



CITY OF FRANKLIN

**TAX INCREMENTAL DISTRICT
NO. 3**

EXPENDITURE PERIOD CLOSURE

Franklin, Wisconsin

FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2020

CITY OF FRANKLIN

TAX INCREMENTAL DISTRICT NO. 3

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From Date of Creation through December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Franklin
Franklin, Wisconsin

Report on the Financial Statements

We have audited the accompanying Combined Balance Sheet, Historical Summary of Project Costs, Project Revenues, and Net Cost to be Recovered Through Tax Increments and Historical Summary of Sources, Uses, and Status of Funds of the City of Franklin's Tax Incremental District No. 3 as of December 31, 2020 and from the date of creation through December 31, 2020, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. Except as discussed in the following paragraph, 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.

Sources of funds of \$18,720,962 and uses of funds of \$25,900,893 were incurred between 2009 and 2015. Those amounts were included in the City of Franklin's basic financial statements as supplemental information which were audited by other auditors. Their reports indicated that their audits were made for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information was subjected to the auditing procedures applied in their audits of the basic financial statements and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole. Additional audit procedures on those sources of funds and uses of funds have not been performed.

To the City Council
City of Franklin

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 opinion.

Opinion

In our opinion, based on our audit and the report of other auditors and except for the effect of such adjustments, if any, as might have been necessary had we performed additional audit procedures on the sources of funds and uses of funds incurred between 2009 and 2015, the financial statements referred to above present fairly, in all material respects, the financial position of City of Franklin's Tax Incremental District No. 3 and the net project costs to be recovered through tax increments as of December 31, 2020 and the sources, uses, and status of funds from the date of creation through December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the transactions of City of Franklin's Tax Incremental District No. 3 and do not purport to, and do not, present fairly the financial position of the City of Franklin, Wisconsin, as of December 31, 2020, and the changes in financial position, or, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

To the City Council
City of Franklin

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Franklin's Tax Incremental District No. 3's 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The City of Franklin's financial statements for the years ended December 31, 2009 - 2015, which are not presented with the accompanying financial statements, were audited by other auditors whose reports expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. Their report on the 2009 - 2015 combining and individual nonmajor fund financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements for the years ended December 31, 2009 - 2015, as a whole.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated April 21, 2021 on our tests of its compliance with Wisconsin State Statutes Section 66.1105. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.

Baker Tilly US, LLP

Milwaukee, Wisconsin
April 21, 2021

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

COMBINED BALANCE SHEET
December 31, 2020

	Capital Projects Fund	Debt Service Fund
ASSETS		
Cash and investments	\$ 1,164,562	\$ -
Taxes receivable	<u>2,067,579</u>	<u>-</u>
Total assets	<u>\$ 3,232,141</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	<u>\$ 865,126</u>	<u>\$ -</u>
Deferred Inflows of Resources		
Unearned revenues	<u>2,067,579</u>	<u>-</u>
Fund Balance		
Restricted	<u>299,436</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 3,232,141</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

HISTORICAL SUMMARY OF PROJECT COSTS, PROJECT REVENUE
AND NET COST TO BE RECOVERED THROUGH TAX INCREMENTS
From Date of Creation Through December 31, 2020

PROJECT COSTS

Capital expenditures	\$ 11,202,809
Development incentives - grants	12,397,452
Administration	595,004
Interest and fiscal charges	5,589,732
Issuance costs on long-term debt	<u>201,707</u>
Total Project Costs	<u>29,986,704</u>

PROJECT REVENUE

Tax increments	19,327,709
Exempt computer aid and personal property tax aid	5,381,231
TEA grant	1,000,000
Investment earnings	1,539,583
Miscellaneous revenue	<u>697,618</u>
Total Project Revenue	<u>27,946,141</u>

**NET COST TO BE RECOVERED THROUGH
TAX INCREMENTS - DECEMBER 31, 2020**

\$ 2,040,564

LONG-TERM OBLIGATIONS OUTSTANDING - DECEMBER 31, 2020

\$ 2,340,000

RECONCILIATION OF RECOVERABLE COSTS

General Obligation Promisory Notes Outstanding	\$ 2,340,000
Less: Fund Balance	<u>299,436</u>

**NET COST TO BE RECOVERED THROUGH
TAX INCREMENTS - DECEMBER 31, 2020**

\$ 2,040,564

See accompanying notes to financial statements.

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

HISTORICAL SUMMARY OF SOURCES, USES AND STATUS OF FUNDS
From Date of Creation Through December 31, 2020

SOURCES OF FUNDS

Tax increments	\$ 19,327,709
Exempt computer aid and personal property tax aid	5,381,231
TEA grant	1,000,000
Investment earnings	1,539,583
Miscellaneous revenue	428,588
Subtotal	27,677,111
Premium on Long Term Debt	269,029
Long-term debt issued	26,335,000
Total Sources of Funds	54,281,141

USES OF FUNDS

Capital expenditures	11,202,809
Development incentives	12,397,452
Administration	595,004
Debt Service	
Principal	23,995,000
Interest and fiscal charges	5,589,732
Debt issuance costs	201,707
Total Uses of Funds	53,981,704

FUND BALANCE - December 31, 2020	\$ <u>299,436</u>
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See accompanying notes to financial statements.

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

NOTES TO FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying policies of the City of Franklin's Tax Incremental District No. 3 ("District") conform to accounting principles as applicable to governmental units and as defined by Wisconsin Statutes Section 66.1105.

A. REPORTING ENTITY

The City of Franklin uses the criteria set forth by the Governmental Accounting Standards Board to determine the scope of the City of Franklin's Tax Incremental District No. 3 reporting entity. The accompanying financial statements reflect all the significant operations of the City of Franklin's Tax Incremental District No. 3. The accompanying financial statements do not include the full presentation of the City of Franklin.

B. DESCRIPTION OF FUND STRUCTURE AND LONG-TERM DEBT

The report contains the financial information of the City of Franklin's Tax Incremental District No. 3. The summary statements were prepared from the data recorded in the following City funds and the City's long-term debt:

- Debt Service Fund
- Capital Projects Fund

The Debt Service Fund records the activity of outside borrowings entered into for the benefit of the District. The Capital Projects Fund records the activity of the District in receiving all other revenues and making all other expenditures on behalf of the District including interfund advances. The data was combined for the purposes of this report.

The District was created on June 21, 2005 under the provisions of by Wisconsin Statutes Section 66.1105. The purpose of that section is to allow a municipality to recover development and improvement costs in a designated area from the property taxes generated on the increased value of the property after the creation date of the District. The tax on the increased value is called a tax increment.

The statutes allow the municipality to collect tax increments until the net project cost has been fully recovered, or until 20 years after the creation date, whichever occurs first. Project costs uncollected at the dissolution date, if any, would be absorbed by the City of Franklin. Project costs may be incurred up to five years before the unextended termination date of the district.

	<u>Creation Date</u>	<u>Last Date to Incur Project Costs</u>	<u>Last year to collect increment</u>
District No. 3	June 21, 2005	June 21, 2020	2026

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

NOTES TO FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

The modified accrual basis of accounting was followed in the preparation of these statements. Under 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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. Project costs, other than interest on long-term debt are recorded when the related fund liability is incurred.

District tax increments are recorded as revenue in the year due. 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 that are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are recorded as deferred revenue.

Special assessments are recorded as revenue when they become measurable and available. Annual installments due in future years are recorded as receivables and unavailable revenue. No special assessments have been levied in this district.

Other general revenue are recognized when received in cash or when measurable and available under the criteria mentioned above.

D. USE OF ESTIMATES

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

E. MEASUREMENT FOCUS

The measurement focus of all governmental funds is the funds flow concept. Under the funds flow concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgements, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are shown in the long-term debt footnote disclosure. The related expenditures are recognized when the liabilities are liquidated.

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

NOTES TO FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. PROJECT PLAN BUDGETS

The estimated revenue and expenditures of the District are adopted in the project plan. Those estimates are for the entire life of the District and may not be comparable to interim results presented in this report. On September 3, 2013 the District's boundary and project plan was amended to extend the District to the North.

G. CAPITAL ASSETS

Public domain (infrastructure) capital assets, such as roads, bridges, curb and gutters, sidewalks, drainage systems and lighting systems are not capitalized in the District's financial statements, but are capitalized as part of the City's capital assets.

H. LONG-TERM DEBT

Short-term liabilities are recorded as fund liabilities. All other long-term liabilities are shown in the long-term debt footnote disclosure.

Proceeds of long-term debt issues not recorded as fund liabilities are reflected as "Sources of Funds" in the operating statement of the recipient fund. Retirement of these issues are reported as an expenditure in the year in which the debt matures or is repaid, whichever is earlier.

I. 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.

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

NOTES TO FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2020

NOTE 2 – CASH AND INVESTMENTS

The District invests its funds in accordance with the provisions of Wisconsin Statutes.

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 quoted market prices. 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 earnings.

The District does not maintain separate cash and investments accounts, but rather owns an equity share in the City's cash and investments. Federal depository insurance and the State of Wisconsin Guarantee fund insurance apply to the City of Franklin as an individual municipality and, accordingly, the amount of the insured funds is not determinable for the District.

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

NOTES TO FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2020

NOTE 3 – LONG-TERM DEBT

A. GENERAL OBLIGATION DEBT

All general obligation promissory notes payable are backed by the full faith and credit of the City of Franklin. Notes borrowed to finance the District's expenditures will be retired developer payments received by the Debt Service fund and by tax increments accumulated by the Capital Projects fund. If those revenues are not sufficient payments will be made by future property tax levies.

Details of the general obligation promissory note payable is as follows:

<u>Type</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Original Amount</u>	<u>Amount Repaid</u>	<u>Balance Outstanding 12/31</u>
General obligation promissory notes							
	2/20/19	3.50%	3/1/21-23	3/1 & 9/1	\$ 3,005,000	\$ 665,000	\$ 2,340,000
	12/18/14	2.00 - 2.50%	3/1/15-24	3/1 & 9/1	3,330,000	3,330,000	-
	8/26/08	3.00 - 3.50%	3/1/09-14	3/1 & 9/1	10,000,000	10,000,000	-
	1/3/07	4.95%	3/1/08-14	3/1 & 9/1	10,000,000	10,000,000	-

Annual principal and interest payments to maturity on the taxable general obligation note payable is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance Outstanding 12/31</u>
2020				\$ 2,340,000
2021	\$ 965,000	\$ 55,725	\$ 1,020,725	1,375,000
2022	985,000	26,475	1,011,475	390,000
2023	390,000	5,850	395,850	-
	<u>\$ 2,340,000</u>	<u>\$ 88,050</u>	<u>\$ 2,428,050</u>	

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

NOTES TO FINANCIAL STATEMENTS

From Date of Creation Through December 31, 2020

NOTE 4 – MUNICIPAL REVENUE OBLIGATION

On April 2, 2018, the City issued a \$2,000,000 Municipal Revenue Obligation (MRO) to a developer to aid development in the District. The MRO provides an interest rate at 4.5% per annum. The MRO is only payable from generated tax increment in the District. Principal and interest payments are paid to the developer annually based on an agreed upon portion of the increment (two sevenths is provided) until the MRO is retired or the District closes, whichever comes first. As of December 31, 2020, the City has paid \$995,000 of principal on the obligation to the developer toward the outstanding MRO.

NOTE 5 – TAX INCREMENT

The tax increment from the 2020 tax roll which will be recorded after December 31, 2020 as revenue in the calendar year 2021 is \$2,067,579.

SUPPLEMENTARY INFORMATION

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

DETAILED SCHEDULE OF SOURCES, USES AND STATUS OF FUNDS
From Date of Creation Through December 31, 2020

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
SOURCES OF FUNDS										
Tax increments	\$ -	\$ -	\$ 251,402	\$ 504,283	\$ 1,535,719	\$ 2,295,166	\$ 1,407,207	\$ 1,650,483	\$ 1,547,835	\$ 1,572,197
Exempt computer aid and personal property tax aid	-	-	317,482	304,643	353,993	326,765	333,786	282,085	361,741	407,508
TEA grant	-	-	1,000,000	-	-	-	-	-	-	-
Investment earnings	60,525	114,349	102,647	203,936	183,838	173,314	163,851	145,382	125,356	83,519
Miscellaneous revenue	-	-	130,950	19,695	-	-	375	375	375	24,413
Subtotal	60,525	114,349	1,802,481	1,032,557	2,073,550	2,795,245	1,905,219	2,078,325	2,035,308	2,087,638
Premium on debt issuance	-	-	-	83,583	-	-	-	-	-	166,080
Proceeds of long-term debt	-	-	10,000,000	10,000,000	-	-	-	-	-	3,330,000
Total Sources of Funds	60,525	114,349	11,802,481	11,116,140	2,073,550	2,795,245	1,905,219	2,078,325	2,035,308	5,583,718
USES OF FUNDS										
Capital expenditures	906,440	2,021,092	1,280,607	2,087,552	615,003	105,028	9,683	25,360	3,196	330,265
Development incentives - grants	-	-	6,000,000	-	-	-	-	-	-	-
Development incentives - interest subsidy	-	-	236,456	-	-	-	-	-	-	-
Administration	43,054	70,526	35,311	46,955	29,202	11,564	9,986	12,116	28,634	12,482
Net Interest and fiscal charges	66,036	179,643	463,772	762,386	804,998	736,093	675,943	596,392	522,341	325,740
Issuance costs on long-term debt	18,500	-	33,125	65,650	-	-	-	-	-	45,751
Subtotal	1,034,030	2,271,261	8,049,271	2,962,543	1,449,203	852,685	695,612	633,867	554,171	714,238
Principal on long-term debt	-	-	-	600,000	815,000	1,425,000	1,640,000	2,655,000	3,170,000	9,695,000
Total Uses of Funds	1,034,030	2,271,261	8,049,271	3,562,543	2,264,203	2,277,685	2,335,612	3,288,867	3,724,171	10,409,238

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

DETAILED SCHEDULE OF SOURCES, USES AND STATUS OF FUNDS
From Date of Creation Through December 31, 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	Total Sources, Uses and Status of Funds	Project Plan Estimate
SOURCES OF FUNDS								
Tax Increments	\$ 1,681,577	\$ 1,730,642	\$ 1,253,575	\$ 1,381,191	\$ 1,114,683	\$ 1,401,748	\$ 19,327,709	\$ 28,635,717
Exempt computer aid	421,710	355,862	458,196	464,931	482,476	510,053	5,381,231	3,900,475
TEA grant	-	-	-	-	-	-	1,000,000	-
Investment earnings	7,426	12,765	23,049	35,030	95,601	8,995	1,539,583	440,857
Miscellaneous revenue	138,885	113,515	-	5	-	-	428,588	-
Subtotal	<u>2,249,598</u>	<u>2,212,784</u>	<u>1,734,820</u>	<u>1,881,157</u>	<u>1,692,760</u>	<u>1,920,796</u>	<u>27,677,111</u>	<u>32,977,049</u>
Premium on Debt Issuance	-	-	-	-	19,367	-	269,029	-
Proceeds of long-term debt	-	-	-	-	3,005,000	-	26,335,000	23,775,000
Total Sources of Funds	<u>2,249,598</u>	<u>2,212,784</u>	<u>1,734,820</u>	<u>1,881,157</u>	<u>4,717,126</u>	<u>1,920,796</u>	<u>54,281,141</u>	<u>56,752,049</u>
USES OF FUNDS								
Capital expenditures	1,429,114	1,034,856	1,353,610	1,003	-	-	11,202,809	10,761,056
Development incentives - grants	-	-	-	109,000	5,291,991	760,005	12,160,996	15,000,000
Development incentives - interest subsidy	-	-	-	-	-	-	236,456	-
Administration	22,297	73,794	58,587	32,351	100,146	8,000	595,004	493,912
Net Interest and fiscal charges	129,705	109,189	74,152	15,158	47,920	80,265	5,589,732	7,031,785
Issuance costs on long-term debt	-	-	-	-	38,681	-	201,707	-
Subtotal	<u>1,581,116</u>	<u>1,217,839</u>	<u>1,486,348</u>	<u>157,511</u>	<u>5,478,738</u>	<u>848,270</u>	<u>29,986,704</u>	<u>33,286,753</u>
Principal on long-term debt	20,000	650,000	1,675,000	985,000	-	665,000	23,995,000	23,775,000
Total Uses of Funds	<u>1,601,116</u>	<u>1,867,839</u>	<u>3,161,348</u>	<u>1,142,511</u>	<u>5,478,738</u>	<u>1,513,270</u>	<u>53,981,704</u>	<u>57,061,753</u>
FUND BALANCE - December 31, 2020							<u>\$ 299,436</u>	

**CITY OF FRANKLIN
TAX INCREMENTAL DISTRICT NO. 3**

DETAILED SCHEDULE OF CAPITAL EXPENDITURES
From Date of Creation Through December 31, 2020

	<u>Actual</u>	<u>Project Plan Estimate</u>
31st street extension	\$ 3,629,867	\$ 3,500,000
31st street reconstruction	652,409	1,000,000
Drexel Avenue (27th to 31st street)	2,640,158	1,100,000
27th street reconstruction	<u>4,280,376</u>	<u>5,161,056</u>
 Total Capital Expenditures	 <u>\$ 11,202,809</u>	 <u>\$ 10,761,056</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

To the City Council
City of Franklin
Franklin, Wisconsin

We have audited the accompanying Combined Balance Sheet, Historical Summary of Project Costs, Project Revenues and Net Cost to be Recovered Through Tax Increments and the related Historical Summary of Sources, Uses and Status of Funds of the City of Franklin's, Wisconsin's Tax Incremental District No. 3 (the District) as of December 31, 2020 and from the date the district was created through December 31, 2020 and have issued our report thereon dated April 21, 2021.

Sources of funds of \$18,720,962 and uses of funds of \$25,900,893 were incurred between 2009 and 2015. Those amounts were included in the City of Franklin's financial statements as supplemental information which were audited by other auditors. Their reports indicated that their audits were made for the purpose of forming opinions on the basic financial statements as a whole. The supplemental information was subjected to the auditing procedures applied in their audits of the basic financial statements and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole. Additional audit procedures on those sources of funds and uses of funds have not been performed.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

In connection with our audit, nothing came to our attention that caused us to believe that the district failed to comply with Wisconsin State Statutes Section 66.1105, insofar as it relates to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the district's noncompliance with the above-referenced statute, insofar as it relates to accounting matters.

This report is intended solely for the information and use of the City Council, management, and the overlapping taxing districts and is not intended to be, and should not be, used by anyone other than the specified parties.

Baker Tilly US, LLP

Milwaukee, Wisconsin
April 21, 2021