in the current study

SUPPLEMENTARY INFORMATION

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

CITY OF FRANKLIN WISCONSIN
 Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31 2019

	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	\$ 556,449	\$ 152,539	\$ 618,292	\$ 3,636	\$ 161,495	\$ 77,316	\$ 393,282	183,176	\$ 2,146,185
Receivables									
Accounts			46						90,443
Taxes	1,340,500		1,528,114				77,000	13,397	2,868,614
Special assessments			31,226						31,226
Due from other governments	48,510							7,831	56,341
Total assets	\$ 1,945,459	\$ 152,539	\$ 2,177,678	\$ 3,636	\$ 161,495	\$ 77,316	\$ 470,282	\$ 204,404	\$ 5,192,809
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 12,202	\$ 2,249	\$ 193,979	\$	\$ 153	\$	\$ 331	\$ 4,221	\$ 213,135
Accrued liabilities	29,330	2,845	460					1,622	34,257
Total liabilities	41,532	5,094	194,439		153		331	5,843	247,392
DEFERRED INFLOWS OF RESOURCES									
Unearned & unavailable revenue	1,340,500		1,528,114						2,868,614
FUND BALANCES									
Restricted									
Utility improvements									161,342
Development									198,561
Donations					161,342				710,872
Health services									455,125
Library services	563,427	147,445	455,125						80,952
Solid waste				3,636					469,951
Recreational services									469,951
Tourism Commission									2,076,803
Total fund balances	563,427	147,445	455,125	3,636	161,342	77,316	469,951	198,561	2,076,803
Total liabilities deferred inflows and fund balances	\$ 1,945,459	\$ 152,539	\$ 2,177,678	\$ 3,636	\$ 161,495	\$ 77,316	\$ 470,282	\$ 204,404	\$ 5,192,809

(Continued)

CITY OF FRANKLIN WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31 2019

	Capital Projects Funds						Total Nonmajor Governmental Funds
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund	
ASSETS							
Cash and investments	\$ 603,939	\$ 2,762,604	\$ 2,930,261	\$ 478,059	\$ 2,123,632	\$ 7,438,661	\$ 16,337,156
Receivables							
Accounts	253		149,639	42,110			192,002
Taxes	295,700				71,165		366,865
Special assessments					391,625	232,640	624,265
Due from other governments			943,000				943,000
Long-term advances						1,500,000	1,500,000
Total assets	\$ 899,892	\$ 2,762,604	\$ 4,022,900	\$ 520,169	\$ 2,586,422	\$ 9,171,301	\$ 19,963,288
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 112,481	\$ 234,542	\$ 895,424	\$ 13,962	\$	\$ 1,268	\$ 1,257,677
Accrued liabilities			172,000			103,934	275,934
Total liabilities	112,481	234,542	1,067,424	13,962		105,202	1,533,611
DEFERRED INFLOWS OF RESOURCES							
Unearned & unava able revenue	295,700		943,000		391,625	232,640	1,862,965
FUND BALANCES							
Restricted							
Utility improvements					2,194,797		2,194,797
Development						8,833,459	8,833,459
Donations							161,342
Health services							198,561
Library services							710,872
Solid waste							455,125
Recreational services							80,952
Tourism Commission							469,951
Assigned							
Capital projects	491,711	2,528,062	2,012,476	506,207			5,538,456
Total fund balances	491,711	2,528,062	2,012,476	506,207	2,194,797	8,833,459	16,566,712
Total liabilities deferred inflows and fund balances	\$ 899,892	\$ 2,762,604	\$ 4,022,900	\$ 520,169	\$ 2,586,422	\$ 9,171,301	\$ 25,156,097

CITY OF FRANKLIN WISCONSIN
Combining Schedule of Revenue Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31 2019

	Special Revenue Funds								Total	
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St Martin's Fair Fund	Donation Fund	Celebrations Fund	Civic Fund	Tourism Commission Fund		Grant Fund
REVENUE										
Taxes	\$ 1,312,700	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,488,421
Intergovernmental revenue	49,181		68,858						230,363	348,402
Public charges for services		11,909	1,584,034				93,598			1,689,541
Licenses and permits				20,371			300			20,671
Investment earnings	27,174	777	29,382					6,755		64,088
Miscellaneous revenue		58,350	2,301		42,368		38,997		18,156	160,172
Total revenue	<u>1,389,055</u>	<u>71,036</u>	<u>1,684,575</u>	<u>20,371</u>	<u>42,368</u>	<u>42,368</u>	<u>132,895</u>	<u>182,476</u>	<u>248,519</u>	<u>3,771,295</u>
EXPENDITURES										
Current:										
Public safety					18,132				6,299	24,431
Public works			1,660,197							1,660,197
Health and human services									210,595	210,595
Culture and recreation	1,232,377	50,785		53,339				138,718		1,475,219
Conservation and development	91,020	13,427			13,500			88,594		88,594
Capital outlay	<u>1,323,397</u>	<u>64,212</u>	<u>1,660,197</u>	<u>53,339</u>	<u>31,632</u>	<u>31,632</u>	<u>138,718</u>	<u>88,594</u>	<u>242,468</u>	<u>143,521</u>
Total expenditures										<u>3,602,557</u>
Excess (deficiency) of revenue over expenditures	65,658	6,824	24,378	(32,968)	10,736		(5,823)	93,882	6,051	168,738
OTHER FINANCING SOURCES (USES)										
Transfers in	8,100			31,000			13,000			52,100
Total other financing sources (uses)	<u>8,100</u>			<u>31,000</u>			<u>13,000</u>			<u>52,100</u>
Net change in fund balances	73,758	6,824	24,378	(1,968)	10,736		7,177	93,882	6,051	220,838
Fund balances beginning	489,669	140,621	430,747	5,604	150,606		70,139	376,069	192,510	1,855,965
Fund balances ending	<u>\$ 563,427</u>	<u>\$ 147,445</u>	<u>\$ 455,125</u>	<u>\$ 3,636</u>	<u>\$ 161,342</u>	<u>\$</u>	<u>\$ 77,316</u>	<u>\$ 469,951</u>	<u>\$ 198,561</u>	<u>\$ 2,076,803</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, 2019

	Capital Projects Funds					Total	
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund		Development Fund
REVENUE							
Taxes	\$ 452,800	\$ 175,000	\$ 18,200	\$ 700,000	\$ 343,270	\$ 646,000	\$ 2,134,421
Intergovernmental revenue	3,998					703,998	1,052,400
Public charges for services	317,730	500,000	1,229,622	343,270		2,390,622	4,080,163
Licenses and permits							20,671
Special assessments	17,956	91,827	87,052	14,136	425,757	3,048,725	3,474,482
Investment earnings	-	728	65		56,502	187,289	518,850
Miscellaneous revenue						793	160,965
Total revenue	<u>792,484</u>	<u>767,555</u>	<u>1,316,739</u>	<u>1,075,606</u>	<u>482,259</u>	<u>7,670,657</u>	<u>11,441,952</u>
EXPENDITURES							
Current							
General government	-					6,701	6,701
Public safety							24,431
Public works							1,660,197
Health and human services							210,595
Culture and recreation							1,475,219
Conservation and development							88,594
Capital outlay	757,143	888,339	5,179,941	968,787		7,794,210	7,937,731
Debt service debt issuance costs			49,924			49,924	49,924
Total expenditures	<u>757,143</u>	<u>888,339</u>	<u>5,229,865</u>	<u>968,787</u>	<u>6,701</u>	<u>7,850,835</u>	<u>11,453,392</u>
Excess (deficiency) of revenue over expenditures	<u>35,341</u>	<u>(120,784)</u>	<u>(3,913,126)</u>	<u>106,819</u>	<u>482,259</u>	<u>(180,178)</u>	<u>(11,440)</u>
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	31,327	3,151				34,478	34,478
Transfers in			304,631			304,631	356,731
Transfers out					(536,050)	(536,050)	(536,050)
General obligation debt issued			2,285,000			2,285,000	2,285,000
Premium (Discount) on debt issued			12,598			12,598	12,598
Total other financing sources (uses)	<u>31,327</u>	<u>3,151</u>	<u>2,602,229</u>	<u>-</u>	<u>(536,050)</u>	<u>2,100,657</u>	<u>2,152,757</u>
Net change in fund balances	66,668	(117,633)	(1,310,897)	106,819	482,259	1,920,479	2,141,317
Fund balances beginning	425,043	2,645,695	3,323,373	399,388	1,712,538	14,646,233	16,502,198
Fund balances - ending	<u>\$ 491,711</u>	<u>\$ 2,528,062</u>	<u>\$ 2,012,476</u>	<u>\$ 506,207</u>	<u>\$ 2,194,797</u>	<u>\$ 16,566,712</u>	<u>\$ 18,643,515</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, 2019

	Original Budget	Change Inc. (Dec)	Final Budget	Actual	Variance with final budget Excess (Deficiency)
TAXES					
General property taxes	\$ 18,139,675	\$	\$ 18,139,675	\$ 18,136,986	\$ (2,689)
Water Utility tax equivalent	1,050,000		1,050,000	968,448	(81,552)
Cable TV franchise fees	480,000		480,000	489,934	9,934
Hotel/Room Tax	183,300		183,300	183,321	21
Mobile home assessments	23,500		23,500	19,689	(3,811)
	<u>19,876,475</u>		<u>19,876,475</u>	<u>19,798,378</u>	<u>(78,097)</u>
INTERGOVERNMENTAL REVENUE					
State shared revenue	513,900		513,900	524,297	10,397
State expenditure restraint revenue	160,200		160,200	142,891	(17,309)
Fire insurance dues	155,000		155,000	164,859	9,859
Local, state and federal grants and aids	228,350		228,350	228,051	(299)
Computer aid	520,000		520,000	520,847	847
Transportation aids	156,677		156,677	176,402	17,725
Other	<u>1,736,127</u>		<u>1,736,127</u>	<u>1,757,347</u>	<u>21,220</u>
LICENSES FEES AND PERMITS					
Licenses	33,840		33,840	31,784	(2,056)
Beer and liquor	16,500		16,500	18,174	1,674
Bartenders	9,700		9,700	9,655	(45)
Amusement and related	2,650		2,650	4,129	1,479
Peddlers	4,050		4,050	13,461	9,411
Food and related	9,300		9,300	11,314	2,014
Dog and cat	76,100		76,100	77,829	1,729
Health	12,550		12,550	18,792	6,242
Other	615,000		615,000	736,282	121,282
Permits	106,000		106,000	151,355	45,355
Building	109,000		109,000	183,445	74,445
Electrical	8,500		8,500	10,065	1,565
Plumbing	16,900		16,900	20,738	3,838
Sign	4,500		4,500	4,420	(80)
Park	16,900		16,900	23,365	6,465
Fire	1,041,490		1,041,490	1,314,918	273,428
Other	<u>546,000</u>		<u>546,000</u>	<u>451,062</u>	<u>(94,938)</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, 2019

	Original Budget	Change Inc. (Dec)	Final Budget	Actual	Variance with final budget Excess (Deficiency)
PUBLIC CHARGES FOR SERVICES					
General government	\$ 12,900	\$	\$ 12,900	\$ 105,178	\$ 92,278
Property reports and document fees	1,500		1,500	1,132	(368)
Public Services	8,000		8,000	13,140	5,140
Police Department and related	1,340,000		1,340,000	1,339,387	(613)
Arbitration service	74,000		74,000	99,912	25,912
Fire Department and related	44,000		44,000	37,410	(6,590)
Quarry reimbursement	7,600		7,600	8,643	1,043
Weights and measures	9,000		9,000	7,125	(1,875)
Public works	13,000		13,000	18,191	5,191
Weed cutting	35,000	650,000	685,000	799,969	114,969
Street lighting	307,500		307,500	279,789	(27,711)
Engineering and DPW fees	118,150		118,150	115,245	(2,905)
Landfill lippage fees	86,300		86,300	4,912	(81,388)
Health and human services	<u>2,056,950</u>	<u>650,000</u>	<u>2,706,950</u>	<u>2,829,033</u>	<u>122,083</u>
Health clinics and other health fees	207,500		207,500	226,178	18,678
Conservation and development	265,000		265,000	510,943	245,943
Zoning, subdivision and other filing fees	50,000		50,000	78,833	28,833
INTERGOVERNMENTAL CHARGES FOR SERVICES	31,650		31,650	12,166	(19,484)
INVESTMENT EARNINGS	37,000		37,000	16,461	(20,539)
MISCELLANEOUS REVENUE	40,000		40,000	82,047	42,047
Municipal property rental	1,000		1,000	99	(901)
Property sales	159,650		159,650	169,606	29,956
Refunds and reimbursements	25,889,192	650,000	26,539,192	27,077,465	538,273
Insurance dividend	59,250	30,625	89,875		(89,875)
Other revenue	<u>\$ 25,948,442</u>	<u>\$ 680,625</u>	<u>\$ 26,629,067</u>	<u>\$ 27,077,465</u>	<u>\$ 448,398</u>
Total Revenues					
Transfers from other funds					
Total Revenues and Transfers In					

1. Planned but unused transfer from Internal Service Fund

2. Recorded Engineering Services gross rather than net in prior years

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, 2019

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget Excess (Deficiency)
CURRENT					
Public Works					
Engineering Personnel Services	612,305	(609)	611,697	540,914	70,783
Engineering Other Services	30,860	650,000 ²	680,860	675,297	5,563
Highway Personnel Services	1,736,098	(77,608) ³	1,658,490	1,648,981	9,509
Highway Other Services	833,318		833,318	805,896	27,422
Street lighting	349,500		349,500	344,992	5,408
Weed control	9,050		9,050	5,898	3,152
Total Public Works	3,571,132	571,783	4,142,915	4,020,878	122,237
Health and Human Services					
Public health Personnel Services	634,447	(9,935)	624,512	528,981	95,531
Public health Other Services	73,250		73,250	75,056	(1,806)
Animal control	43,100		43,100	42,723	377
Total Health and Human Services	750,797	(9,935)	740,862	646,760	94,102
Culture and Recreation					
Senior activities and travel program	22,000	1,450	23,450	23,411	39
Parks Personnel Services	112,477	42,091 ³	154,568	153,110	1,458
Parks Other Services	48,225		48,225	46,839	1,386
Total Culture and Recreation	182,702	43,541	226,243	223,360	2,883
Conservation and Development					
Planning Personnel Services	375,395	(22,199)	353,196	332,122	21,074
Planning Other Services	74,450		74,450	113,214	48,764
Economic development Personnel Services	103,431	20,612	124,043	123,522	421
Economic development Other Services	87,500	(12,000)	75,500	51,730	23,770
Total Conservation and Development	640,776	73,513	714,289	620,588	93,601
Total Expenditures	27,824,442	439,218	28,263,660	25,988,311	2,675,349
Transfers to Other Funds	274,000	8,100	282,100	52,100	230,000
Total Expenditures and Transfers Out	\$ 28,098,442	\$ 447,318	\$ 28,545,760	\$ 25,640,411	\$ 2,905,349

1. Outside services to support vacancies
2. Recorded Engineering Services gross rather than net in prior years.
3. Highway & Parks share personnel sh' fted budget to a sign actual usage

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, 2019

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget Excess (Deficiency)
CURRENT					
General Government					
Mayor Personnel Services	18,482	\$	18,482	\$	460
Mayor Other Services	6,350		6,350	5,890	460
Aldermen Personnel Services	47,409		47,409	47,409	
Aldermen Other Services	25,191		25,191	23,032	2,159
Municipal court Personnel Services	189,878	2,945	192,823	187,333	2,545
Municipal court Other Services	58,450		58,450	15,942	42,508
City clerk Personnel Services	319,569	(5,701)	313,868	305,789	8,079
City clerk Other Services	27,200		27,200	21,835	5,365
Elections Personnel Services	32,525	(167)	32,358	14,025	18,333
Elections Other Services	10,100		10,100	8,704	1,396
Information services Personnel Services	1,000	2,086	3,086	1,700	1,386
Information services Other Services	362,368	22,920	385,288	407,071	21,783
Administration Personnel Services	311,278	6,930	318,208	317,732	476
Administration Other Services	133,475	(23,300)	110,175	48,689	61,486
Finance Personnel Services	464,090	(26,350)	437,740	409,026	28,714
Finance Other Services	122,870		122,870	104,620	18,250
Independent Audit	37,025		37,025	31,455	5,570
Assessor Other Services	229,550		229,550	226,888	2,662
Legal counsel	348,650	10,601	359,251	299,700	48,950
Municipal buildings Personnel Services	97,479		97,479	107,963	117
Municipal buildings Other Services	117,015		117,015	113,880	3,135
Refunded Taxes	2,500	20,000	22,500	15,979	6,521
Property and liability insurance	86,950	57,876	144,826	65,437	21,513
Anticipated Underexpenditure	(375,320)		(375,320)		(37,404)
Contingency	2,067,228	(274,824) ¹	1,792,404	1,792,404	
Total General Government	4,894,848	(205,994)	4,688,854	2,926,072	1,761,792
Public Safety					
Police Personnel Services	7,703,409	(159,265) ¹	7,544,144	7,507,336	36,808
Police Other Services	1,187,607		1,187,607	1,037,985	149,622
Fire Personnel Services	1,187,607	14,500	1,202,107	1,172,772	29,335
Fire Other Services	6,009,935	13,370	6,023,305	5,984,840	38,465
Fire protection service charge	905,860	10,000	915,860	519,914	3,481
Fire protection service charge	283,300		283,300	279,919	3,481
Building inspection Personnel Services	860,216	(15,379) ¹	844,837	707,549	137,288
Building inspection Other Services	32,050	104,498 ²	136,548	131,748	4,800
Sealer of weights and measures	7,600		7,600	7,600	
Total Public Safety	17,784,187	(32,700)	17,751,487	17,150,753	600,734

1. Change in employer health plan resulted in lower health costs originally budgeted in contingency
2. Outside services used to support vacancies

(Continued)

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, 2019

	Original & Final Budget	Actual	Variance with final budget Excess (Deficiency)
REVENUE			
Taxes	\$ 1,300,000	\$ 1,300,000	\$
Special assessments		28,524	28,524
Investment earnings		35,586	35,586
Total revenue	<u>1,300,000</u>	<u>1,364,112</u>	<u>64,112</u>
EXPENDITURES			
Debt service	1,405,000	1,405,000	
Principal	135,188	135,338	(150)
Interest	1,540,188	1,540,338	(150)
Total expenditures	<u>(2,400,188)</u>	<u>(1,766,226)</u>	<u>633,962</u>
Excess (deficiency) of revenue over expenditures			
OTHER FINANCING SOURCES (USES)			
Transfers in	240,188	323,419	83,231
Transfers out		(92,000)	(92,000)
Premium (discount) on debt issued		80,648	80,648
Total other financing sources (uses)	<u>240,188</u>	<u>312,067</u>	<u>71,879</u>
Net change in fund balances	\$	135,841	\$ 135,841
Fund balances beginning		982,719	
Fund balances ending		\$ 1,118,560	

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 2019

	Library Operating Fund			Library Auxiliary Fund		Variance with Final Budget Excess (Deficiency)
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original & Final Budget	
REVENUE						
Taxes	\$ 1 312 700	\$	\$ 1 312 700	\$ 1 312 700	\$	\$
Intergovernmental revenue	68 000		68 000	49 181		(18 819)
Charges for Services	8 500		8 500	27 174		18 674
Investment earnings						
Miscellaneous revenue						
Total revenue	<u>1 389,200</u>		<u>1,389,200</u>	<u>1,389,055</u>		<u>(145)</u>
EXPENDITURES						
Current:						
Culture and recreation	1 291 096	14 340	1 305 436	1 226 137	47 520	50 785
Capital outlay	91,020		91,020	91,020	22,400	13 427
Total expenditures	<u>1 382,116</u>	<u>14,340</u>	<u>1,396,456</u>	<u>1,317,157</u>	<u>69,920</u>	<u>64,212</u>
Excess (deficiency) of revenue over (under) expenditures	7 084	(14,340)	(7,256)	71,898	80	6,824
OTHER FINANCING SOURCES (USES)						
Transfers in						
Net change in fund balances budgetary basis	\$ 7 084	\$ (6 240)	\$ 844	79 998	\$ 80	\$ 6 824
Adjustments to generally accepted accounting principles basis 2018 encumbrances				(6,240)		
Net change in fund balances generally accepted accounting principles basis				73 758		6 824
Fund balances beginning				489 669		140,621
Fund balances ending			\$ 563,427		\$ 147,445	

(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, 2019

	Solid Waste Fund				St Martin's Fair Fund				Variance with Final Budget Excess (Deficiency)
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original Budget	Change Inc (Dec)	Final Budget	Actual	
REVENUE									
Intergovernmental revenue	\$ 69,000	\$	\$ 69,000	\$ 68,858	\$	\$	\$	\$	\$
Public charges for services	1,582,200		1,582,200	1,584,034			26,200	20,371	(5,829)
Licenses and permits									
Investment earnings	9,500	10,000	19,500	29,382			500		(500)
Miscellaneous revenue	1,660,700	10,000	1,670,700	1,684,575			26,700	20,371	(6,329)
Total revenue									
EXPENDITURES									
Current:									
Public works	1,649,501	10,000	1,659,501	1,660,197			50,756	53,339	(583)
Culture and recreation							50,756	53,339	(583)
Total expenditures	1,649,501	10,000	1,659,501	1,660,197			101,512	106,678	(11,166)
Excess (Deficiency) of Revenue Over (Under) Expenditures	11,199		11,199	24,378		(2,000)	(26,056)	(32,968)	(6,912)
OTHER FINANCING SOURCES (USES)									
Transfers in					11,000	20,000	31,000	31,000	
Net change in fund balances	\$ 11,199	\$	\$ 11,199	24,378	\$ (13,056)	\$ 18,000	\$ 4,944	(1,968)	\$ (6,912)
Fund balances (deficit) beginning				430,747				5,604	
Fund balances ending				\$ 455,125			\$ 4,944	\$ 3,636	

(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, 2019

	Donations Fund				Civic Celebrations Fund				Variance with Final Budget Excess (Deficiency)
	Original Budget	Change Inc. (Dec)	Final Budget	Actual	Original Budget	Change Inc. (Dec)	Final Budget	Actual	
REVENUE									
Licenses and permits	\$	\$	\$	\$	\$	\$	\$	\$	\$
Charges for services									
Miscellaneous revenue	21,000	12,000	33,000	42,368	21,000		21,000	38,997	8,598
Total revenue	21,000	12,000	33,000	42,368	106,000		106,000	132,895	26,895
EXPENDITURES									
Current:									
Public Safety	53,400		53,400	18,132					
Culture and recreation					103,691	35,750	139,441	138,718	723
Capital outlay	35,000	16,000	51,000	13,500					
Total expenditures	88,400	16,000	104,400	31,632	103,691	35,750	139,441	138,718	723
Excess (deficiency) of revenue over (under) expenditures	(67,400)	(4,000)	(71,400)	10,736	2,309	(35,750)	(33,441)	(5,823)	27,618
OTHER FINANCING SOURCES (USES)									
Transfers in					13,000		13,000	3,000	
Net change in fund balances	\$ (67,400)	\$ (4,000)	\$ (71,400)	10,736	\$ 15,309	\$ (35,750)	\$ (20,441)	7,177	\$ 27,618
Fund balances beginning				150,606				70,139	
Fund balances ending				\$ 161,342				\$ 77,316	

(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 2019

	Grant Fund				Tourism Commission				Variance with Final Budget Excess (Deficiency)	
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with Final Budget Excess (Deficiency)	Original Budget	Change Inc (Dec)	Final Budget		Actual
REVENUE										
Taxes	\$ 228,450	\$ 10,500	\$ 238,950	\$ 230,363	\$ (8,587)	\$ 226,000	\$	\$ 226,000	\$ 175,721	\$ (50,279)
Intergovernmental revenue										
Investment earnings	5,000		5,000	18,156	13,156				6,755	6,755
Miscellaneous revenue	233,450	10,500	243,950	248,519	4,569	226,000		226,000	182,476	(43,524)
Total revenue										
EXPENDITURES										
Current										
Public safety	6,000		6,000	6,299	(299)					
Health and human services	311,186	(18,500)	292,686	210,595	82,091					
Conservation and development										
Capital outlay		30,500	30,500	25,574	4,926	167,500	36,937	204,437	53,028	151,409
Total expenditures	317,186	12,000	329,186	242,468	86,718	167,500	46,993	214,493	53,028	161,465
Excess (Deficiency) of Revenue Over (Under) Expenditures	(83,736)	(1,500)	(85,236)	6,051	91,287	58,500	(48,993)	11,507	129,448	117,941
OTHER FINANCING SOURCES (USES)										
Transfers in		1,500	1,500			1,500	(1,500)			(1,500)
Net change in fund balances budgetary basis	\$ (83,736)	\$	\$ (83,736)	6,051	\$ 91,287	\$ 60,000	\$ (48,493)	\$ 11,507	\$ 129,448	\$ 116,441
Adjustments to generally accepted accounting principles basis										
2018 encumbrances									(36,937)	
2019 encumbrances									1,371	
Net change in fund balances generally accepted accounting principles basis				6,051						
Fund balances beginning									93,882	
Fund balances ending				\$ 98,561					\$ 469,951	

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, 2019

	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	\$ 452,800	\$	\$ 452,800	\$ 452,800	\$	\$ 175,000	\$	\$ 175,000	\$ 175,000	\$
Intergovernmental revenue	5,000		5,000	3,998	(1,002)					
Public charges for services	317,000		317,000	317,730	730	376,700		376,700	500,000	123,300
Investment earnings (loss)	6,000		6,000	17,956	11,956	29,000		29,000	91,827	62,827
Miscellaneous revenue										
Total revenue	<u>780,800</u>		<u>780,800</u>	<u>792,484</u>	<u>11,684</u>	<u>580,700</u>		<u>580,700</u>	<u>767,555</u>	<u>186,855</u>
EXPENDITURES										
Capital outlay	1,077,945	174,044	1,251,989	742,760	509,229	1,196,670	20,431	1,217,101	1,074,882	142,219
Total expenditures	<u>1,077,945</u>	<u>174,044</u>	<u>1,251,989</u>	<u>742,760</u>	<u>509,229</u>	<u>1,196,670</u>	<u>20,431</u>	<u>1,217,101</u>	<u>1,074,882</u>	<u>142,219</u>
Excess (deficiency) of revenue over expenditures	(297,145)	(174,044)	(471,189)	49,724	520,913	(615,970)	(20,431)	(636,401)	(307,327)	(329,074)
OTHER FINANCING SOURCES (USES)										
Sale of capital assets	25,000		25,000	31,327	6,327	30,000		30,000	3,151	(26,849)
Transfers in	250,000		250,000	(250,000)						
Total other financing sources (uses)	<u>275,000</u>		<u>275,000</u>	<u>31,327</u>	<u>(243,673)</u>	<u>30,000</u>		<u>30,000</u>	<u>3,151</u>	<u>(26,849)</u>
Net change in fund balances budgetary basis	\$ (22,145)	\$ (174,044)	\$ (196,189)	81,051	\$ 277,240	\$ (585,970)	\$ (20,431)	\$ (606,401)	\$ (304,176)	\$ (355,923)
Adjustments to generally accepted accounting principles basis				(98,006)					(20,431)	
2018 encumbrances				83,623					206,974	
2019 encumbrances										
Net change in fund balances generally accepted accounting principles basis				66,668					(117,633)	
Fund balances beginning				<u>425,043</u>					<u>2,645,695</u>	
Fund balances ending				\$ 491,711					\$ 2,528,062	

1 Encumbrances & Carryovers of 2018 Budget

(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 2019

	Capital Improvement Fund				Street Improvement Fund				Variance with final budget Excess (Deficiency)
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original Budget	Change Inc (Dec)	Final Budget	Actual	
REVENUE									
Taxes	\$ 1 150 000	\$	\$ 1 150 000	\$	\$ 18 200	\$	\$ 18 200	\$	\$
Intergovernmental revenue	560 000		560 000	1 229 622	700 000		700 000	700 000	
Public charges for services	20 000		20 000	87 052	133 000		133 000	343 270	210 270
Investment earnings (loss)				65	4 000		4 000	14 136	10 136
Miscellaneous revenue									
Total revenue	<u>1 730 000</u>		<u>1 730 000</u>	<u>1,316,739</u>	<u>855,200</u>		<u>855,200</u>	<u>1,075,606</u>	<u>220 406</u>
EXPENDITURES									
Capital outlay	7 973 109	844 509	8 817 618	6 342 002	975 000	130 000 2	1 105 000	1 072,490	32 510
Debt issuance costs	<u>75 000</u>		<u>75,000</u>	<u>49 924</u>					
Total expenditures	<u>8 048 109</u>	<u>844 509</u>	<u>8,892 618</u>	<u>6 391 926</u>	<u>975 000</u>	<u>130 000</u>	<u>1 105 000</u>	<u>1 072,490</u>	<u>32 510</u>
Excess (deficiency) of revenue over expenditures	<u>(6,318,109)</u>	<u>(844,509)</u>	<u>(7,162,618)</u>	<u>(5,075,187)</u>	<u>(119,800)</u>	<u>(130,000)</u>	<u>(249,800)</u>	<u>3 116</u>	<u>252,916</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	1 384 511		1 384 511	304 631					
General obligation debt issued	2 100 000	650 000 1	2 750 000	2 285 000					
Premium (Discount) on debt issued				12,598					
Total other financing sources (uses)	<u>3,484,511</u>	<u>650 000</u>	<u>4,134 511</u>	<u>2,602,229</u>					
Net change in fund balances budgetary basis	<u>\$ (2 833 598)</u>	<u>\$ (194 509)</u>	<u>\$ (3,028 107)</u>	<u>(2,472 958)</u>	<u>\$ (119 800)</u>	<u>\$ (130 000)</u>	<u>\$ (249 800)</u>	<u>3 116</u>	<u>\$ 252 916</u>
Adjustments to generally accepted accounting principles basis				(194 509)					
2018 encumbrances				<u>1,356,570</u>				<u>103 703</u>	
2019 encumbrances									
Net change in fund balances generally accepted accounting principles basis				(1 310 897)				106 819	
Fund balances beginning				<u>3,323,373</u>				<u>399,388</u>	
Fund balances ending				<u>\$ 2,012,476</u>				<u>\$ 506 207</u>	

1 Cost overruns on the 51st & Drexel roundabout funded with debt

2 Street work on the Rawson Homes project

(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, 2019

	Development Fund			Utility Improvement Fund		
	Original & Final Budget	Actual	Variance with final budget Excess (Deficiency)	Original & Final Budget	Actual	Variance with final budget Excess (Deficiency)
REVENUE						
Special assessments	\$ 1,092,500	\$ 3,048,725	\$ 1,956,225	\$ 94,600	\$ 425,757	\$ 331,157
Investment earnings	60,000	187,289	127,289	27,900	56,502	28,602
Total revenue	<u>1,152,500</u>	<u>3,236,014</u>	<u>2,083,514</u>	<u>122,500</u>	<u>482,259</u>	<u>359,759</u>
EXPENDITURES						
General government	35,253		35,253			
Capital outlay	1,000,000	368,415	631,585			
Total expenditures	<u>1,035,253</u>	<u>368,415</u>	<u>666,838</u>			
Excess of revenue over expenditures	7,247	2,867,599	2,750,352	122,500	482,259	359,759
OTHER FINANCING SOURCES (USES)						
Transfers out	(838,961)	(536,050)	302,911	(1,000,000)		1,000,000
Total other financing sources (uses)	<u>(838,961)</u>	<u>(536,050)</u>	<u>302,911</u>	<u>(1,000,000)</u>		<u>1,000,000</u>
Net change in fund balances budgetary basis	\$ (721,714)	2,331,549	\$ 3,053,263	\$ (877,500)	482,259	\$ 1,359,759
Adjustments to generally accepted accounting principles basis						
2018 encumbrances		(15,252)				
2019 encumbrances		376,966				
Net change in fund balances generally accepted accounting principles basis		2,693,263			482,259	
Fund balances beginning		6,140,196			1,712,538	
Fund balances ending		\$ 8,833,459			\$ 2,194,797	

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, 2019

	Northwestern Mutual District #3	Ascension Hospital District #4	Bailpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Total
REVENUE						
Taxes	\$ 1,114,683	\$ 1,132,993	\$ 30,951	\$	\$	\$ 2,278,617
Intergovernmental revenue	482,476	21,414	123			504,013
Investment earnings (loss)	95,601	118,138	104,510	120,883	5,438	444,570
Miscellaneous revenue	1,692,760	1,272,535	135,564	120,883	47,938	42,500
Total revenue						3,269,700
EXPENDITURES						
Current						
General government	100,146	16,714	87,243	12,770	49,356	266,229
Public works	28,589	9,000	5,929,866	1,065,175	309,755	52,499
Conservation and development	5,291,991	241,751			1,381,899	11,540,612
Capital outlay						7,985,635
Debt service			10,000,000			10,000,000
Principal	47,921		75,085	116,963		899,869
Interest and fiscal charges	36,862		221,471	109,100	53,920	423,173
Debt insurance costs	5,478,740	296,054	22,294,365	1,304,000	1,794,950	31,168,117
Total expenditures	(3,785,980)	976,481	(22,158,801)	(1,183,125)	(1,746,992)	(27,898,417)
Excess (deficiency) of revenue over expenditures						
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	3,005,000		3,225,000	6,365,000	5,090,000	17,685,000
Refunding debt issued			14,725,000			14,725,000
Premium (Discount) on debt issued	19,387		(22,001)	273,319		270,685
Total other financing sources (uses)	3,024,387		17,927,999	6,638,319	5,090,000	32,680,685
Net change in fund balances	(761,613)	976,481	(4,230,802)	5,455,194	3,343,008	4,782,268
Fund balances (deficit) beginning	653,523	3,091,459	8,685,515	(13,344)		12,417,153
Fund balances (deficit) ending	\$(108,090)	\$ 4,067,940	\$ 4,454,713	\$ 5,441,850	\$ 3,343,008	\$17,199,421

CITY OF FRANKLIN WISCONSIN
TIF Districts Fund
Combining Balance Sheet
As of December 31, 2019

	Northwestern Mutual District #3	Ascension Hospital District #4	Bailpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Total
ASSETS						
Cash and investments	\$ 757,094	\$ 4,187,893	\$ 5,192,726	\$ 6,521,700	\$ 5,648,952	\$ 22,308,355
Taxes receivable	1,401,748	1,138,802	721,381			3,261,911
Total assets	\$ 2,158,842	\$ 5,326,695	\$ 5,914,087	\$ 6,521,700	\$ 5,648,952	\$ 25,570,266
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 49	\$ 119,943	\$ 738,013	\$ 1,066,850	\$ 805,944	\$ 2,730,799
Accrued liabilities	865,135			13,000	1,500,000	865,135
Advances from Other Funds	865,184	119,943	738,013	1,079,850	2,305,944	5,108,934
Total liabilities	1,401,748	1,138,802	721,381			3,261,911
DEFERRED INFLOWS OF RESOURCES						
Unearned revenue	(108,090)	4,067,940	4,454,713	5,441,850	3,343,008	17,307,511
FUND BALANCES (DEFICIT)						
Assigned (deficit)	(108,090)	4,067,940	4,454,713	5,441,850	3,343,008	(108,090)
Total fund balances (deficit)	\$(108,090)	\$ 4,067,940	\$ 4,454,713	\$ 5,441,850	\$ 3,343,008	\$ 17,199,421
Total liabilities, deferred inflows and fund balances	\$ 2,158,842	\$ 5,326,695	\$ 5,914,087	\$ 6,521,700	\$ 5,648,952	\$ 25,570,266

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, 2019

	District 3 Northwestern Mutual				District 4 Ascension Hospital				Variance with final budget Excess (Deficiency)
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original Budget	Change Inc (Dec)	Final Budget	Actual	
REVENUE									
Taxes	\$ 1,180,900	\$	\$ 1,180,900	\$ 1,144,663	\$ 1,156,400	\$	\$ 1,156,400	\$ 32,983	\$ (23,417)
Intergovernmental revenue	479,831		479,831	482,476	19,700		19,700	21,414	1,714
Investment earnings (loss)	25,000		25,000	95,600	20,000		20,000	118,138	98,138
Total revenue	1,685,731		1,685,731	1,692,760	1,196,100		1,196,100	1,272,535	76,435
EXPENDITURES									
General government	3,350	100,000	213,350	100,146	39,850	25,000	64,850	16,714	48,136
Public works						107,224	107,224	23,040	84,184
Conservation and development	4,589,265	833,335	5,422,600	5,29,99	156,250	(8,847,026)	(7,690,776)	040,225	8,731,001
Capital outlay		984,323	984,323						
Debt Service									
Interest	61,500		61,500	47,92	39,850	8,847,026	8,886,876	232,310	8,654,566
Debt issuance costs	50,000		50,000	38,682					
Total expenditures	4,814,115	9,7658	6,731,773	5,478,740	39,850	8,847,026	8,886,876	232,310	8,654,566
Excess (deficiency) of revenue over expenditures	(3,28,384)	(1,917,658)	(5,046,042)	(3,785,980)	156,250	(8,847,026)	(7,690,776)	040,225	8,731,001
OTHER FINANCING SOURCES (USES)									
General obligation debt issued	3,500,000		3,500,000	3,005,000	5,000,000		5,000,000		(5,000,000)
Premium (Discount) on debt issued				19,367					
Total other financing sources (uses)	3,500,000		3,500,000	3,024,367	5,000,000		5,000,000		(5,000,000)
Net change in fund balances budgetary basis	\$ 371,616	\$ (1,917,658)	\$ (1,546,042)	(76,613)	\$ 6,156,250	\$ (8,847,026)	\$ (2,690,776)	040,225	\$ 3,731,001
Adjustments to generally accepted accounting principles basis									
2018 encumbrances								(847,025)	
2019 encumbrances								783,281	
Net change in fund balances generally accepted accounting principles basis				(76,613)					976,481
Fund balances (deficit) beginning				653,523				3,091,459	
Fund balances (deficit) ending			\$ 108,090					\$ 4,067,940	

1 Fund 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 2019

	District 5 Ballpark Commons				District 6 Loomis & Ryan Roads				Variance with final budget	
	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	\$ 31 500	\$	\$ 31 500	\$ 30 951	\$ (549)	\$	\$	\$	\$	\$
Intergovernmental revenue	400		400	123	(277)					
Investment earnings (loss)	25,000		25,000	104 510	79 510	132 300	132 300	132 300	20 883	(11 417)
Total revenue	56,900		56,900	135,584	78,684	132,300	132,300	132,300	120,883	(1,417)
EXPENDITURES										
General government	30 700	114 279	144 979	94 752	50 227	4 100	4 100	4 100	2 770	(8,670)
Public works				23,910	(23,910)	29 800	29 800	29 800	29 800	29 800
Conservation and development	4 000 000		4 000 000	5,910 216	(1 910 216)	1 156	1 156	1 156	1 156	
Capital outlay		7 200 000	7 200 000	5,296 810	1 903 190	9 000 000	9 000 000	9 000 000	1 065 175	7 934 825
Debt Service										
Principal	10 000 000	4 000 000	14 000 000	10 000 000	4 000 000					
Interest	775 810		775 810	735 085	40 725	116 563	116 563	116 563	116 963	(400)
Debt issuance costs	100,000	150,000	250,000	221,471	28,529	78,464	78,464	78,464	109,100	(30,636)
Total expenditures	14,906,510	11,484,279	26,370,789	22,282,244	4,088,545	9,230,083	9,230,083	9,230,083	1,305,164	7,924,919
Excess (deficiency) of revenue over expenditures	(4 849 6 0)	(11,464 279)	(26,313 889)	(22 146 660)	4 167,229	(9 097 783)	(9 097 783)	(9 097 783)	(1 184 281)	7 913 502
OTHER FINANCING SOURCES (USES)										
General obligation debt issued	10 000 000	7 350 000	17 350,000	3 225 000	(14 125 000)	9 629 700	9 629 700	9 629 700	6 365 000	(3 264 700)
Refunding debt issued				14 725 000	14 725 000					
Premium (Discount) on debt issued				(22,001)	(22,001)	207,684	207,684	207,684	273,319	65,635
Total other financing sources (use)	10 000,000	7 350 000	17,350,000	17,927,999	577 999	9,837,384	9,837,384	9,837,384	6,638,319	(3,199,065)
Net change in fund balances budgetary basis	\$ (4,849,610)	\$ (4,114,279)	\$ (8,963,889)	(4 218 661)	4,745,228	\$	\$ 739,601	\$ 739,601	\$ 5 454,038	\$ 4,714,437
Adjustments to generally accepted accounting principles basis				(44 279)						
2018 encumbrances				32 138						
2019 encumbrances									1 156	
Net change in fund balances generally accepted accounting principles basis				(4 230 802)					5 455 194	
Fund balances (deficit) beginning				8,685 515					(13,344)	
Fund balances ending				\$ 4 454 713					\$ 5,441,850	

2 Amendment after Developers Agreement Amendment completed
3 Decision to Refund portion of 2018 Note Anticipation Note
1 Budget amended as result of Developer's Agreement completed

(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, 2019

	District 7 - Velo Village				Variance with
	Original	Change	Final	Actual	final budget
	Budget	Inc (Dec)	Budget	Actual	Excess
					(Deficiency)
REVENUE					
Investment earnings (loss)	\$		\$	5,438	\$ 5,438
Miscellaneous revenue		22,500	22,500	42,500	20,000
Total revenue		<u>22,500</u>	<u>22,500</u>	<u>47,938</u>	<u>25,438</u>
EXPENDITURES					
General government		32,800	32,800	49,356	(16,556)
Public works		2,400	2,400		2,400
Conservation and development				318,855	(318,855)
Capital outlay		2,750,000	2,750,000	381,899	1,368,101
Debt Service					
Interest		3,208	3,208		3,208
Debt issuance costs		150,000	150,000	53,920	96,080
Total expenditures		<u>2,938,408</u>	<u>2,938,408</u>	<u>1,804,030</u>	<u>1,134,378</u>
Excess (deficiency) of revenue over expenditures		(2,915,908)	(2,915,908)	(1,756,092)	159,816
OTHER FINANCING SOURCES (USES)					
General obligation debt issued		240,000	240,000	5,090,000	4,850,000
Total other financing sources (uses)		<u>240,000</u>	<u>240,000</u>	<u>5,090,000</u>	<u>4,850,000</u>
Net change in fund balances budgetary basis	\$	<u>(2,675,908)</u>	<u>(2,675,908)</u>	3,333,908	<u>\$ 6,009,816</u>
Adjustments to generally accepted accounting principles basis					
2018 encumbrances				9,100	
2019 encumbrances					
Net change in fund balances generally accepted accounting principles basis				3,343,008	
Fund balances (deficit) beginning					
Fund balances ending					<u>\$ 3,343,008</u>

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
As of December 31, 2019

Governmental funds capital assets	2019
Land	\$ 25,450,016
Buildings and improvements	28,404,573
Machinery and equipment	20,023,758
Infrastructure improvements	119,046,303
Construction in process	<u>1,986,204</u>
Total governmental funds capital assets	\$ 194,910,854
Investment in governmental capital assets by source	
General Fund	\$ 545,407
Special Revenue Funds	3,448,825
Capital Projects Funds	113,582,109
Donations	<u>77,334,513</u>
Total governmental funds capital assets	\$ 194,910,854

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended December 31, 2019

Function and Activity	Land		Buildings and Improvements		Machinery and Equipment		Infrastructure Improvements		Construction In Process		Total
	\$		\$		\$		\$		\$		
General Government											
Mayor					2,202						2,202
Aldermen					9,584						9,584
Municipal court					35,210						35,210
City clerk					21,416						21,416
Elections					24,910						24,910
Information services					891,396						891,396
Administration					269,310						269,310
Human resources					69,617						69,617
Finance					189,179						189,179
Assessor					46,080						46,080
Attorney					906						906
Municipal buildings			4,643,143		457,302						5,697,882
Total General Government			<u>597,437</u>	<u>4,643,143</u>	<u>1,908,772</u>						<u>7,149,352</u>
Public Safety											
Police			1,201,829	8,446,443	2,641,340						12,289,612
Fire			83,248	4,351,456	4,673,844						9,098,548
Building inspection					278,406						278,406
Total Public Safety			<u>1,285,077</u>	<u>12,797,899</u>	<u>7,593,590</u>						<u>21,656,566</u>
Public Works											
Engineering					359,023						359,023
Highway			357,407	3,173,572	6,283,535						9,814,514
Street Lighting					1,097						1,097
Infrastructure			19,197,841				119,046,303				138,244,144
Construction in process								1,986,204			1,986,204
Total Public Works			<u>19,555,248</u>	<u>3,173,572</u>	<u>6,643,655</u>		<u>119,046,303</u>		<u>1,986,204</u>		<u>150,404,982</u>
Health & Human Services											
Health					141,889						141,889
Culture and Recreation											
Library				4,959,004	2,891,723						7,850,727
Parks			4,032,254	2,820,955	795,944						7,649,153
Total Culture and Recreation			<u>4,032,254</u>	<u>7,789,959</u>	<u>3,687,667</u>						<u>15,509,880</u>
Conservation and Development											
Planning					48,185						48,185
Total Conservation and Development					<u>48,185</u>						<u>48,185</u>
Total governmental funds capital assets			\$ 25,450,016	\$ 28,404,573	\$ 20,023,758		\$ 119,046,303		\$ 1,986,204		\$ 194,910,854

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, 2019

Function and Activity	Governmental Funds Capital Assets		
	12/31/18	Additions	Deletions
General Government			
Mayor	\$ 2,202	\$	\$ 2,202
Aldermen	9,584		9,584
Municipal court	35,210		35,210
City clerk	21,416		21,416
Electons	24,610		24,610
Information services	793,615	57,741	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	4,490,222	1,755,363	547,703
Total General Government	5,883,951	1,813,104	547,703
			7,149,352
Public Safety			
Police	12,262,153	68,878	41,419
Fire	8,235,304	866,783	13,539
Building inspection	278,406		278,406
Total Public Safety	20,775,863	935,661	54,958
			21,656,566
Public Works			
Engineering	334,980	24,043	359,023
Highway	9,817,770	45,431	9,814,514
Street lighting	1,097		1,097
Infrastructure	124,205,807	14,161,627	123,290
Construction in process	6,611,711		4,625,507
Total Public Works	140,971,365	14,231,101	4,797,484
			150,404,982
Health & Human Services			
Health	131,833	10,056	
			141,889
Culture and Recreation			
Library	7,755,804	104,923	7,860,727
Parks	7,631,396	17,757	7,649,153
Total Culture and Recreation	15,387,200	122,680	15,509,880
			15,509,880
Conservation and Development			
Planning	48,185		48,185
Total Conservation and Development	48,185		48,185
			48,185
Total governmental funds capital assets	\$ 183,198,397	\$ 17,112,602	\$ 5,400,145
			\$ 194,910,854

STATISTICAL SECTION

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.

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
								(2)		
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 88,776,271
Restricted										
Debt service	127,211	586,594	552,375	658,091	482,773	580,605	722,710	535,337	4,076,267	3,050,470
Utility improvements	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	1,723,133
Development	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	3,620,826
Library	710,872	630,290	581,080	495,660	524,137	598,752	582,292	541,825	492,473	488,302
Donations and other	3,694,542	4,850,568	3,426,760	3,301,860	602,281	560,306	507,955	541,755	300,582	311,101
Pensions		2,607,342								
Unrestricted (deficit)	(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	2,311,078
Total governmental activities net position	\$ 128,279,792	\$ 34,415,358	\$ 137,616,975	\$ 135,778,188	\$ 131,047,147	\$ 122,708,969	\$ 118,000,800	\$ 113,442,058	\$ 107,989,822	\$ 100,281,181
Business-type activities										
Net Investment in capital assets	\$ 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	\$ 90,202,124
Restricted										
Sewer equipment replacement	480,000	178,590	178,590	394,227	356,106	313,558	277,230	334,508	293,844	281,852
Long term receivable RCI	17,555,340	18,799,969	20,014,692	21,200,228	2,853,728	4,015,630	3,017,842	2,518,834	3,171,123	2,763,610
Unrestricted	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	2,763,610
Total business-type activities net position	\$ 114,403,941	\$ 108,831,292	\$ 110,957,113	\$ 113,160,845	\$ 92,071,540	\$ 92,896,445	\$ 92,390,256	\$ 92,251,424	\$ 93,015,561	\$ 93,227,586
Total										
Net Investment in capital assets	\$ 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	\$ 178,978,395
Restricted										
Debt service	127,211	586,594	552,375	658,091	482,773	580,605	722,710	535,337	4,076,267	3,050,470
Utility improvements	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	1,723,133
Development	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	3,620,826
TIF Districts	710,872	630,290	581,080	495,660	524,137	598,752	582,292	541,825	492,473	488,302
Donations and grants	3,694,542	4,850,568	3,426,760	3,301,860	602,281	560,306	507,955	541,755	300,582	311,101
Sewer replacement	480,000	178,590	178,590	394,227	356,106	313,558	277,230	334,508	293,844	281,852
Intergovernmental Cooperation	17,555,340	18,799,969	20,014,692	21,200,228						
Pensions		2,607,342								
Unrestricted	(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	5,074,688
Total net position	\$ 242,683,733	\$ 243,246,650	\$ 248,574,088	\$ 248,939,033	\$ 223,118,687	\$ 215,605,434	\$ 210,391,056	\$ 205,693,482	\$ 200,985,383	\$ 193,508,767

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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities										
General government										
Public safety	\$ 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	\$ 2,897,491
Public works	18,695,104	18,429,274	18,639,083	18,398,830	16,959,091	16,194,631	16,484,847	17,228,769	16,622,386	16,003,898
Health and human services	5,952,372	9,042,112	7,478,288	8,432,828	8,304,583	7,231,238	6,550,808	6,182,038	6,596,316	6,208,391
Culture and recreation	849,373	906,003	889,434	794,502	726,000	673,332	698,088	730,499	648,656	698,944
Conservation and development	2,331,957	2,073,116	2,202,090	1,872,691	1,969,287	1,865,832	1,838,700	1,870,573	1,890,350	1,919,689
Interest on long term debt	12,222,229	8,349,725	586,622	547,080	576,421	459,884	422,095	412,066	957,877	529,833
Total governmental activities expenses	1,416,597	574,065	165,254	313,301	405,022	582,211	802,562	1,272,721	1,563,257	1,920,023
	<u>45,447,414</u>	<u>42,786,445</u>	<u>33,471,644</u>	<u>33,562,154</u>	<u>31,930,789</u>	<u>29,927,068</u>	<u>29,712,367</u>	<u>30,491,161</u>	<u>31,019,049</u>	<u>30,178,289</u>
Business-type activities										
Water	5,393,192	5,514,057	5,429,943	5,632,322	5,766,088	5,077,744	5,051,835	5,084,149	4,251,187	4,076,409
Sewer	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	3,376,505
Total business-type activities expenses	<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>	<u>7,452,914</u>
Total expenses	<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>	<u>\$ 37,631,183</u>
Program Revenue										
Governmental activities										
Charges for services										
General government	\$ 186,597	\$ 195,685	\$ 150,998	\$ 138,723	\$ 150,787	\$ 213,328	\$ 251,573	\$ 163,947	\$ 217,360	\$ 270,412
Public safety	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	2,154,618
Public works	5,207,303	3,296,931	2,899,691	2,828,139	2,719,888	2,638,717	2,388,273	2,417,109	1,490,348	1,230,437
Health and human services	209,064	210,718	181,625	184,304	164,674	115,660	118,702	126,516	105,686	54,385
Culture and recreation	193,019	191,991	204,845	176,065	146,594	118,008	113,217	45,992	181,414	311,757
Conservation and development	150,570	160,257	152,247	122,264	152,588	51,917	63,366	73,530	78,667	64,168
Operating grants and contributions	1,991,081	1,932,199	1,829,490	1,882,406	1,809,520	1,901,262	1,838,950	2,144,184	2,136,106	1,921,805
Capital grants and contributions	4,158,787	2,655,553	3,143,577	3,877,886	1,144,757	1,437,524	1,659,859	1,240,439	1,334,285	2,570,564
Total governmental activities program revenue	<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>8,437,900</u>	<u>7,716,920</u>	<u>8,578,146</u>
Business-type activities										
Charges for services										
Water	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	4,395,269
Sewer	3,802,127	3,704,852	3,313,854	3,328,550	3,340,382	3,266,897	3,243,737	3,142,062	3,124,766	3,062,486
Capital grants and contributions	1,893,179	9,666,202	9,370,939	9,733,075	9,516,581	8,927,173	8,647,731	8,503,708	7,663,852	7,668,423
Total business-type activities program revenue	<u>11,517,565</u>	<u>19,332,404</u>	<u>18,741,878</u>	<u>19,116,200</u>	<u>18,466,891</u>	<u>17,615,790</u>	<u>17,295,562</u>	<u>17,007,416</u>	<u>15,327,644</u>	<u>15,126,179</u>
Total program revenue	<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>\$ 18,941,614</u>	<u>\$ 15,380,778</u>	<u>\$ 16,246,569</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)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
			4	3)	(2					
Net (Expense)/Revenue										
Governmental activities	\$ (30,161,593)	\$ (31,247,332)	\$ (22,737,594)	\$ (22,227,213)	\$ (23,279,786)	\$ (21,182,328)	\$ (20,818,481)	\$ (22,053,255)	\$ (23,302,123)	\$ (21,600,123)
Business-type activities	(43,616)	(1,797,404)	(1,783,637)	(1,657,359)	(397,947)	(331,517)	(537,736)	(200,547)	39,206	215,509
Total net expense	\$ (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)	\$ (21,384,614)
General Revenue and other Changes in Net Position										
Governmental activities										
Property taxes levied for general purposes	\$ 20,088,272	\$ 19,850,774	\$ 19,209,536	\$ 19,057,468	\$ 19,022,087	\$ 18,905,872	\$ 18,884,009	\$ 18,695,907	\$ 19,058,282	\$ 18,523,570
Property taxes levied for debt service	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	1,900,000
Property taxes levied for TIF Districts	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	7,457,955
Other taxes	1,394,469	1,085,976	1,020,027	863,735	785,195	726,774	723,985	708,832	673,736	699,431
Intergovernmental revenue	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	1,485,982
not restricted to specific programs	1,575,432	847,916	405,902	315,376	411,650	693,541	87,278	784,932	973,349	907,723
Miscellaneous revenue	41,373	13,895	27,612	54,447	48,685	43,170	66,191	394,032	40,091	58,685
Gain on sale of capital assets		97,856	99,668	106,934	13,106	16,988	2,024	32,129	58,871	64,070
Transfers	(4,966,506)	1,011,392	989,602	391,099	1,044,459	(144,601)	(66,726)	1,009,126	348,101	1,011,149
Total governmental activities	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	32,108,765
Business-type activities										
Investment earnings	554,542	548,047	529,004	437,909	593,128	642,227	569,444	318,669	32,320	41,393
Miscellaneous revenue	95,217	134,928	85,943	136,782	73,601	50,878	40,398	126,867	64,550	50,164
Transfers	4,966,506	(1,011,392)	(989,602)	(391,099)	(1,044,459)	144,601	66,726	(1,009,126)	(348,101)	(1,011,149)
Total business-type activities	5,616,265	(328,417)	(374,655)	183,592	(377,730)	837,705	676,568	(563,590)	(251,231)	(919,592)
Total General Revenue and other Changes in Net Position	\$ 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	\$ 31,188,173
Change in Net Position										
Governmental activities	\$ (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	\$ 10,508,642
Business-type activities	5,572,649	(2,125,821)	(2,158,292)	(473,767)	(775,877)	506,189	138,832	(764,137)	(212,025)	(704,089)
Total	\$ (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	\$ 9,804,559

Restated in 2012 for Solid Waste Fee began
implemented GASB 68
3 Restated for Ryan Creek Interceptor Sewer
4 Implimented GASB 75

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

	2019	2018	2017	2016	2015	2014	2013	2012*	2011	2010
General Fund										
Nonspendable:										
Inventories and prepaid items	\$ 19,490	\$ 57,423	\$ 15,848	\$ 46,342	\$ 41,186	\$ 78,455	\$ 45,866	\$ 62,936	\$ 55,820	\$ 75,673
Advances to other funds	136,200	219,700	230,700	2,248,616	2,198,616	2,198,616	505,040			
Assigned Purchase Orders	132,393	271,970	150,565	61,626	147,121	207,270				
Unassigned	8,345,671	6,787,184	6,190,398	5,334,100	6,662,986	6,148,771	7,230,661	6,439,199	6,065,053	5,400,912
Total general fund	8,633,754	7,336,277	6,587,511	7,690,684	9,049,909	8,633,112	7,781,567	6,502,135	6,120,873	5,476,585
All other governmental funds										
Nonspendable										
Prepays			650	1,274	730	900	2,475	21,800	10,313	10,181
Restricted										
Debt service	1,118,560	982,719	735,022	651,298	507,283	546,238	6,801,945	7,423,733	7,876,755	8,393,278
Utility improvements	2,194,797	1,712,538	1,413,378	1,224,190	907,003	672,431	443,438	543,408	640,787	356,798
Development	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	6,408,826
TIF Districts	17,307,511	12,430,497	2,405,999	2,583,687	996,460	347,978			552,904	1,804,838
Donations	161,342	150,606	150,136	177,333	133,678	122,550	102,326	105,238	299,982	311,101
Health services	198,561	192,510	199,428	161,571	160,003	175,220	165,846	179,239	492,473	488,302
Library services	710,872	630,290	580,430	494,386	523,237	596,277	579,817	520,775		
Solid waste	455,125	430,747	383,677	330,883	260,944	216,385	188,307	100,546		
Recreational services	80,952	75,743	65,727	48,386	47,656	46,151	51,476	52,244	72,857	179,224
Tourism Commission	469,951	378,069	211,793							
Assigned										
Capital projects	5,538,456	6,793,499	6,746,614	5,684,525	4,906,594	4,698,459	2,791,111	2,724,764	2,372,072	2,710,245
Unassigned	(108,090)	(13,344)	(218,450)	(70,316)	(150,927)	(2,196,383)	(5,180,799)	(5,965,890)	(3,663,211)	(4,009,430)
Total all other government funds	36,961,496	29,902,070	16,850,904	15,345,779	12,144,314	9,397,545	10,998,110	10,320,588	16,287,972	16,653,363
Total fund balances	\$ 45,595,250	\$ 37,238,347	\$ 23,438,415	\$ 23,036,463	\$ 21,194,223	\$ 18,030,657	\$ 18,779,677	\$ 16,822,723	\$ 22,408,845	\$ 22,129,948

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									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenue										
Taxes	\$ 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	\$ 28,580,956
Intergovernmental revenue	3,313,780	3,270,878	3,128,969	3,158,596	3,490,037	3,408,075	3,438,041	3,757,618	4,380,850	3,704,159
Licenses and permits	1,335,589	1,189,096	799,762	692,524	706,977	808,302	912,357	755,027	702,674	729,432
Fines forfeitures and penalties	451,062	475,840	485,407	498,653	484,957	421,976	411,795	457,499	433,106	422,506
Public charges for services	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	2,211,119
Special assessments	3,503,006	2,845,159	531,729	904,147	642,256	1,057,088	1,483,350	1,236,114	1,305,578	1,119,230
Intergovernmental charges for services	226,178	192,542	172,796	194,806	192,168	136,372	162,308	103,615	245,000	237,319
Investment earnings	1,509,951	818,584	386,563	284,180	739,930	739,930	223,806	661,976	938,226	878,978
Miscellaneous revenue	393,071	394,995	295,899	481,943	419,464	411,301	288,465	674,305	365,129	597,611
Total revenue	42,184,781	38,537,791	33,765,755	34,790,125	34,525,150	34,542,513	34,379,526	34,973,793	38,238,172	38,481,310
Expenditures										
Current										
General government	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	2,694,374
Public safety	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	15,206,317
Public works	5,852,769	5,125,662	5,465,245	5,302,786	4,587,108	5,140,650	4,855,870	4,848,588	4,817,644	4,521,991
Health and human services	857,355	895,261	858,441	766,249	716,169	666,475	668,711	719,447	681,984	629,499
Culture recreation and education	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	1,565,093
Conservation and development	12,235,625	12,679,197	560,072	523,288	568,364	461,181	416,765	409,996	964,610	524,705
Capital outlay	15,923,366	5,864,385	4,745,936	4,689,147	2,097,046	3,987,446	3,172,706	2,915,159	3,343,196	1,953,999
Debt service	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	5,275,000
Principa	1,035,307	391,578	218,888	375,697	460,072	731,288	1,033,519	1,334,958	1,618,615	1,939,762
Interest	473,097	203,184	40,442	53,789	73,091	73,091				
Debt issuance costs										
Total expenditures	59,899,735	49,310,903	36,257,072	34,154,054	32,439,718	41,057,391	33,628,506	41,653,083	38,993,848	34,310,740
Excess of revenue over (under) expenditures	(17,704,954)	(10,773,112)	(2,491,317)	636,071	2,085,432	(6,514,878)	751,020	(6,679,290)	(755,676)	4,170,570
Other financing sources (uses)										
Debt issued	19,970,000	23,480,000	1,630,000	5,770,000	5,320,000					
Refunding debt issued	14,725,000			154,202	232,827					
Premium on debt issued	363,931		51,071	(5,895,000)						
Principal payment on current refunding	(10,000,000)									
Sale of capital assets	34,478	81,652	179,355	126,585	39,894	39,894	75,559	32,129	58,871	64,070
Transfers in	1,648,598	1,738,665	1,231,589	2,859,364	2,408,253	2,125,007	2,769,157	2,398,454	2,415,916	1,389,654
Transfers out	(680,150)	(727,293)	(198,746)	(1,608,982)	(1,363,794)	(1,951,870)	(1,638,782)	(1,337,416)	(1,440,214)	(376,288)
Net change in fund balances	\$ 8,356,903	\$ 13,799,932	\$ 401,952	\$ 1,842,240	\$ 3,163,566	\$ (749,020)	\$ 1,956,954	\$ (5,586,123)	\$ 278,897	\$ 5,248,006
Debt service as a percentage of non capital expenditures	4.9%	6.6%	10.0%	7.5%	3.7%	29.3%	15.1%	30.9%	24.6%	22.2%

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				
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 01%
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	100 20%
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 07%
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	92 74%
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%
2010	3 550 822 488	3 573 233 300	93 921 500	97 275 400	3 644 743 988	6 22	3 670 508 700	99 30%

Assessed Valuation by School District - 2019

Reassessment year	Revaluation year	Franklin School District	Oak Creek/ Franklin School District	Whitnall School District	Total Assessed Value
		\$ 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 2	TID 3	TID 4	TID 5	TID 5				
2019 #	\$ 4 360 269 000	\$ 64 781 500	\$ 52 629 500	\$ 30 859 200	\$ 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	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	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	
2010	3 670 508 700	178 745 000	61 434 700			7 54%	276 681 600	3 393 827 100	6 02	

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

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

Fiscal Year	(1) Estimate Actual Property value					(2)			(2)	
	Residential	% of Total	Commercial and Manufacturing	Agricultural Swamp and Other	Total	Residential Construction		Nonresidential Construction		
						Value	# of Units	Value	# of Permits	
2019	\$ 3 163 899 045	75 7%	\$ 994 533 900	\$ 19 891 700	4 178 324 645	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	
2010	2 637 514 100	73 8%	917 720 700	17 998 500	3 573 233 300	27	6 559 696	40	22 533 497	

(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 in Direct Rates										Overlapping Rates					Total Rate (**)	
	Debt Service		Capital Outlay		Equipment Replacement		Street Improvement		Total		School Districts		Milwaukee Area		Milwaukee Metropolitan Sewerage District		
	General	Library	Debt Service	Capital Outlay	Equipment Replacement	Street Improvement	Total	Franklin	Oak Creek	Whitnall	School Credits	Technical College	Milwaukee County	District	State		
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	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	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	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	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	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	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	24.76		
2010	4.61	0.33	0.54	0.14	0.08	0.23	5.93	11.33	8.86	10.11	(1.67)	1.98	4.31	1.38	23.44		

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

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

Taxpayer	Type of Business	2018			2010		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Northwestern Mutual	Insurance Services	\$ 104 123 800	1	2 65%	\$ 126 271 100	1	3 36%
Ascension Wisconsin	Medical facilities	27 068 300	2	0 69%	24 624 700	2	0 65%
Whitnall Pointe Apartments	Apartments	24 047 700	3	0 61%	20 535 000	3	0 55%
VTLC Development	Packaging manufacturing	22 274 800	4	0 57%	20 946 100	4	0 56%
Manchester Oaks	Apartments	21 690 900	5	0 55%	19 757 300	5	0 53%
Wal-Mart	Retailer	21 353 300	6	0 54%	25 609 300	6	0 68%
Aurora Healthcare - W Rawson Ave	Healthcare Provider	14 788 400	7	0 38%			
Baptista's Bakery Inc	Manufacturing	14 392 400	8	0 37%			
TI Investors of Franklin LLC	Apartments	14 065 700	9				
Franklin Wyndham LLC	Land held for Development	14 023 900	10	0 36%			
Menard Inc	Retail Home improvement			0 00%	16 709 500	8	0 44%
All Glass Aquarium	Aquariums and fluorescent lights			0 00%	13 700 500	9	0 36%
Harley Davidson	Motorcycle manufacturing				18 570 200	7	0 49%
Waste Management	Landfill and refuse collection				13 592 000	10	0 36%
		<u>\$ 277 829 200</u>		<u>6 71%</u>	<u>\$ 300 315 700</u>		<u>7 98%</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 collections	% of levy collected	Outstanding delinquent PP taxes
	General Fund	Library Fund	Capital Funds	Debt Service	Total Local Tax Levy	Tax increment financing	Total			
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
2010	16,124,000	1,150,000	1,252,000	1,900,000	20,426,000	7,457,956	27,883,956	27,851,459	99.88%	39,718

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	School Districts				City of Franklin				Special Charges	Total
		Milwaukee County	Franklin	Whitnail	Oak Creek Franklin	MATC	MMSD	Local	Tax Increment		
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		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		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		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		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		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		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
2010		15 112 830	31 535 755	2 404 637	4 816 333	6 512 551	4 718 481	20 965 000	6 737 305	758 894	94 184 693

Source State of Wisconsin Department of Revenue Statement of Taxes

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

Table 11

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

Fiscal Year	General Bonded Debt				Total General Bonded Debt	Less Amounts due from Tax Incremental Financing Districts		Less Amounts due from Other Taxing Districts	Net General Obligation Debt	(1) Percent of Estimated Actual Property Value	(2) Percent of Personal Income	(2) Per Capita
	Governmental	General Obligation Notes	Sewer General Obligation Notes	Water General Obligation Bonds		Debt Service Fund Balances	Incremental Financing Districts					
2019	\$34,620,000	\$8,680,000	\$17,555,341	\$1,015,000	\$72,325,057	\$(1,118,860)	\$(45,890,000)	\$(17,555,341)	\$7,776,156	0.79%	n/a	2,009
2018	3,385,000	26,625,000	18,799,970	1,070,000	50,030,053	(982,719)	(23,480,000)	(18,799,970)	6,767,364	0.79%	3.61	1,398
2017	4,560,000	4,285,000	20,014,693	1,125,000	30,191,890	(735,022)	(985,000)	(20,014,693)	8,457,175	0.79%	2.24	838
2016	5,770,000	4,475,000	21,200,228	1,800,000	32,871,804	(651,298)	(2,660,000)	(21,200,228)	8,360,278	0.90%	2.44%	920
2015	7,095,000	5,225,000	22,357,276	1,235,000	36,103,497	(507,283)	(3,310,000)	(22,357,276)	9,928,938	0.1	2.81	013
2014	7,615,000	5,320,000	23,486,522	290,000	37,963,795	424,721	(3,330,000)	(23,486,522)	1,579,944	1.09%	3.03%	063
2013	8,185,000	9,695,000	24,565,423		42,466,840	1,493,855	(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	0.9	2.96%	95
2010	9,730,000	30,600,000			39,890,000	(3,021,278)	(21,860,000)		5,008,722	12	3.67%	125

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

Notes
Debt Service Fund balances represent amounts received that are restricted to future payments of outstanding debt.
Amounts due from tax incremental financing districts represent future receipt of non-repealable property tax levies restricted to the payment of debt service.
Amounts due from future development represent future impact fees collected under a 2002 ordinance from residents and restricted for the purpose of retiring debt on a portion of the police station fire station library and a eligible road project.
In 2018 the City issued \$23,480,000 of Note Anticipation Notes supporting infrastructure costs in TID 5 Ballpark Commons.
In 2017 the City issued \$1,630,000 of notes to finance the 2018 Capital improvement plan excluding the City Hat 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 improvement projects.
In 2014 the City issued \$5,320,000. Proceeds 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							Unpaid Accrued Interest	
	TID 3	TID 5	TID 6	TID 7	Total	Payments Principal	Payments Interest		Total Payments
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									
2010									

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 2031 as a contribution to certain infrastructure
TID 6 The City has committed to a \$3 100 000 MRO upon delivery of certain infrastructure
TID 7 The City has committed to a \$14 952 000 MRO upon completion of certain development

MROs 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, 2019

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to City	Amount applicable to City	School Districts		MMSD	City of Franklin	Total
				Franklin	Whitnall			
Milwaukee County	\$ 532,500,000	6.68%	\$ 35,549,700			\$ 49,779,719	\$ 53,300,000	\$ 415,308,924
Whitnall School District 4, 6	14,592,984	14.31%	2,088,927	2,088,927	1,424,487	54,190,796	30,160,083	211,492,447
Oak Creek Franklin School District 5	153,765,000	16.19%	24,897,629			58,329,568	8,845,000	199,223,568
Franklin School District 2, 3	63,700,000	100.00%	63,700,000			56,916,164	10,491,576	159,714,269
Milwaukee Area Technical College	101,965,000	5.30%	5,407,918			61,464,077	12,511,221	171,801,951
Milwaukee Metropolitan Sewerage District	749,232,724	6.81%	50,990,531			58,752,848	13,187,273	161,815,428
Total Overlapping Debt	<u>1,615,755,708</u>		<u>182,634,705</u>			<u>159,290,730</u>	<u>129,071,665</u>	<u>162,178,004</u>
City of Franklin	<u>53,300,000</u>	100.00%	<u>53,300,000</u>			<u>148,628,155</u>	<u>32,495,000</u>	<u>165,666,973</u>
Total	<u>\$ 1,669,055,708</u>		<u>\$ 235,934,705</u>			<u>\$ 49,779,719</u>	<u>\$ 181,004,462</u>	<u>\$ 415,308,924</u>

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.
- 1 In 2009 Milwaukee County issued \$400,000,000 in pension obligation debt
 - 2 In 2013 Franklin Public Schools issued \$33,000,000 of Debt to renovate the high school
 - 3 In 2017 Franklin Public Schools issued \$41,390,000 to build a new middle school
 - 4 In 2018 Whitnall School District issues \$10,000,000 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	City Policy**			
					2% of Equalized Value	Debt Margin	Percent Used	
2019	\$ 4 360 269 000	\$ 218 013 450	\$ 71 870 341	\$ 146 143 109	\$ 87 205 380	\$ 15 335 039	32 97%	82 42%
2018	4 022 941 400	201 147 070	49 879 970	151 267 100	80 458 828	30 578 858	24 80%	61 99%
2017	3 888 926 200	194 446 310	29 984 693	164 461 617	77 778 524	47 793 831	15 42%	38 55%
2016	3 729 003 100	186 450 155	32 625 228	153 824 927	74 580 062	41 954 834	17 50%	43 75%
2015	3 649 185 900	182 459 295	35 912 276	146 547 019	72 983 718	37 071 442	19 68%	49 21%
2014	3 589 694 100	179 484 705	37 711 522	141 773 183	71 793 882	34 082 360	21 01%	52 53%
2013	3 414 276 600	170 713 830	42 445 423	128 268 407	68 285 532	25 840 109	24 86%	62 16%
2012	3 524 105 900	176 205 295	43 734 833	132 470 462	70 482 118	26 747 285	24 82%	62 05%
2011	3 676 379 700	183 818 985	32 495 000	151 323 985	73 527 594	41 032 594	17 68%	44 19%
2010	3 670 508 700	183 525 435	39 890 000	143 635 435	73 410 174	33 520 174	21 74%	54 34%

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

Taxpayer	Type of Business	2019			2010		
		Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Northwestern Mutual	Insurance/Investment Services	2 313	1	13 07%	2 100	1	11 69%
Krones Incorporated	High speed labeling/filler machines	649	2	3 67%	342	7	1 90%
Franklin Public Schools	K-12 Education	575	3	3 25%	570	2	3 17%
Ascension Health Care	Medical & surgical hospital	502	4	2 84%	529	3	
Baptista s Bakery	Commercial Bakery	432	5	2 44%			
Milwaukee County							
County Corrections South	Government	396	6	2 24%	381	4	2 12%
Vesta Inc	Medical Device Contract Manufacturer	360	7	2 03%			
Carlisle Interconnect Technologies	Wire harnesses	304	8	1 72%			
Strauss Veal & Lamb Int'l Inc	Animal Processing	265	9	1 50%			
Senior Flexonics GA Precision	Off road engine components mfg	197	10	1 11%	350	6	1 95%
Central Aquatics	Aquariums and fluorescent lights				250	10	
Wal Mart	Retailer				375	5	2 09%
Waste Management	Landfill and refuse collection				340	8	1 89%
Conway Trucking	Trucking				300	9	1 67%
		5 993		33 86%	5 537		30 83%

Source Past Debt offering Official Statements and employer surveys

Table 16

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

Department	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Genera government											
Municipal Court	2 50	2 50	2 50	2 50	2 50	2 50	2 50	2 50	2 00	2 00	2 00
Clerk	4 12	4 12	4 12	4 12	4 12	4 14	4 14	4 14	4 00	4 00	4 00
Information services	1 00	1 00	1 00	1 00							
Administration	3 00	3 00	3 00	3 00	3 00	4 00	3 00	3 00	3 60	3 60	3 60
Finance	6 73	6 60	6 60	6 60	6 60	6 60	7 10	7 10	7 03	7 10	7 10
Assessor					1 00	1 00	1 00	1 00	1 00	1 00	1 00
Municipal buildings	4 03	4 03	4 03	4 03	4 03	2 78	3 74	3 74	3 92	4 74	4 74
Total genera government	21 38	21 25	21 25	21 25	21 25	21 02	21 48	21 48	21 55	22 44	22 44
Public safety											
Police	76 75	76 75	76 75	76 75	76 75	75 75	75 75	76 75	77 25	77 25	77 25
Fire	46 00	46 00	46 50	46 50	46 50	46 50	46 50	46 45	46 48	46 45	46 45
Building inspection	9 15	8 30	8 30	8 00	8 00	7 00	7 00	7 00	8 00	8 00	8 00
Total public safety	131 90	131 05	131 55	131 25	131 25	129 25	129 25	130 20	131 73	131 70	131 70
Public works											
Engineering	8 25	8 25	8 25	8 25	8 25	8 25	8 25	8 25	8 25	8 80	8 80
Highway	22 00	22 00	22 00	22 00	22 00	22 48	22 00	22 00	22 00	22 00	22 00
Parks	2 00	2 00	2 00	2 00	2 00	2 00	2 00	2 00	2 00	2 00	2 00
Total public works	32 25	32 25	32 25	32 25	32 25	32 73	32 25	32 25	32 25	32 80	32 80
Public health											
Planning	7 95	7 95	7 50	6 75	6 75	6 75	6 15	6 25	6 25	6 15	6 15
Economic Development	4 00	4 00	4 00	4 00	4 00	4 00	4 00	4 60	5 60	5 60	5 60
Total general fund	198 48	197 50	198 55	196 50	196 50	194 33	193 13	194 78	197 38	198 69	198 69
Public health grant											
Library	15 37	15 37	16 68	16 94	16 94	17 19	17 70	16 82	17 12	17 11	17 11
Sewer & water	11 80	10 80	10 80	10 80	11 50	11 55	11 56	11 53	11 53	12 55	12 55
Total	225 65	223 67	226 03	224 24	224 94	223 07	222 38	223 13	226 03	228 35	228 35

Source City of Franklin Budget Document

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police											
Part 1 Major crimes	581	528	763	780	844	859	873	852	689	629	804
Arrests	970	1,494	1,455	1,265	1,312	1,290	1,117	1,799	1,554	1,606	1,235
Traffic & parking citations	8,650	8,661	7,800	6,866	7,859	8,163	7,431	9,449	11,093	9,125	7,793
Calls for service	32,100	31,967	30,029	30,699	30,259	30,040	28,093	29,542	28,847	37,273	28,267
Number of sworn officers	60	60	60	60	60	59	58	58	58	58	58
Fire											
Fire responses	800	735	664	641	689	621	679	594	540	574	496
EMS responses	3,400	3,226	3,309	3,406	2,976	2,863	2,754	2,688	2,605	2,546	2,515
Fire inspections	2,620	2,600	2,600	2,500	2,509	2,480	2,436	2,485	2,765	2,463	2,611
Number of full-time firefighters	47	47	45	45	45	45	45	45	45	45	46
Basic Life Support Transports	1,000	966	661	966	1,059	1,055	1,162	1,137	1,099	1,141	1,141
Paramedic Transports	1,200	1,185	1,401	1,185	1,212	1,091	977	910	863	823	823
Highway											
Miles of crack sealing	20	20	15	31	26	38	28	32	30	28	31
Trees pruned	800	677	1,533	1,326	1,500	679	704	1,053	1,427	2,176	927
Vehicles maintained	177	177	171	170	168	167	167	167	165	165	165
Solid waste											
Non-recyclable refuse collected (tons)	8450	8407	8384	8179	8259	7,923	7972	8,205	8,353	8,320	7,762
Recyclables collected (tons)	2700	2718	2786	2766	2975	3,479	3114	2,737	2,813	2,693	2,676
Yard waste (tons)	300	285	250	340	332	221	322	335	274	295	375
Health											
Home visits	1400	1400	1414	767	951	1,180	1,276	1,435	1,213	1,383	1,616
Immunization clinic v sits	300	246	298	1334	2032	2,130	1,825	2,488	2,653	3,660	8,658
Sanitarian inspections				356	340	429	383	438	298	366	380
Animal control											
Animal control pickups	145	141	129	106	116	122	104	92	120	167	126
Library											
Circulation	390,000	390,701	409,974	439,962	474,658	465,656	477,991	502,989	514,163	519,580	519,054
Collection size	134,000	135,686	134,896	133,556	132,330	139,772	140,000	144,000	142,000	140,000	135,688
Internet use	15,000	20,000	22,261	24,850	28,239	30,970	33,507	39,976	49,638	50,369	50,222
Sanitary sewer											
Number of customers	11,350	11,300	11,200	10,231	10,198	10,090	10,060	10,010	9,970	9,775	9,883
Feet of sewer cleaned	220,000	250,000	258,000	255,000	260,000	255,000	250,000	250,000	217,000	218,000	250,000
Water											
Number of customers -average	8,475	8,375	8,270	8,220	8,172	7,978	7,930	7,931	7,850	7,807	7,756
Average daily consumption	2,800,000	2,850,000	2,850,000	2,800,000	2,800,000	2,800,000	2,400,000	2,615,000	2,370,000	2,298,000	2,461,276
Peak daily consumption	4,220,000	4,375,000	4,001,000	4,788,000	4,868,200	4,969,000	6,770,000	6,770,000	5,604,000	4,212,000	4,803,000

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
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)	15,027	14,963	14,432	14,967	14,984	15,038	14,889	14,804	15,474	15,550
Acres developed (approximate)	9,858	9,711	9,175	9,679	9,681	9,694	9,540	9,410	11,336	11,329
Acres in park and open space	5,169	5,242	5,257	5,288	5,303	5,167	4,928	4,854	3,873	3,873
Miles of road										
State	1685	1685	1685	1685	1685	1685	1685	1685	1685	1685
County	1949	1949	1949	2124	2324	2374	2374	2374	2374	2374
Local	17125	17100	17100	16925	16705	16632	16607	16651	16597	16597
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	199.0	195.5	195	194	193	191	185	185	185	185
Miles of watermain	174.5	171.5	171	170	169	168	167	167	167	166
Number of fire hydrants	2665	2595	2579	2565	2155	2145	2130	2120	2115	2111
Recreation and culture										
Number of trails			12	11	11	11	10	10	7	7
Number of city parks			13	12	12	12	12	12	12	12
Number of county parks			8	8	8	8	8	8	8	8
Number of libraries			1	1	1	1	1	1	1	1
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	6,620	6,620	6,620	6,620	6,620

Source: City of Franklin records

FORM OF LEGAL OPINION

(See following pages.)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

December 10, 2020

Re: City of Franklin, Wisconsin ("Issuer")
\$9,545,000 Taxable General Obligation Refunding Bonds, Series 2020A,
dated December 10, 2020 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2024	\$200,000	2.00%
2025	200,000	2.00
2026	300,000	2.00
2027	400,000	2.00
2028	500,000	2.00
2029	600,000	2.00
2030	675,000	2.00
2031	750,000	1.60
2032	925,000	1.70
2033	950,000	1.75
2034	970,000	1.80
2035	1,000,000	1.90
2036	1,025,000	2.00
2037	1,050,000	2.05

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2021.

The Bonds maturing on March 1, 2031 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2030 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is included for federal income tax purposes in the gross income of the owners of the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Franklin, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$9,545,000 Taxable General Obligation Refunding Bonds, Series 2020A, dated December 10, 2020 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on November 17, 2020 (the "Resolution") and delivered to BOK Financial Securities, Inc. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated November 18, 2020 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Franklin, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Director of Finance & Treasurer of the Issuer who can be contacted at 9229 West Loomis Road, Franklin, Wisconsin 53132, phone (414) 427-7514, email finance@franklinwi.gov.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2020, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - Direct Debt
2. DEBT - Debt Limit
3. VALUATIONS - Current Property Valuations
4. TAX LEVIES AND COLLECTIONS - Tax Levies and Collections

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist

it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 10th day of December, 2020.

(SEAL)

Stephen R. Olson
Mayor

Sandra L. Wesolowski
City Clerk