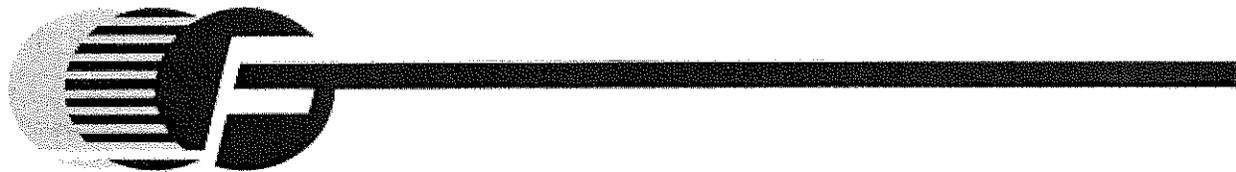


# **Comprehensive Annual Financial Report**

City of Franklin, Wisconsin

For the Year Ended December 31, 2012



# **Franklin**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF FRANKLIN, WISCONSIN**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**PREPARED BY THE**

**DEPARTMENT OF FINANCE**

**DIRECTOR OF FINANCE & TREASURER**

**CALVIN A. PATTERSON**

# CITY OF FRANKLIN, WISCONSIN

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April 24, 2013

**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, 2012, is hereby submitted. State law requires that all local governments with a population over 25,000 publish a complete set of financial statements that are presented in conformity with general accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The City's financial statements have been audited by CliftonLarsonAllen LLP, a firm of certified public accountants experienced in auditing government 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, 2012, 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. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2012, 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 35,520. Over the last ten years the City has experienced an average annual population increase of 1.6% per year. The city is a residential community (72.7%) with a growing commercial and industrial base (27.3%). 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 a city attorney. 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 fourteen 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. These two 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 June and July. 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 outlay expenditures and determines by mid August the personnel and capital outlay 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 end 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 other than the General Fund with adopted budgets, 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. The 55 units of new residential construction was up 83.3% from 2011 but 74.8% below the 218 units per year averaged during the previous ten years. The value of non-residential construction increased 57.3% from 2011 but was 37.7% below the average value realized per year during the previous ten years. Prospects in 2013 for residential, commercial and industrial development are anticipated to be better than 2012 levels.

Estimated actual property values have grown at an average annual rate of 5.3% since 2002. The new growth net of TIF Districts was \$19.2 million in 2012, \$10.9 million in 2011, and \$21.4 million in 2010. The growth in 2013 is expected to be in the \$10 to \$15 million dollar range reflecting the level of economic activity. Growth after 2012 is expected to trend to levels higher than the past few years. The history of higher growth has allowed the City to maintain a relatively low municipal tax rate while still funding the increased cost of services required as a result of the City's growth.

### **Residential Growth**

Over the past ten years, residential valuation has grown at an average annual rate of 4.6%. In 2012, permits for 55 new equivalent residential units were issued. The increase from the prior year reflects the continued slow housing market in residential construction. Lingering effects of the slowdown will keep growth from new construction in 2013 at about the same level as 2012. Longer range the City remains attractive to builders and potential residents.

### **Commercial and Industrial Growth**

Over the past ten years, commercial and industrial valuation has increased at an average annual rate of 7.7%. In 2012 44 building permits were issued for commercial and industrial projects. The value of those projects increased by 57.3% from the 2011 level.

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 \$71 and \$35 Million, respectively.

Anticipated residential growth will continue to place demands on the commercial sector for goods and services that, in turn, is expected to continue the trend of commercial growth. Expansion of the commercial and industrial tax base is a goal of the City with respect to the overall tax rate, as 72.7% of the City's property value is currently residential down compared to 73.0% in the prior year. Future tax relief will need to come from industrial and commercial tax base expansion.

### **Organizational and Service Growth**

The 2012 year was a year where overall revenue slightly exceeded projections. The one notable exception was investment earnings which continued to be adversely affected by the

exceptionally low available interest rates. The growth in fund balance was achieved due to the underspending in approved budgets by departments.

2012 was not a City-wide property re-assessment year. The last reassessment was done in 2010. Performing revaluations on a regular basis is in line with the Common Council policy to schedule a revaluation every three years to keep property values in line with current market values. The State determined that the local assessments after reassessments were 103.8% of fair value. The estimated actual value of City properties was approximately \$3.5 billion.

The challenge for the operating departments in 2012 was to continue to maintain the service levels at a time of slightly increasing revenue to the City and a growth of 0.3% in new properties.

### **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, 2012 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 \$500,000, a single audit of grants is required. The City was not required to have a single audit of grants for 2012.

### **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 and ensure 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 policy, investment policies, budget forecasting policy and a capitalization policy. These policies together with conservative management has resulted in a number of actions that 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. Another example was due to the investment policies in place, funds were safely reallocated to provide some additional investment return that somewhat muted the decline in investment return that would have otherwise been incurred.

### **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, 2011. 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 19<sup>th</sup> consecutive year that the City has received this award.

Mayor, Common Council and Citizens  
April 24, 2012

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 2012 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. We also thank 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,

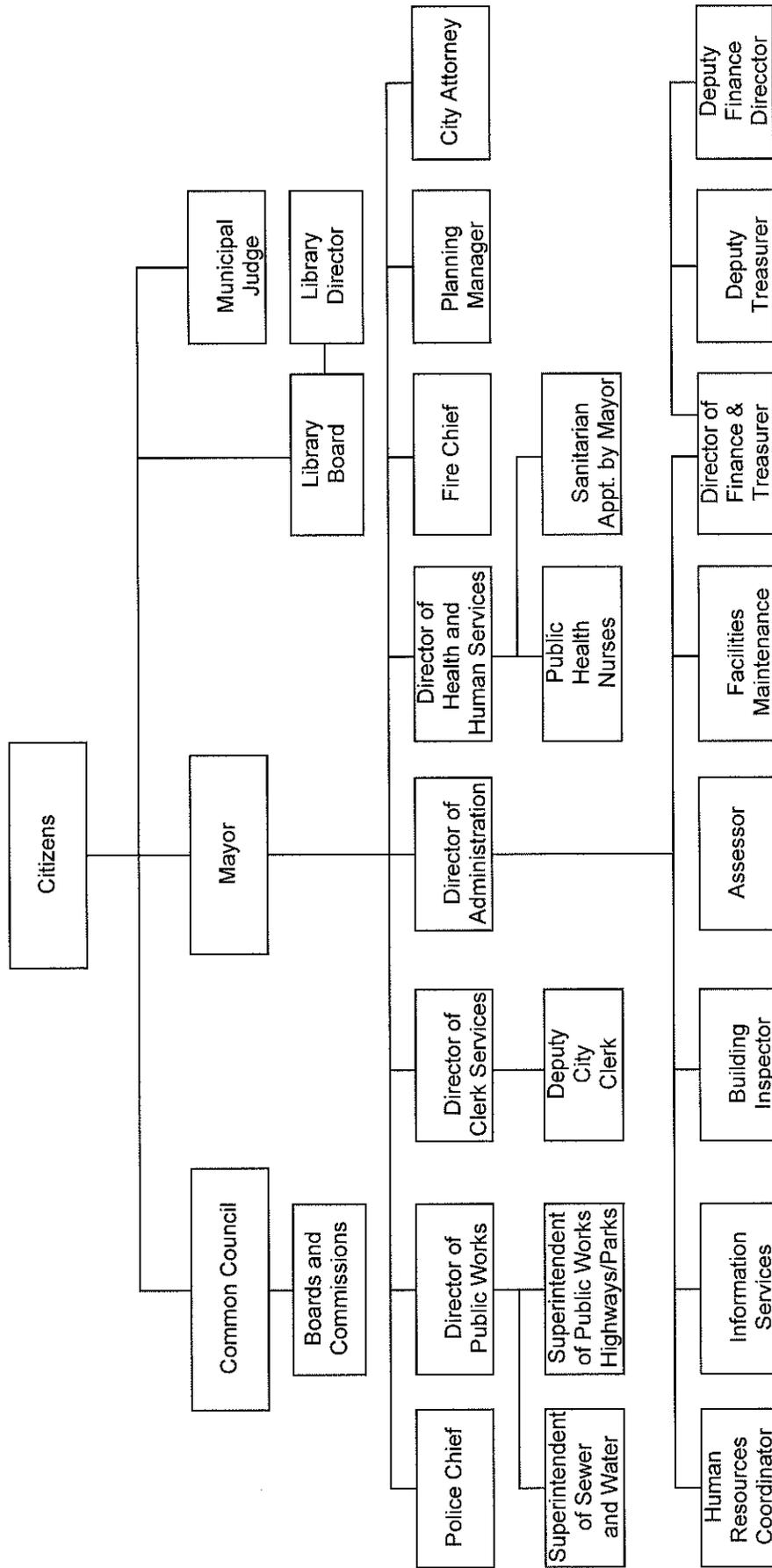


Calvin A. Patterson  
Director of Finance & Treasurer



Paul Rotzenberg  
Deputy Finance Director

**City of Franklin  
Organization Chart  
Chart 1**



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

Elected Officials

<u>Title</u>	<u>Name</u>
Mayor	Tom Taylor
Aldermen:	
District No. 1	Steve Olson
District No. 2	Tim Solomon
District No. 3	Kristen Wilhelm
District No. 4	Steve F. Taylor
District No. 5	Doug Schmidt
District No. 6	Ken Skowronski
Municipal Judge	Fred Klimetz

Non-elected Officials

Assessor	Mark Link
Building Inspector	Fred Baumgart
City Attorney	Jesse Wesolowski
City Clerk	Sandi Wesolowski
City Engineer/Public Works Director	John Bennett
Director of Administration	Mark Luberd
Director of Finance & Treasurer	Cal Patterson
Director of Health & Human Services	Bill Wucherer
Fire Chief - Acting	Adam Remington
Human Resources Coordinator	Dana Zahn
Library Director	Barbara Roark
Planning Manager	Joel Dietl
Police Chief	Rick Oliva
Superintendent of Public Works	Jerry Schaefer
Superintendent of Sewer & Water	Mike Roberts

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Franklin  
Wisconsin

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Christopher P. Mouill*

President

*Jeffrey R. Emer*

Executive Director

## Independent Auditors' Report

Common Council  
City of Franklin, Wisconsin  
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, 2012, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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.

### ***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, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress on pages 11-24 and 74 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin, Wisconsin's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents have 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 them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2013, on our consideration of the City of Franklin, Wisconsin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Franklin, Wisconsin's internal control over financial reporting and compliance.



Milwaukee, Wisconsin  
May 8, 2013

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

As management of the City of Franklin (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

**Financial Highlights**

- The assets of the City exceeded its liabilities as of December 31, 2012, by \$205,693,482 (**net position**). Of this amount, \$4,984,951 (**unrestricted net position**) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by a net amount of \$4,708,099. Investment in capital assets, net of related debt increased by \$9,307,692, while unrestricted net position decreased by \$1,261,109 and restricted net position decreased by \$3,338,484. The increase in investment in capital assets, net of related debt was related to a large reduction in debt due to using reserves to prepay the balance of the 2005 debt offering. The unrestricted decrease was mainly due to the refinancing activities with net increases in the General and other funds. The restricted decrease was due to the use of debt service reserves.
- The City's governmental funds reported, as of December 31, 2012, had combined ending fund balances of \$16,822,722, a decrease of \$5,586,123 from the prior year.
- The Nonspendable fund balances were \$10,061,736 a decrease of \$1,262,397 due to repayments on interfund advances.
- The restricted fund balances in total was \$2,710,110 a decrease of \$3,035,358 primarily from providing an interfund advance.
- The assigned fund balances in total of \$3,577,567 were an increase of \$640,165 resulted from an increase in capital funds balances.
- The unassigned fund balance as of December 31, 2012 for the general fund was \$6,439,199 or approximately 26 percent of total anticipated 2013 general fund expenditures.
- The City's Governmental activities debt decreased by \$10,825,000 during 2012 from scheduled repayments and the prepayment of the 2005 debt issue. The total general obligation debt that has to be repaid by the general taxpayer is less than one quarter of one percent of the City's equalized valuation. See table 11 for complete details.
- The City's Business-type activities, through its Sewer Fund, has agreed to and is the process of constructing an interceptor sewer on behalf of another government. At December 31, 2012 \$23,999,948 of costs have been incurred. A Wisconsin Clean Water Fund Loan has been obtained to finance this project. The amount received on this loan at December 31, 2012 was \$22,064,833. An Intergovernmental Cooperation Agreement requires the other governmental unit to pay for substantially all of the costs incurred in this project.

## **Overview of the Financial Statements**

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

### **Government-wide financial statements**

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

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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

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 & B of this report.

### **Fund financial statements**

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

### **Governmental funds**

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

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

The City maintains 16 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 considered to be major funds. Data from the remaining 13 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 & F of this report. These statements include a budgetary comparison of the General Fund.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Library Operating Fund, Solid Waste Fund, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, 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 same 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 of this report.

### **Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary 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 fiduciary 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, an other agency fund to record that activity and a post employment benefits trust to hold funds until needed to pay designated health benefits for eligible current and future retirees.

The basic fiduciary fund financial statements can be found on Exhibit J & K 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 38 – 73 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 pension obligations to its public works employees and its retiree health obligations to eligible full time employees. Required supplementary information can be found on page 74 of this report.

The combining and individual fund financial statements and schedules section presents combining statements in connection with non-major governmental funds, a detailed budgetary comparison schedule for the General Fund 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 76 – 94 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 exceeded liabilities by \$205,693,482 and \$200,985,383 at the end of 2012 and 2011, respectively.

### CITY OF FRANKLIN NET POSITION December 31, 2012 and 2011

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 47,521,676	\$ 54,842,664	\$ 27,973,087	\$ 5,756,120	\$ 75,494,763	\$ 60,598,784
Capital assets	115,676,557	115,310,795	89,398,082	89,550,594	205,074,639	204,861,389
Total assets	163,198,233	170,153,459	117,371,169	95,306,714	280,569,402	265,460,173
Deferred Outflows	225,869	-	-	-	225,869	-
Current liabilities	6,917,209	33,727,467	2,999,997	2,216,807	9,917,206	35,944,274
Long-term liabilities	18,989,116	28,836,087	22,119,748	74,346	41,108,864	28,910,433
Total liabilities	25,906,325	62,563,554	25,119,745	2,291,153	51,026,070	64,854,707
Deferred Inflows	24,075,719	-	-	-	24,075,719	-
Net position:						
Net Investment in capital assets	104,097,426	94,637,222	89,398,083	89,550,594	193,495,509	184,187,816
Restricted	6,878,515	10,257,663	334,508	293,844	7,213,023	10,551,507
Unrestricted	2,466,117	3,074,937	2,518,833	3,171,123	4,984,950	6,246,060
Total net position	\$ 113,442,058	\$ 107,969,822	\$ 92,251,424	\$ 93,015,561	\$ 205,693,482	\$ 200,985,383

The largest portion of the City's net position (approximately 92 and 93 percent, in 2012 and 2011, 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, these net position are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Investment in capital assets accounted for \$193,495,508 and \$184,187,816 in 2012 and 2011, respectively of the year end net position. The changes in capital assets were as follows:

	Net Capital Asset		Change in Capital	Net
	Additions	Depreciation	Related Debt	Increase
2012	\$ 4,833,307	\$ (4,620,056)	\$ 9,094,441	\$ 9,307,692
2011	\$ 3,581,444	\$ (4,595,688)	\$ 6,223,665	\$ 5,209,421

The major City projects contributing to this increase was the reconstruction of 112th Street from Oakwood Rd south to County Line Rd, 51<sup>st</sup> Street from Rawson north to College, the Puetz Rd pumping station and Drexel Water Tower repainting. In 2011 the major project was the reconstruction of 51<sup>st</sup> Street from Drexel to Puetz Road. This project was accomplished through a State stimulus project. Debt repayments each year have resulted in a significant decrease in capital related debt.

Infrastructure contributed by developers and others contributed to the capitalized infrastructure through; capital grants and contributions of governmental activities of approximately \$222,529 in 2012 and \$193,144 in 2011 and through capital grants and contributions for business-type activities of \$51,912 in 2012 and \$627,601 in 2011.

An additional portion of the City's net position (3.6% and 5.3% in 2012 and 2011, respectively) represent resources that are subject to external restrictions on how they may be used. There were \$7,213,023 and \$10,551,507, respectively in those net positions that were restricted to specific purposes.

There was a 2012 decrease of \$3,338,484 in restricted net position reported in connection with government-wide activities. The decrease was primarily due to the repayment of the 2005 debt offering and smaller changes in other restricted funds.

There was a 2011 increase of \$1,584,125 in restricted net position reported in connection with government-wide activities. The increase was primarily due to the repayment of an interfund advance from the TIF Districts funds and smaller changes in other restricted funds.

The remaining balance in unrestricted net position of \$4,984,951 and \$6,246,060, in 2012 and 2011, respectively may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current and prior fiscal years the City reported positive balances in the unrestricted net position for both the governmental and for its business-type activities.

There was a 2012 decrease of \$1,261,109 in unrestricted net position reported in connection with government-wide activities. The major component was the decrease in funds that were temporarily used for debt retirement purposes reduced by increases in the general fund, development fund, equipment replacement fund, internal service fund.

There was a 2011 increase of \$683,070 in unrestricted net position reported in connection with government-wide activities. The major reason for the increase was the increase in the general fund due to revenue increases and lower than budgeted expenditures and an increase in the internal service fund.

**Government-wide activities**

The details of changes in net position follow:

**City of Franklin Changes in Net Position  
For the Years Ending December 31, 2012 and 2011**

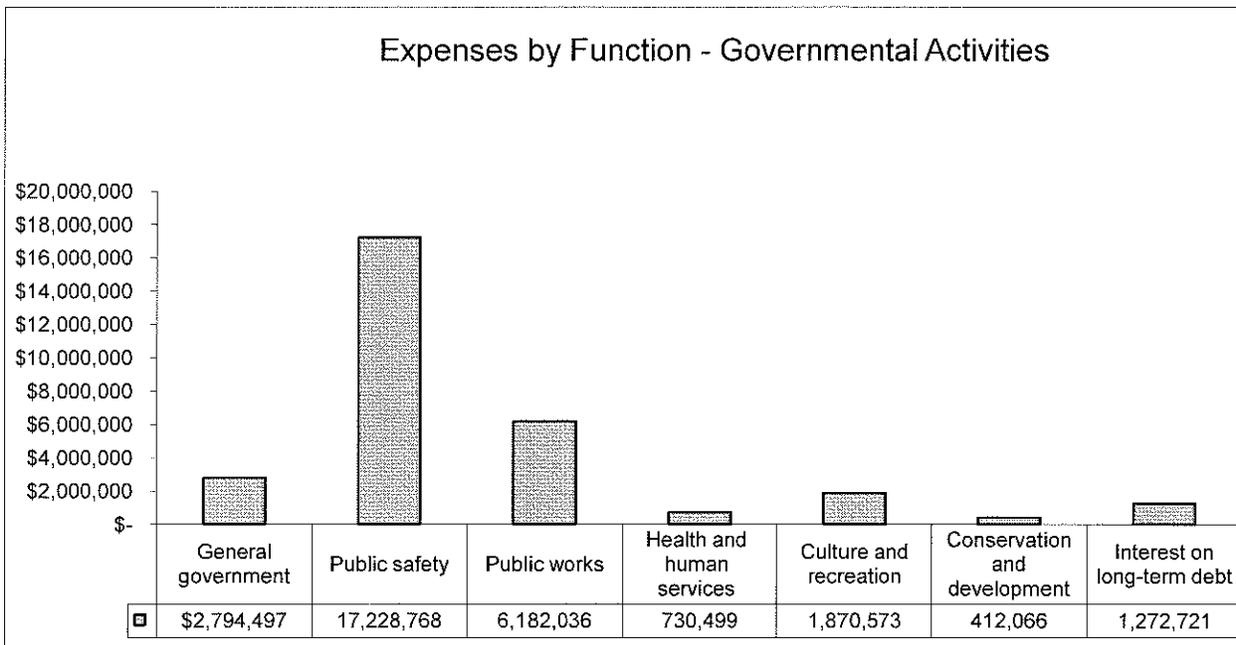
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue						
Program revenue:						
Charges for services	\$ 3,907,327	\$ 4,305,406	\$ 8,503,708	\$ 7,663,852	\$ 12,411,035	\$ 11,969,258
Operating grants & contributions	2,144,164	2,136,106	-	-	2,144,164	2,136,106
Capital grants & contributions	1,240,439	1,334,285	-	-	1,240,439	1,334,285
General revenue:						
Property taxes	24,152,207	26,604,087	-	-	24,152,207	26,604,087
Other taxes	708,832	673,736	-	-	708,832	673,736
Intergovernmental	1,590,209	2,292,529	-	-	1,590,209	2,292,529
Investment earnings	784,932	973,349	318,669	32,320	1,103,601	1,005,669
Other	426,161	40,091	126,867	64,550	553,028	104,641
Total revenue	<u>34,954,271</u>	<u>38,359,589</u>	<u>8,949,244</u>	<u>7,760,722</u>	<u>43,903,515</u>	<u>46,120,311</u>
Expenses:						
General government	2,794,497	2,749,207	-	-	2,794,497	2,749,207
Public safety	17,228,769	16,622,386	-	-	17,228,769	16,622,386
Public works	6,182,036	6,596,316	-	-	6,182,036	6,596,316
Health & human services	730,499	649,656	-	-	730,499	649,656
Culture & recreation	1,870,573	1,890,350	-	-	1,870,573	1,890,350
Conservation & development	412,066	957,877	-	-	412,066	957,877
Interest on long-term debt	1,272,721	1,553,257	-	-	1,272,721	1,553,257
Water	-	-	5,064,149	4,251,187	5,064,149	4,251,187
Sewer	-	-	3,640,106	3,373,459	3,640,106	3,373,459
Total expenses	<u>30,491,161</u>	<u>31,019,049</u>	<u>8,704,255</u>	<u>7,624,646</u>	<u>39,195,416</u>	<u>38,643,695</u>
Increase in net position before transfers	4,463,110	7,340,540	244,989	136,076	4,708,099	7,476,616
Transfers	1,009,126	348,101	(1,009,126)	(348,101)	-	-
Change in net position	5,472,236	7,688,641	(764,137)	(212,025)	4,708,099	7,476,616
Net position - beginning	107,969,822	100,281,181	93,015,561	93,227,586	200,985,383	193,508,767
Net position - ending	<u>\$ 113,442,058</u>	<u>\$ 107,969,822</u>	<u>\$ 92,251,424</u>	<u>\$ 93,015,561</u>	<u>\$ 205,693,482</u>	<u>\$ 200,985,383</u>

Governmental activities in 2012 increased the City's net position by \$5,472,236 or 116% of the total growth in the net position. Elements of this increase are:

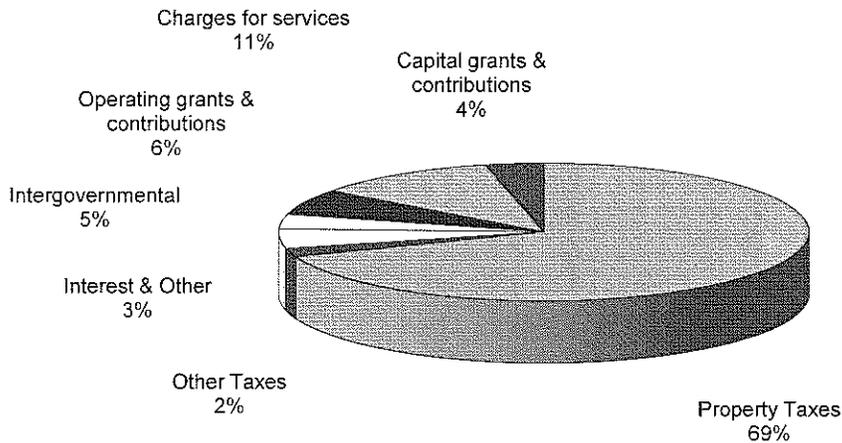
- A \$427,160 surplus in General Government activity
- Increase due to the decrease in Long term Debt of \$1,551,741
- Increase in governmental activities capital assets net of depreciation of \$365,762
- Net increase in TIF District activities of \$2,285,384
- Net increase from internal service activities of \$170,856
- Net decrease from special assessment activities of \$407,137
- Net increase from development activities of \$719,691
- Net increase from non major funds activities of \$358,780

Governmental activities in 2011 increased the City's net position by \$7,688,641 accounting for 103% of the total growth in the net position of the City. Elements of this increase follow:

- Increase due to General Fund activity of \$500,383
- Increase due to the decrease in Long term Debt of \$2,110,609
- Decrease in governmental activities capital assets net of depreciation of \$362,714
- Net increase in TIF District activities of \$4,873,351
- Net increase from internal service activities of \$625,886
- Net decrease from special assessment activities of \$165,721
- Net increase from other funds activities of \$106,847



### Revenue by Source - Governmental Activities



### Business-type activities

In 2012, business-type activities decreased the City's net position by \$764,137 or .2 percent from the prior year. The key elements of this decrease follow:

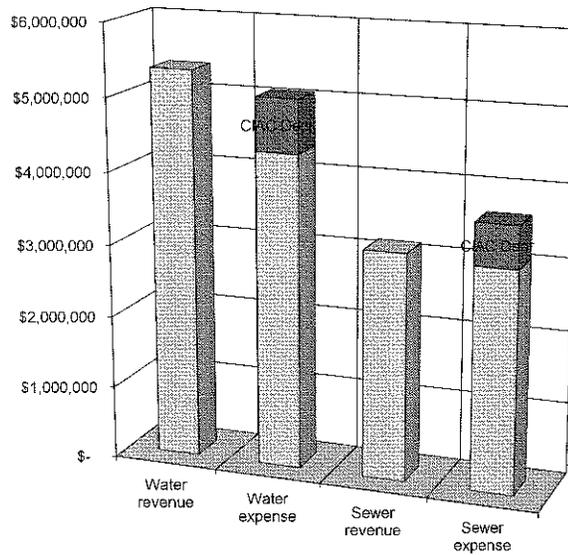
- The increase from operating activities (the change in net position excluding capital contributions and its related depreciation expense was \$492,182. The goal of the business activities is to provide these services at least a break even basis to minimize the cost to the users. Both the water and sewer activities are currently meeting this goal.
- Contributions of water infrastructure - \$51,912 consisting of one City project
- Depreciation expense related to contributed assets - \$1,308,231
- During 2012, the PSC granted a significant water rate increase to our water supplier. The result of this rate case was to raise both the Water Utility revenue and cost of water purchased.

In 2011, business-type activities decreased the City's net position by \$212,025 or .2 percent from the prior year. The key elements of this decrease follow:

- The increase from operating activities (the change in net position excluding capital contributions and its related depreciation expense was \$463,602. The goal of the business activities is to provide these services at least a break even basis to minimize the cost to the users. Both the water and sewer activities are currently meeting this goal.
- Contributions of water infrastructure - \$627,601 consisting of one City project
- Depreciation expense related to contributed assets - \$1,303,228

The following graph compares the 2012 charges for services to the operating expenses for water and sewer activities.

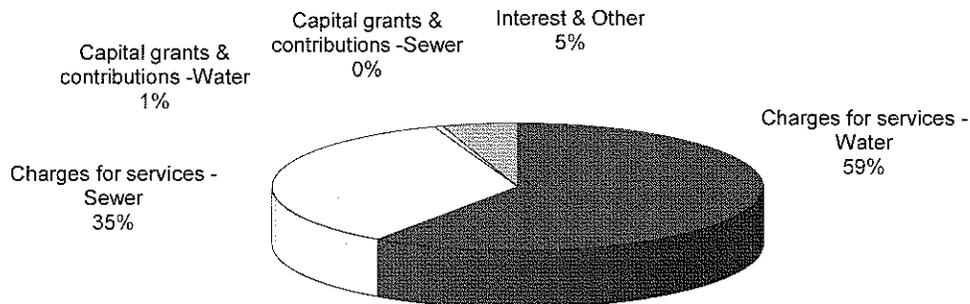
### Operating Revenue and Expense - Business-type Activities



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 new infrastructure that has been installed in recent years is the reason for this policy. When maintenance and replacement costs increase, this policy may need to be reevaluated.

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



## 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 \$16,822,722, a decrease of \$5,586,123 from the prior year. At year end the unassigned fund balance was \$473,309. Of this total \$6,439,199 was for general fund activities. This amount was partially offset by deficits in both the debt service and TIF District Funds. The Debt Service fund has an interfund loan with favorable financing and the deficit will diminish as revenue is received from future year property taxes to repay the financing. The TIF Districts deficit is due to the favorable type of interim financing selected and will diminish as revenue is received and used to repay the financing.

The City has assigned fund balances to the following activities: Health services - \$178,489, Library services - \$520,775, Solid Waste Disposal - \$100,546, Recreational services - \$52,243 and Capital Projects - \$2,724,764.

Outside party restrictions have resulted in restricted fund balances 1) to pay debt service - \$558,733, 2) for utility improvements - \$543,408 3) for development purposes - \$1,502,731, and 4) for donations - \$105,238.

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 - \$84,736, for advances to other funds - \$3,112,000 and for a TIF District Note Receivable - \$6,865,000.

The **General Fund** is the chief operating fund of the City. As of December 31, 2012, the total fund balance of the general fund was \$6,502,135 of which \$6,439,199 was unassigned. This unassigned fund balance represents approximately 26% of 2013 general fund budgeted expenditures.

The total fund balance of the General Fund increased by \$381,262 in fiscal year 2012. Actual revenue was more than budget revenue by \$241,171 or 1.0 percent. In addition \$279,255 was transferred to the General fund due to the capitalization of Highway department work on the 51<sup>st</sup> St. road improvements project. The 2012 annual program budget for the City's general fund identified an appropriation of \$407,000 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenses covered the programmed reduction and were less than budgeted expenses by 2.0 percent or \$478,337 and the underexpenditures were mainly from vacancy in authorized positions. In addition, \$220,000 was transferred from the General Fund to the Capital Improvement Fund to support capital expenditures.

The **Debt Service Fund** has a total deficit fund balance of \$2,553,267, \$558,733 is restricted for the payment of debt service and a deficit of \$3,112,000 is restricted for advances made from the Internal Services fund. The fund balance decrease was \$6,648,022 and was planned due to repayment of the balance of the 2005 debt offering.

The **TIF Districts Fund** has a nonspendable fund balance of \$6,865,000 and an unassigned fund deficit of \$2,853,140 for a net fund balance of \$4,011,860. The fund deficit is due to borrowing and investing those funds in infrastructure. The fund balance is due to a \$6.865 million note receivable issued under a development agreement.

The **Nonmajor Governmental Funds** have a total fund balance of \$8,861,994. The fund balance increase of \$1,078,470 came from mainly special assessments (impact fee collections).

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 \$430,381, a decrease of \$586,026 from the prior year. Total net position declined due the investment in capital assets of the Water Utility and costs related to a Public Service Commission rate case.

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$2,088,453, a decrease of \$178,111 from the prior year. Total net position declined due the low level of activity resulting in no capital contributions to offset the depreciation on contributed assets.

The enterprise funds financial statements can be found on Exhibits G, H and I of this report.

### **General Fund Budgetary Highlights**

Revenue exceeded the budget by \$241,171 with small increases and decreases from budget in various categories. Investment earnings declined to \$213,200 - \$207,800 less than budget as market rates declined further and investment dollars were used for debt reduction. Intergovernmental revenues exceeded budget on an unexpected Public Safety grant. Public Charges for Services increased with increased ambulance fees and Landfill tippage fees. In addition, a transfer of \$279,255 was recorded related to capitalized Highway Department projects.

Actual expenditures were less than budgeted expenditures by \$478,337. This amount was across all functions with General Government seeing declines in Information Services and Assessor. Within Public Safety, the Fire Dept had several staffing issues that resulted in more overtime than expected. The unused contingency budget was \$140,500. There were over expenditures in elections due to the 2012 recall elections, Property & Liability insurance, Fire and Parks.

Revenue was budgeted flat with the prior year and was exceeded. Expenditures came in below budget and below the underspending goal resulting in the general fund balance increasing by \$381,262.

## Capital assets.

The City's investment in capital assets for its governmental and business type activities as of December 31, 2012, amounts to \$205,074,639 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

	<b>City's Investment in Capital Assets</b>					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 25,012,541	\$ 24,954,048	\$ 521,225	\$ 521,225	\$ 25,533,766	\$ 25,475,273
Buildings and Improvements	24,180,167	24,048,716	3,438,927	2,323,389	27,619,094	26,372,105
Improvements other than buildings	90,925,168	89,488,991	108,555,571	107,600,324	199,480,739	197,089,315
Machinery and and equipment	16,953,185	16,271,239	2,794,982	2,589,734	19,748,167	18,860,973
Construction in process	487,587	-	113,269	844,048	600,856	844,048
Total capital assets	157,558,648	154,762,994	115,423,974	113,878,720	272,982,622	268,641,714
Less Accumulated depreciation	(41,882,091)	(39,452,199)	(26,025,892)	(24,328,126)	(67,907,983)	(63,780,325)
Capital assets net of depreciation	<u>\$ 115,676,557</u>	<u>\$ 115,310,795</u>	<u>\$ 89,398,082</u>	<u>\$ 89,550,594</u>	<u>\$ 205,074,639</u>	<u>\$ 204,861,389</u>

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was \$213,250 or a 0.1 percent.

For further details on capital asset activity, refer to Note 1(D)5 and Note 4(D) of the Notes to Financial Statements and Schedules 12 – 12.2.

## 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, 2012, the City had general obligation note and bond issues outstanding totaling \$43,734,833. The current debt limitation for the City is \$176,205,295. The City's current outstanding general obligation debt is 25% of the statutory debt limit. In the last 15 years the City has not exceeded 34% of the statutory debt limit.

The City's present rating from Moody's for its general obligation debt is "Aa1".

In January, 2012, the Franklin Sewer Fund signed a Clean Water Fund Note with a notional amount of \$27,562,754 to fund the construction of a sewer interceptor in the City. At December 31, 2012 \$22,064,833 had been drawn down on the Notes. The Notes have a 20 year repayment schedule to May, 2031. The City has an intergovernmental agreement with the Metropolitan Milwaukee Sewer District to pay the City the required interest and principal with payments on the Clean Water Fund loan beginning in 2015.

The Franklin Water Utility has borrowed \$297,000 from the City's General Fund. Recent capital expenditures have resulted in this borrowing. The advance is to be repaid from the Water Utility cash flow. The utility's plan is to make future infrastructure improvements including water main replacement and new water service from current reserves and from City collected impact fees.

**City of Franklin's Outstanding Debt (All purposes)**

	Governmental		Business-type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
General obligation						
Notes	\$ 12,865,000	\$ 22,970,000	\$ 22,064,833	\$ -	\$ 34,929,833	\$ 22,970,000
Bonds	8,805,000	9,525,000	-	-	8,805,000	9,525,000
Total	<u>\$ 21,670,000</u>	<u>\$ 32,495,000</u>	<u>\$ 22,064,833</u>	<u>\$ -</u>	<u>\$ 43,734,833</u>	<u>\$ 32,495,000</u>

Additional information of the City's long-term debt can be found in note 4(F), Schedule 5 and Tables 11 – 13 in the statistical section of the report.

**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. The actuarial computed annual required contribution under GASB #45 for 2012 was \$837,575 and for 2011 was \$822,537.

More detailed information can be found in footnote 5C.

### **Economic Factors, Tax Rates and Next Year's Budgets**

- The unemployment rate as of December 31, 2012 for the City was 5.6%, Milwaukee County which includes the City, is 7.8%. This compares with an unemployment rate of 6.6% for the State of Wisconsin.
- The local tax rate change for operations for the current and prior two years were (7.04)% , 1.99% and 0.30%, respectively.
- The tax levy change for the current and prior two years were, (\$498,000), \$539,000 and \$284,000 respectively.
- The 2013 budgets require a local tax rate that decreases 0.30% which together with growth will result in a tax levy increase of \$42,000 or 0.2%.

### **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](http://www.franklinwi.gov) - Finance Department tab.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Net Position**  
**December 31, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 13,407,105	\$ 1,404,872	\$ 14,811,977
Receivables			
Accounts receivable	932,072	2,164,719	3,096,791
Interest receivable	92,836	-	92,836
Taxes receivable	24,358,750	282,812	24,641,562
Note receivable	6,865,000	-	6,865,000
Special assessments receivable	1,351,125	-	1,351,125
Internal balances	300,426	(300,426)	-
Due from other governments	129,626	86,654	216,280
Prepaid items	43,628	-	43,628
Inventories	41,108	-	41,108
Restricted cash and investments	-	334,508	334,508
Due from other governments - long term	-	23,999,948	23,999,948
Capital assets (net of accumulated depreciation)			
Land	25,012,541	521,225	25,533,766
Buildings and improvements	16,148,394	2,396,851	18,545,245
Machinery and equipment	6,598,217	1,073,365	7,671,582
Improvements other than buildings	67,429,818	85,293,372	152,723,190
Construction in progress	487,587	113,269	600,856
<b>Total assets</b>	<b>163,198,233</b>	<b>117,371,169</b>	<b>280,569,402</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized Refunding Costs	225,869	-	225,869
<b>LIABILITIES</b>			
Accounts payable	962,809	2,841,787	3,804,596
Accrued liabilities	1,009,481	19,489	1,028,970
Due to other governments	7,444	-	7,444
Accrued interest	293,970	85,786	379,756
Special deposits	218,852	2,300	221,152
Noncurrent liabilities			
Due within one year	4,424,653	50,635	4,475,288
Due in more than one year	18,989,116	22,119,748	41,108,864
<b>Total liabilities</b>	<b>25,906,326</b>	<b>25,119,745</b>	<b>51,026,071</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Subsequent year property taxes	24,075,719	-	24,075,719
<b>NET POSITION</b>			
Net Investment in capital assets, Restricted for	104,097,426	89,398,082	193,495,508
Debt service	535,337	-	535,337
Utility improvements	1,623,959	-	1,623,959
Development	4,614,731	-	4,614,731
Donations	104,488	-	104,488
Sewer equipment replacement	-	334,508	334,508
Unrestricted	2,466,117	2,518,834	4,984,951
<b>Total net position</b>	<b>\$ 113,442,058</b>	<b>\$ 92,251,424</b>	<b>\$ 205,693,482</b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Activities**  
**Year Ended December 31, 2012**

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
<b>Governmental activities:</b>							
General government	\$ 2,794,497	\$ 163,947	\$ -	\$ -	\$ (2,630,550)	\$ -	\$ (2,630,550)
Public safety	17,228,769	2,226,209	243,719	122,413	(14,636,428)	-	(14,636,428)
Public works	6,182,036	1,271,133	1,652,424	1,051,506	(2,206,973)	-	(2,206,973)
Health and human services	730,499	126,516	11,990	66,320	(525,473)	-	(525,473)
Culture and recreation	1,870,573	45,992	235,781	-	(1,588,800)	-	(1,588,800)
Conservation and development	412,066	73,530	250	-	(338,286)	-	(338,286)
Interest on long term debt	1,272,721	-	-	-	(1,272,721)	-	(1,272,721)
<b>Total governmental activities</b>	<b>30,491,161</b>	<b>3,907,327</b>	<b>2,144,164</b>	<b>1,240,439</b>	<b>(23,199,231)</b>	<b>-</b>	<b>(23,199,231)</b>
<b>Business-type activities:</b>							
Water	5,064,149	5,361,646	-	-	-	297,497	297,497
Sewer	3,640,106	3,142,062	-	-	-	(498,044)	(498,044)
<b>Total business-type activities</b>	<b>8,704,255</b>	<b>8,503,708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(200,547)</b>	<b>(200,547)</b>
<b>Total primary government</b>	<b>39,195,416</b>	<b>\$ 12,411,035</b>	<b>\$ 2,144,164</b>	<b>\$ 1,240,439</b>	<b>(23,199,231)</b>	<b>(200,547)</b>	<b>(23,399,778)</b>
<b>General revenue:</b>							
Property taxes levied for general purposes					19,841,883	-	19,841,883
Property taxes levied for debt service					1,750,000	-	1,750,000
Property taxes levied for TIF Districts					2,560,324	-	2,560,324
Other taxes					708,832	-	708,832
Intergovernmental revenue not restricted to specific programs					1,590,209	-	1,590,209
Investment earnings					784,932	318,669	1,103,601
Miscellaneous revenue					394,032	126,867	520,899
Gain on sale of capital assets					32,129	-	32,129
Transfers					1,009,126	(1,009,126)	-
<b>Total general revenue and transfers</b>					<b>28,671,467</b>	<b>(563,590)</b>	<b>28,107,877</b>
Change in net position					5,472,236	(764,137)	4,708,099
Net position - beginning					107,969,822	93,015,561	200,985,382
<b>Net position - ending</b>					<b>\$ 113,442,058</b>	<b>\$ 92,251,424</b>	<b>\$ 205,693,482</b>

**CITY OF FRANKLIN, WISCONSIN**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2012**

	<u>General</u>	<u>Debt Service</u>	<u>TIF Districts</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 6,875,225	\$ 392,165	\$ 201,722	\$ 5,765,840	\$ 13,234,952
Receivables					
Accounts receivable	487,086	-	-	229,732	716,818
Interest receivable	48,213	-	44,623	-	92,836
Taxes receivable	16,337,133	1,816,568	2,363,758	3,841,291	24,358,750
Note receivable	-	-	6,865,000	-	6,865,000
Special assessments receivable	-	270,574	-	1,080,551	1,351,125
Due from other funds	323,923	-	-	1,514	325,437
Due from other governments	20,910	-	16,724	91,993	129,626
Prepaid items	21,828	-	-	21,800	43,628
Inventories	41,108	-	-	-	41,108
Long term advances	-	-	-	3,112,000	3,112,000
<b>TOTAL ASSETS</b>	<u>\$ 24,155,426</u>	<u>\$ 2,479,307</u>	<u>\$ 9,491,827</u>	<u>\$ 14,144,720</u>	<u>\$ 50,271,280</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 400,317	\$ -	\$ 33,586	\$ 485,120	\$ 919,022
Accrued liabilities	629,309	-	-	27,453	656,762
Due to other funds	25,011	-	-	-	25,011
Due to other governments	3,946	-	-	3,498	7,444
Special deposits	218,852	-	-	-	218,852
Long term advances	-	3,112,000	3,038,000	-	6,150,000
Total Liabilities	<u>1,277,435</u>	<u>3,112,000</u>	<u>3,071,586</u>	<u>516,071</u>	<u>7,977,092</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned & unavailable revenue	<u>16,375,856</u>	<u>1,920,575</u>	<u>2,408,381</u>	<u>4,766,655</u>	<u>25,471,467</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Inventories and prepaid items	62,936	-	-	21,800	84,736
Advances to other funds	-	-	-	3,112,000	3,112,000
TIF district note receivable	-	-	6,865,000	-	6,865,000
Restricted:					
Debt service	-	558,733	-	-	558,733
Utility improvements	-	-	-	543,408	543,408
Development	-	-	-	1,502,731	1,502,731
Donations	-	-	-	105,238	105,238
Assigned:					
Health services	-	-	-	179,239	179,239
Library services	-	-	-	520,775	520,775
Solid waste	-	-	-	100,546	100,546
Recreational services	-	-	-	52,243	52,243
Capital projects	-	-	-	2,724,764	2,724,764
Unassigned (Deficit)	<u>6,439,199</u>	<u>(3,112,000)</u>	<u>(2,853,140)</u>	<u>(750)</u>	<u>473,309</u>
Total fund balances	<u>6,502,135</u>	<u>(2,553,267)</u>	<u>4,011,860</u>	<u>8,861,994</u>	<u>16,822,722</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>	<u>\$ 24,155,426</u>	<u>\$ 2,479,308</u>	<u>\$ 9,491,827</u>	<u>\$ 14,144,720</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in government funds are not financial resources and are not reported in the funds.	115,676,557
Internal service net position	3,028,901
Other long-term assets that are not available to pay for current period expenditures and are deferred in the funds.	1,395,748
Long-term liabilities, including long-term debt, OPEB Liability, and accrued interest are not due and payable in the current period and are not reported in the funds.	<u>(23,481,870)</u>
<b>Net position of governmental activities</b>	<u>\$ 113,442,058</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2012**

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Taxes	\$16,913,739	\$ 1,750,000	\$ 2,560,324	\$ 3,636,976	\$ 24,861,039
Intergovernmental revenue	2,802,048	0	339,088	616,482	3,757,618
Licenses and permits	755,027	0	0	0	755,027
Fines, forfeitures and penalties	457,499	0	0	0	457,499
Public charges for services	1,414,592	0	0	1,052,008	2,466,600
Special assessments	0	142,700	0	1,093,414	1,236,114
Intergovernmental charges for services	103,615	0	0	0	103,615
Investment earnings	213,200	62,248	149,557	236,971	661,976
Miscellaneous revenue	167,413	-	-	506,892	674,305
Total revenue	<u>22,827,133</u>	<u>1,954,948</u>	<u>3,048,969</u>	<u>7,142,743</u>	<u>34,973,793</u>
<b>EXPENDITURES</b>					
Current					
General government	2,631,412	0	0	7	2,631,419
Public safety	16,384,500	0	0	44,995	16,429,496
Public works	3,354,749	0	0	1,493,819	4,848,568
Health and human services	633,018	0	0	86,429	719,447
Culture, recreation and education	160,840	0	0	1,378,200	1,539,040
Conservation and development	377,644	0	25,802	6,550	409,996
Capital outlay	0	0	25,360	2,889,799	2,915,159
Debt service					
Principal	0	8,170,000	2,655,000	0	10,825,000
Interest	-	594,318	740,640	-	1,334,958
Total expenditures	<u>23,542,163</u>	<u>8,764,318</u>	<u>3,446,802</u>	<u>5,899,799</u>	<u>41,653,083</u>
Excess (deficiency) of revenue over expenditures	<u>(715,031)</u>	<u>(6,809,370)</u>	<u>(397,833)</u>	<u>1,242,944</u>	<u>(6,679,290)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	32,129	32,129
Transfers in	1,340,293	161,348	-	896,813	2,398,454
Transfers out	(244,000)	-	-	(1,093,416)	(1,337,416)
Total other financing sources and uses	<u>1,096,293</u>	<u>161,348</u>	<u>-</u>	<u>(164,474)</u>	<u>1,093,167</u>
Net change in fund balances	381,262	(6,648,022)	(397,833)	1,078,470	(5,586,123)
Fund balances - beginning	<u>6,120,873</u>	<u>4,094,755</u>	<u>4,409,693</u>	<u>7,783,524</u>	<u>22,408,845</u>
<b>Fund balances - ending</b>	<u>\$ 6,502,135</u>	<u>\$ (2,553,267)</u>	<u>\$ 4,011,860</u>	<u>\$ 8,861,994</u>	<u>\$ 16,822,722</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Reconciliation of the Statement of Revenue**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**Year Ended December 31, 2012**

Net change in fund balances - total governmental funds	\$	(5,586,123)
Amounts reported for governmental activities in the statement of activities (page 26) 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. This is the amount by which capital outlays (\$3,048,824) was exceeded by depreciation (\$2,915,592) in the current period.		133,232
Contributed capital assets are reported as revenues in the statement of activities.		232,530
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. This amount is the net effect of differences in the treatment of long term debt.		10,825,000
Government funds report the effects of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of these items.		(75,558)
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		183,691
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities		(411,394)
Internal service fund change in net position		170,858
<b>Net change in net position of governmental activities</b>	<b>\$</b>	<b><u>5,472,236</u></b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**General Fund**  
**Statement of Revenue, Expenditures and Changes in Fund Balances -**  
**Budget and Actual (on a Budgetary basis)**  
**Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 17,901,000	\$ 17,901,000	\$ 17,974,777	\$ 73,777
Intergovernmental revenue	2,686,000	2,686,000	2,802,048	116,048
Licenses and permits	721,000	721,000	755,027	34,027
Fines, forfeitures and penalties	407,000	407,000	457,499	50,499
Public charges for services	1,295,000	1,295,000	1,414,592	119,592
Intergovernmental charges for services	125,000	125,000	103,615	(21,385)
Investment earnings	421,000	421,000	213,200	(207,800)
Miscellaneous revenue	91,000	91,000	167,413	76,413
Total revenue	<u>23,647,000</u>	<u>23,647,000</u>	<u>23,888,171</u>	<u>241,171</u>
<b>EXPENDITURES</b>				
Current				
General government	4,254,203	2,918,678	2,631,412	287,266
Public safety	16,346,632	16,346,632	16,388,000	(41,368)
Public works	3,510,351	3,510,351	3,360,749	149,602
Health and human services	650,109	650,109	633,018	17,091
Culture and recreation	173,009	173,009	184,840	(11,831)
Conservation and development	444,696	455,221	377,644	77,577
Total expenditures	<u>25,379,000</u>	<u>24,054,000</u>	<u>23,575,663</u>	<u>478,337</u>
Excess (deficiency) of revenue over (under) expenditures	(1,732,000)	(407,000)	312,507	719,507
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	279,255	279,255
Transfers out	-	(220,000)	(220,000)	-
Net change in fund balance - budgetary basis	(1,732,000)	(627,000)	371,762	998,762
Adjustments to generally accepted accounting principles basis				
2012 encumbrances	21,500	21,500	21,500	-
2011 encumbrances	(12,000)	(12,000)	(12,000)	-
Net change in fund balance - generally accepted accounting principles basis	(1,722,500)	(617,500)	381,262	998,762
Fund Balances - beginning	<u>6,120,873</u>	<u>6,120,873</u>	<u>6,120,873</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 4,398,373</u>	<u>\$ 5,503,373</u>	<u>\$ 6,502,135</u>	<u>\$ 998,762</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2012**  
 (with comparative information for December 31, 2011)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals		
<b>ASSETS</b>							
Current assets							
Cash and investments	\$ 55,565	\$ 1,676,118	\$ 1,349,307	\$ 80,834	\$ 1,404,872	\$ 172,153	
Receivables							
Accounts receivable	1,250,651	1,110,026	914,068	853,678	2,164,719	215,254	
Taxes receivable	151,144	154,411	131,668	137,176	282,812	-	
Due from other funds	-	-	31,000	-	31,000	-	
Due from other governments	86,654	-	-	-	86,654	-	
Long term advances	-	-	-	-	-	3,038,000	
Total current assets	<u>1,544,014</u>	<u>2,940,555</u>	<u>2,426,043</u>	<u>1,071,688</u>	<u>3,970,057</u>	<u>3,425,407</u>	
Noncurrent assets							
Restricted cash and investments	-	-	334,508	293,844	334,508	-	
Due from other governments	-	-	23,999,948	2,944,586	23,999,948	-	
Capital assets							
Land	162,885	162,885	358,340	358,340	521,225	-	
Buildings and improvements	1,833,594	730,075	1,605,333	1,593,314	3,438,927	-	
Improvements other than buildings	55,299,703	54,344,456	53,255,868	53,255,868	108,555,571	-	
Machinery and equipment	2,111,000	1,913,001	683,982	676,733	2,794,982	-	
Construction in progress	63,237	816,848	50,032	27,200	113,269	-	
Less accumulated depreciation	<u>(13,728,263)</u>	<u>(12,662,412)</u>	<u>(12,297,629)</u>	<u>(11,665,714)</u>	<u>(26,025,892)</u>	-	
Total capital assets ( net of accumulated depreciation)	<u>45,742,156</u>	<u>45,304,853</u>	<u>43,655,926</u>	<u>44,245,741</u>	<u>89,398,082</u>	-	
Total noncurrent assets	<u>45,742,156</u>	<u>45,304,853</u>	<u>67,990,382</u>	<u>47,484,171</u>	<u>113,732,538</u>	-	
<b>Total assets</b>	<u>47,286,170</u>	<u>48,245,408</u>	<u>70,416,425</u>	<u>48,555,859</u>	<u>117,702,595</u>	<u>3,425,407</u>	

Continued

**CITY OF FRANKLIN, WISCONSIN**  
Statement of Net Position  
Proprietary Funds  
December 31, 2012

(with comparative information for December 31, 2011)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals		
<b>LIABILITIES</b>							
Current liabilities							
Accounts payable	\$ 724,061	\$ 1,033,157	\$ 2,117,726	\$ 1,112,621	\$ 2,841,787	\$ 43,787	
Accrued liabilities	3,071	3,825	16,418	12,965	19,489	352,719	
Accrued interest payable	-	-	85,786	-	85,786	-	
Due to other funds	331,426	384,575	-	1,109,978	331,426	-	
Special deposits	2,300	1,991	-	-	2,300	-	
Current portion of compensated absences	25,317	22,579	25,318	22,578	50,635	-	
Total current liabilities	<u>1,086,175</u>	<u>1,446,127</u>	<u>2,245,248</u>	<u>2,258,142</u>	<u>3,331,423</u>	<u>396,506</u>	
Noncurrent liabilities							
General obligation notes payable	-	-	22,064,833	-	22,064,833	-	
Accrued compensated absences	27,458	40,718	27,457	40,719	54,915	-	
Total noncurrent liabilities	<u>27,458</u>	<u>40,718</u>	<u>22,092,290</u>	<u>40,719</u>	<u>22,119,748</u>	<u>-</u>	
Total liabilities	<u>1,113,633</u>	<u>1,486,845</u>	<u>24,337,538</u>	<u>2,298,861</u>	<u>25,451,171</u>	<u>396,506</u>	
<b>NET POSITION</b>							
Net Investment in capital assets	45,742,156	45,304,853	43,655,926	44,245,741	89,398,082	-	
Restricted for							
Sewer equipment replacement	-	-	334,508	293,844	334,508	-	
Unrestricted	430,381	1,453,710	2,088,453	1,717,413	2,518,834	3,028,901	
Total net position	<u>\$ 46,172,537</u>	<u>\$ 46,758,563</u>	<u>\$ 46,078,887</u>	<u>\$ 46,256,998</u>	<u>\$ 92,251,424</u>	<u>\$ 3,028,901</u>	

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Revenue, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended December 31, 2012**  
**(with comparative information for the year ended December 31, 2011)**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	
<b>OPERATING REVENUE</b>					
Metered sales	\$ 2,829,528	\$ 2,329,800	\$ 1,776,841	\$ 1,792,900	\$ 4,606,369
Residential	1,260,849	1,039,892	842,737	816,592	2,103,586
Commercial	280,374	235,408	308,059	310,552	588,433
Industrial	281,736	225,854	176,520	161,927	458,256
Public authority	4,652,487	3,830,954	3,104,157	3,081,971	7,756,644
Total metered sales					3,808,095
Group health & dental charges	-	-	-	-	-
Unmetered sales	14,761	4,324	-	-	14,761
Public fire protection service	528,640	539,935	-	-	528,640
Private fire protection service	115,945	109,950	-	-	115,945
Forfeited discounts, penalties and other	49,813	53,903	37,905	42,815	87,718
Total operating revenue	5,361,646	4,539,066	3,142,062	3,124,786	8,503,708
<b>OPERATING EXPENSES</b>					
Cost of sales and services	3,359,853	2,714,776	2,448,075	2,475,520	5,807,928
Depreciation	1,061,625	1,039,123	642,839	650,886	1,704,464
Administration	642,671	497,288	252,235	247,053	894,906
Total operating expenses	5,064,149	4,251,187	3,343,149	3,373,459	8,407,298
Operating income (loss)	297,497	287,879	(201,087)	(248,673)	96,410
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Investment earnings (loss)	(1,808)	9,218	320,477	23,102	318,669
Sundry	124,095	48,929	2,772	15,621	126,867
Interest expense	-	-	(296,957)	-	(296,957)
Loss on property abandoned	-	-	-	-	-
Total non-operating revenue (expenses)	122,287	58,147	26,292	38,723	148,579
Income (loss) before capital contributions and transfers	419,784	346,026	(174,795)	(209,950)	244,989
Capital contributions	51,912	627,601	-	-	51,912
Transfers in	-	-	-	-	-
Transfers out	(1,057,722)	(972,747)	(3,316)	(2,955)	(1,061,038)
Change in net position	(586,026)	880	(178,111)	(212,905)	(764,137)
Net position - beginning	46,758,563	46,757,683	46,256,998	46,469,903	93,015,561
<b>Net position - ending</b>	<b>\$ 46,172,537</b>	<b>\$ 46,758,563</b>	<b>\$ 46,078,887</b>	<b>\$ 46,256,998</b>	<b>\$ 92,251,424</b>
					<b>\$ 3,028,901</b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Cash Flows**  
**Proprietary Funds**

Year Ended December 31, 2012  
 (with comparative information for the year ended December 31, 2011)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 4,954,569	\$ 4,257,544	\$ 3,083,493	\$ 3,105,041	\$ 8,038,062
Receipts for interfund services provided	277,869	281,081	3,686	3,409	281,555
Payments to suppliers	(3,877,651)	(1,747,472)	(2,276,747)	(2,414)	(6,154,397)
Payments to employees	(490,740)	(510,533)	(480,655)	(461,703)	(971,395)
Payments for interfund services used	(94,000)	(94,000)	(94,000)	(94,000)	(188,000)
Net cash flows provided by (used in) operating activities	770,047	2,186,620	235,777	2,550,333	1,005,824
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer out - paid for tax equivalent	(1,057,722)	(972,747)	(3,316)	(2,955)	(1,061,038)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from Capital Debt	-	-	22,064,833	-	22,064,833
Advances to other Governments	-	-	(21,055,362)	(2,944,586)	(21,055,362)
Interest on Capital Debt	-	-	(211,171)	-	(211,171)
Acquisition of capital assets	(1,455,166)	(956,831)	(44,873)	(26,870)	(1,500,039)
Net cash provided (used) by capital and related financing activities	(1,455,166)	(956,831)	753,427	(2,971,456)	(701,739)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advances to other funds	-	-	-	-	(3,038,000)
Non-Operating Income (Expense)	124,095	48,929	2,772	15,621	126,867
Investment earnings	(1,808)	9,218	320,477	23,102	318,669
Net cash provided (used) by investing activities	122,287	58,147	323,249	38,723	445,536
Net increase (decrease) in cash and cash equivalents	(1,620,554)	315,189	1,309,137	(385,355)	(311,417)
Cash and cash equivalents - Beginning	1,676,118	1,360,929	374,678	760,033	2,050,796
<b>Cash and cash equivalents - Ending</b>	\$ 55,564	\$ 1,676,118	\$ 1,683,815	\$ 374,678	\$ 1,739,379
Cash and Investments - Unrestricted	\$ 55,564	\$ 1,676,118	\$ 1,349,307	\$ 80,834	\$ 1,404,871
Cash and Investments - Restricted	-	-	334,508	293,844	334,508
<b>Cash and cash equivalents - Ending</b>	\$ 55,564	\$ 1,676,118	\$ 1,683,815	\$ 374,678	\$ 1,739,379

Continued

**CITY OF FRANKLIN, WISCONSIN**  
Statement of Cash Flows  
Proprietary Funds

Year Ended December 31, 2012

(with comparative information for the year ended December 31, 2011)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals		
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>							
Operating income (loss)	\$ 297,497	\$ 287,879	\$ (201,087)	\$ (248,673)	\$ 96,410	\$ 43,645	
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities							
Depreciation	1,061,625	1,039,123	642,839	650,886	1,704,464	-	
Depreciation allocated to other funds	8,150	9,292	(8,150)	(9,292)	-	-	
(Increase) decrease in assets	(140,625)	(17,508)	(60,390)	2,479	(201,015)	(97,895)	
Accounts receivable	3,267	7,776	5,508	(18,813)	8,775	-	
Taxes receivable	-	-	-	-	-	459	
Prepaid expense	-	-	(31,000)	23,954	(31,000)	-	
Due from other funds	-	-	-	572,824	-	-	
Due from other governments	-	-	-	-	-	-	
Increase (decrease) in liabilities	(309,097)	517,284	1,005,105	465,027	696,008	(2,207)	
Accounts payable	(754)	1,981	3,453	(996)	2,699	34,719	
Accrued liabilities	(86,654)	-	-	-	(86,654)	-	
Due to other governments	(53,149)	338,443	(1,109,979)	1,109,978	(1,163,128)	-	
Due to other funds	309	(609)	-	-	309	-	
Customer deposits	(10,522)	2,959	(10,522)	2,959	(21,044)	-	
Compensated absences	472,550	1,898,741	436,864	2,799,006	909,414	(64,924)	
Total Adjustments							
<b>Net cash flows provided by (used in) operating activities</b>	\$ 770,047	\$ 2,186,620	\$ 235,777	\$ 2,550,333	\$ 1,005,824	\$ (21,279)	
<b>Noncash Capital Activities</b>							
Cost of Utility plant installed and/or financed by external parties	\$ 51,912	\$ 627,601	\$ -	\$ -	\$ 51,912	\$ -	

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2012**

<b>ASSETS</b>	<b>Property Tax Agency Fund</b>	<b>Other Agency Funds</b>	<b>Agency Funds</b>	<b>City of Franklin Post Employment Benefits Trust</b>
Cash and investments	\$ 45,982,478	\$ 156,736	\$ 46,139,214	\$ 3,406,259
Accounts receivable	5,046	8,973	14,019	3,587
Taxes receivable	<u>24,433,317</u>	<u>-</u>	<u>24,433,317</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 70,420,840</u></b>	<b><u>\$ 165,710</u></b>	<b><u>\$ 70,586,549</u></b>	<b><u>3,409,846</u></b>
 <b>LIABILITIES</b>				
Accounts payable	\$ 86,951	\$ 1,808	\$ 88,759	9,192
Accrued liabilities			-	24,500
Due to other governments	70,333,889	-	70,333,889	-
Special deposits	<u>-</u>	<u>163,902</u>	<u>163,902</u>	<u>-</u>
<b>Total liabilities</b>	<b><u>\$ 70,420,840</u></b>	<b><u>\$ 165,710</u></b>	<b><u>\$ 70,586,549</u></b>	<b><u>33,692</u></b>
<b>Total net position held in trust for post employment benefits</b>				<b><u>\$ 3,376,154</u></b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended December 31, 2012**

	<u>City of Franklin Post Employment Benefits Trust</u>
<b>ADDITIONS</b>	
Contributions	
City of Franklin	\$ 837,575
Retirees	103,474
Net investment earnings	<u>339,187</u>
<b>Total additions</b>	<u>1,280,236</u>
 <b>DEDUCTIONS</b>	
Incurred claims	162,894
Prescription drug claims	124,495
Claims fees	6,959
Stop loss premiums less claims received	<u>42,484</u>
<b>Total deductions</b>	<u>336,833</u>
<b>Change in net position</b>	943,403
 <b>NET POSITION HELD IN TRUST FOR POST EMPLOYMENT BENEFITS:</b>	
<b>Beginning of year</b>	<u>2,432,751</u>
<b>End of year</b>	<u>\$ 3,376,154</u>

See accompanying notes to the financial statements.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accompanying summary of the City of Franklin's 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 of Franklin. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units would be reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. This report does not contain any discretely presented component units.

#### **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 Financing (TIF) development within the City. 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 TIF development projects for the benefit of the City. The Authority's operations are included in the governmental activities of the government-wide financial statements and in a TIF District capital projects fund. The Authority follows accounting policies of the City.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

##### Government-Wide Financial Statements

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

The statement of activities demonstrates the degree that direct expenses of a given segment or function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate all indirect expenses to functions in the statement of activities.

Program revenue includes 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported as general revenue. Internally dedicated resources are reported as general revenue rather than as program revenue.

##### Fund Financial Statements

Financial statements of the reporting entity are organized into funds with a fund considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, net position/fund equity, revenue and expenditures/expenses.

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.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary fund statements. An emphasis is placed on major funds within the governmental and proprietary categories.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

#### 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 TIF Districts along with payments made for capital outlay, other expenditures, principal and interest on long-term debt obligations of the TIF Districts. Each TIF District is a sub fund of the TIF Districts Fund.

#### Major Enterprise Funds

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.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

In addition the City reports:

##### **NonMajor Governmental Funds**

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

Fiduciary funds – account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or governmental units. The fiduciary funds include a property tax fund, an other agency fund that records the agency activity for emergency government, monitoring and siting activities funded by others, an escrow fund and a post employment benefits trust fund for retiree group health costs.

#### **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 and liabilities 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.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### Government-Wide Financial Statements (continued)

Taxes receivable for the following year are recorded as receivables and deferred inflows. 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.

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 expected to be paid with expendable available financial resources.

Property taxes are recorded the year levied as receivable and deferred inflow 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 inflow.

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.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

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

##### Fund Financial Statements (continued)

Revenue susceptible to accrual include 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 inflow is reported on the governmental funds balance sheet. Deferred inflow arises from taxes levied in the current year that are for subsequent year's operations. For governmental fund financial statements deferred inflow arises 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 (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Agency fund financial statements are reported using the accrual basis of accounting and do not have a measurement focus.

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. 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.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

##### 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.

#### D. ASSETS, LIABILITIES 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 AA 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, Agency and 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 2½ years and no individual issue with a maturity exceeding 5 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, that 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.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (continued)

##### 1. Cash and Investments (continued)

- 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.
- 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.

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 management by an outside investment manager.
- c. Requires compliance with the "prudent person" standard.
- d. 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.
- e. Primary investment objectives are safety, diversification and return.
- f. Allows investment in various asset classes.
- e. Limits investment in equities after five years to 75% of total assets to be invested. During the first five years equity investments may be up to 100% of the assets.

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

- a. Custodial credit risk – investments are held by trustee or third party custodian.
  - deposits in excess of FDIC insurance limits are maintained in the State LGIP or collateralized bank balances in amounts at least 75% of the year end cash balances.
- b. Credit risk – securities purchased need to have a 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 quoted market prices. No investments are reported at amortized cost.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (continued)

##### 1. Cash and Investments (continued)

Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of City accounting 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, 2012, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

##### 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, 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.

Property tax calendar – 2012 tax roll:

Lien date and levy date	December 2012
Tax bills mailed	December 2012
Payment in full, or	January 31, 2013
First installment due	January 31, 2013
Second installment due	March 31, 2013
Third installment due	May 31, 2013
Personal property taxes in full	January 31, 2013
Final tax settlement with County	August 20, 2013
Tax deed by County – 2012	
Delinquent real estate taxes	October 2015

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".

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

---

#### D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (continued)

##### 2. Receivables (continued)

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 proprietary activities are reported in the government-wide financial statements as "internal balances".

In the governmental 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.

##### 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. 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.

##### 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 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. 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 \$1,000 for general capital assets and \$10,000 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 estimated fair 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, overhead, and an allowance for the cost of funds used during construction when significant.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (continued)

##### 5. Capital Assets (continued)

###### Government-Wide Statements (continued)

For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. 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	20-50 Years
Machinery and Equipment	2-30 Years
Water and sewer systems	20-100 Years
Infrastructure	30-90 Years

###### 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.

##### 6. Deferred Inflows/Outflows of Resources

Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for gains/losses is shown as an increase or decrease in the deferred outflow of resources section of the statement of net position.

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.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (continued)

##### 7. 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. 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.

##### 8. 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.

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.

##### 9. 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

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (continued)

##### 10. 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. Unspent related debt proceeds are excluded from the calculation of net investment in capital assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources 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.

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.

###### Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. *Nonspendable* fund balance is that portion of fund balance that is not available for current spending. The *restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by external parties. The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Common Council. 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 restricted or committed. *Unassigned* fund balance is the residual classification for the government's General Fund and includes all spendable amounts not contained in the other classifications. Also included are deficit

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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#### D. ASSETS, LIABILITIES AND NET POSITION OR EQUITY (continued)

##### 10. EQUITY CLASSIFICATIONS (continued)

fund balances in other governmental funds. Proprietary fund equity is classified the same as in the government-wide statements. For classification of Governmental Fund balances, the City considers an expenditure to be made from the most restrictive classification first when one or more classification is available. Assignments are made by the City's Finance Director.

##### 11. 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, 2011 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.

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### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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#### A. Explanation of Certain differences between the Governmental Fund Balance Sheet and the Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “other long term assets that are not available to pay for current period expenditures and therefore are deferred in the funds”. The details of this difference are as follows:

Special assessments	\$1,351,125
Accrued interest receivable	<u>44,623</u>
Adjustment for receivables	<u>\$1,395,748</u>

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Land	\$25,012,541
Buildings	24,180,167
Machinery and equipment	16,953,185
Infrastructure	90,925,168
Construction in progress	487,587
Less: Accumulated depreciation	<u>(41,882,091)</u>
Adjustment for capital assets	<u>\$115,676,557</u>

**CITY OF FRANKLIN, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

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**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(continued)**

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A. Explanation of Certain differences between the Governmental Fund Balance Sheet and the Statement of Net Position (continued)

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. All liabilities-both current and long-term-are reported in the statement of net position.

General obligation debt	\$21,670,000
Compensated absences	1,652,433
Net Pension Obligation	91,336
Unamortized refunding costs	(225,869)
Accrued interest	<u>293,970</u>
Combined adjustment for long-term liabilities	<u>\$23,481,870</u>

B. Explanation of Certain differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances include a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government wide statement of activities.

One element of that reconciliation explains that “revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds”. The details of this difference are as follows:

Special assessment levies	<u>\$-0-</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$-0-</u>

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

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#### B. Explanation of Certain differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (continued)

The governmental fund statement of revenue, expenditures and changes in fund balances include a reconciliation between the net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

Governmental funds report the effects of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of the differences are as follows:

Amortization of issuance costs	\$(113,279)
Amortization of deferred outflows	<u>37,721</u>
Net adjustment to decrease net change in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$(75,558)</u>

Another element of that reconciliation states that “some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds”. The details of this difference are as follows:

Compensated absences	\$39,893
Net pension obligations	6,005
Accrued interest payable	<u>137,793</u>
Net adjustments to decrease net change in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$183,691</u>

Another element of that reconciliation states that “revenue in the governmental funds that provides current financial resources but have been previously recorded as revenue in the statement of activities”. The details of this difference are as follows:

Special assessment collections	\$(407,137)
Change in accrued interest receivables	<u>( 4,257)</u>
Net adjustments to decrease net change in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$(411,394)</u>

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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#### 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 liquidated under the prior period budget and encumbrances expected to be liquidated under the current period budget. Actual (budgetary basis) revenue present 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, Library, Solid Waste, Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Development, Sanitary Sewer and Water Utility funds. Budgets have not been formally adopted for other 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 material. Budgets are adopted at the function level of expenditure.

#### B. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 40 (2011), legislation was passed that continued the limitation of the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or 0% for the 2012 levy collected in 2013. Unused tax levy may not be carried forward into the following year. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit proposed in the State budget would continue levy limits in some form for two more years.

#### C. EXCESS EXPENDITURES OVER APPROPRIATIONS

The City controls expenditures at the function level (e.g. public safety). For the year ended December 31, 2012 the Street Improvement Fund expended \$720,276 that was \$23,076 more than the \$697,200 budget and the General Fund expended \$41,368 and \$11,831 more than budget in Public Safety and Culture and Recreation functions, respectively.

**CITY OF FRANKLIN, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 4 - 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 interest bearing accounts and unlimited for non or low interest bearing accounts. As of January 1, 2013 the FDIC coverage was changed to \$250,000 for time and savings deposits and \$250,000 for demand deposits.

The City's bank accounts are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of \$400,000. However, although the fund had reserves available at December 31, 2012, 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.

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 at the Federal Reserve and the City receives monthly reports of the collateral in place. The collateral balance at December 31, 2012 was \$15,499,488. Cash and investments as shown on the December 31, 2012 City of Franklin Statement of Net position are subject to the following risks:

	Carrying Value	Bank & Investment Balances	Risks
Local Government Investment Pool	\$ 25,555	\$ 25,555	Credit and interest rate
Money market funds	505,852	505,852	Credit and interest rate
U.S. treasuries	1,523,517	1,523,517	Interest rate
U.S. agencies	4,601,578	4,601,578	Credit, interest rate and concentration of credit
SBA repurchase agreements	1,500,000	1,500,000	Credit, interest rate and Custodial
Corporate notes	<u>4,080,102</u>	<u>4,080,102</u>	Credit, interest rate and concentration of credit
Total Fixed income investments	12,236,604	12,236,604	
Equity funds	2,752,023	2,752,023	Custodial
Cash and demand deposits	<u>49,703,331</u>	<u>44,767,894</u>	Custodial
Total	<u>\$ 64,691,958</u>	<u>\$ 59,756,521</u>	

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

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#### A. CASH AND INVESTMENTS (continued)

Reconciliation to the financial statements is shown below:

Per Statement of Net Position

Primary Government:

Unrestricted cash and investments	\$ 14,811,977
Restricted cash and investments	334,508

Per Statement of Fiduciary Net Position - Agency Funds	46,139,214
- Post Employment Benefits Trust	<u>3,406,259</u>

\$ 64,691,958

**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, 2012, none of the City's total bank balances of \$44,766,628 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 except the Local Government Investment Pool 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 Aa1 at time of purchase. The City's fixed income investments subject to credit risk include treasuries, agencies, 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, 2012, 81.5% of the investments were in rated fixed income investments and subject to credit risk. The ratings were as follows: Aaa at 66.6%, Aa2 at 8.2%, A1 at 12.8% and A2 at 12.4%. The portfolio makeup of fixed income investments was corporate securities at 33.4%, treasury and agency securities at 50.2%, repurchase agreements at 12.3% and money market funds at 4.1%. The Local Government Investment Pool was 0.2% of the investments and is not rated but is subject to credit risk and equities and fixed income mutual funds held in trust at 18.3% make up the remainder of the investments.

**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 the December 31, 2012 no issue other than U.S. Treasuries and Agencies, Issues that have the full faith guarantee of the U.S. government and the Local Government Investment Pool had a position of greater than ten percent of the portfolio.

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

**CITY OF FRANKLIN, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

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**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

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**A. CASH AND INVESTMENTS (continued)**

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

As of December 31, 2012 the City's fixed income investments were as follows:

Investment type ( in thousands)	Fair Value	Investment Maturity in years		
		Less than 1	1 - 5	Over 5
Money market funds	\$ 505,852	\$ 505,852	\$ -	\$ -
SBA repurchase agreements	1,500,000	1,500,000	-	-
U.S. treasuries and agencies	6,125,095	602,656	1,523,517	3,998,923
Corporate notes	4,080,102	1,000,516	3,079,586	-
Local government investment pool	25,555	25,555	-	-
Total	<u>\$ 12,236,604</u>	<u>\$ 3,634,579</u>	<u>\$ 4,603,103</u>	<u>\$ 3,998,923</u>

**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 and ambulance revenue, was \$35,195 at December 31, 2012. Other than the note receivable and special assessment receivables, all other receivables are expected to be collected within one year.

The City has a note receivable with a local business in the amount of \$6,865,000. Terms of the note call for semi-annual payments of interest at 1.95% and remaining annual principal of \$670,000 in 2013 and a final principal payment on February 28, 2014 of \$6,195,000.

The City in 2011 entered into an intergovernmental cooperation agreement with another government where 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 start in 2015 and will continue over the life of the loan.

**C. 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, 2012 is \$334,508.

**CITY OF FRANKLIN, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012 was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$ 24,954,048	\$ 58,493	\$ -	\$ 25,012,541
Construction in progress	-	487,587	-	487,587
Total capital assets not depreciated	<u>24,954,048</u>	<u>546,080</u>	<u>-</u>	<u>25,500,128</u>
Capital assets depreciated:				
Buildings & improvements	24,048,716	131,451	-	24,180,167
Machinery & equipment	16,271,239	1,167,646	485,700	16,953,185
Infrastructure	89,488,991	1,436,177	-	90,925,168
Total capital assets depreciated	<u>129,808,946</u>	<u>2,735,274</u>	<u>485,700</u>	<u>132,058,520</u>
Less: Accumulated depreciation for:				
Buildings & improvements	7,476,247	555,526	-	8,031,773
Machinery & equipment	9,985,387	855,281	485,700	10,354,968
Infrastructure	21,990,565	1,504,785	-	23,495,350
Total accumulated depreciation	<u>39,452,199</u>	<u>2,915,592</u>	<u>485,700</u>	<u>41,882,091</u>
Net capital assets depreciated	<u>90,356,747</u>	<u>(180,318)</u>	<u>-</u>	<u>90,176,429</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 115,310,795</u>	<u>\$ 365,762</u>	<u>\$ -</u>	<u>\$ 115,676,557</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 160,296
Public safety	614,054
Public works	1,807,043
Health & human services	13,253
Culture & recreation	318,654
Conservation & development	2,292
Total governmental activities depreciation expense	<u>\$ 2,915,592</u>

**CITY OF FRANKLIN, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

**D. CAPITAL ASSETS (continued)**

	Beginning Balance	Additions	Dispositions	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not depreciated:				
Land	\$ 521,225	\$ -	\$ -	\$ 521,225
Construction in progress	844,048	1,415,701	2,146,480	113,269
Total capital assets not depreciated	<u>1,365,273</u>	<u>1,415,701</u>	<u>2,146,480</u>	<u>634,494</u>
Capital assets depreciated:				
Buildings & improvements	2,323,389	1,115,538	-	3,438,927
Machinery & equipment	2,589,734	210,796	5,548	2,794,982
Infrastructure	107,600,324	956,397	1,150	108,555,571
Total capital assets depreciated	<u>112,513,447</u>	<u>2,282,731</u>	<u>6,698</u>	<u>114,789,480</u>
Less: Accumulated depreciation for:				
Buildings & improvements	949,845	92,231	-	1,042,076
Machinery & equipment	1,595,168	131,997	5,548	1,721,617
Infrastructure	21,783,113	1,480,236	1,150	23,262,199
Total accumulated depreciation	<u>24,328,126</u>	<u>1,704,464</u>	<u>6,698</u>	<u>26,025,892</u>
Net capital assets depreciated	<u>88,185,321</u>	<u>578,267</u>	<u>-</u>	<u>88,763,588</u>
Business-type Activities Capital Assets,				
Net of Accumulated Depreciation	<u>\$ 89,550,594</u>	<u>\$ 1,993,968</u>	<u>\$ 2,146,480</u>	<u>\$ 89,398,082</u>
Depreciation expense was charged to functions as follows.				
Business-Type Activities:				
Water			\$ 1,061,625	
Sewer			642,839	
			<u>\$ 1,704,464</u>	

**E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The principal purpose of these interfund balances 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.

For the statement of net position, interfund balances owed within the governmental activities or business – type activities are netted and eliminated.

**CITY OF FRANKLIN, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

**E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The interfund receivables and payables at December 31, 2012 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental funds:		
General	Water Utility	\$ 298,912
Capital Projects	Water Utility	757
Capital Projects	Sewer	757
		<u>300,426</u>
Enterprise funds:		
Sanitary Sewer	Water Utility	<u>31,000</u>
Subtotal - Fund Financial Statements		331,426
Less: Fund eliminations		<u>31,000</u>
Total internal balances - Government-Wide		
Statement of Net Position		<u>\$ 300,426</u>

The City of Franklin provides short and long term advances to its TIF Districts. 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 and may be replaced in the future by direct borrowing. 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 proportionate principal amounts in the Debt Service Fund are due or when TIF District resources are available.

Receivable Fund	Payable Fund	Amount	Amounts not due within one year
Governmental funds:			
Internal Service-Self Insurance	TIF Districts	\$ 3,038,000	\$ 2,163,000
Capital Projects-Development	Debt Service	3,112,000	2,137,000
Less: Fund eliminations		<u>(6,150,000)</u>	
Total long-term advances - Government-Wide			
Statement of Net Position		<u>\$ -</u>	

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.

**CITY OF FRANKLIN, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

**E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)**

Transfers during the year ended December 31, 2012 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Enterprise - Water Utility	\$ 1,057,722
	Enterprise - Sanitary Sewer	3,316
	Capital Projects - Capital Improvement	85,982
	Capital Projects - Street Improvement	193,273
Total General		1,340,293
Debt Service	Capital Projects - Development	161,348
Nonmajor funds:		
Special Revenue:		
St Martins Fair	General	11,000
Civic Celebrations	General	13,000
Capital Projects Funds:		
Equipment Replacement	Capital Projects - Street Improvement	173,540
Capital Improvement	Capital Projects - Utility Improvement	479,273
	General	220,000
Total nonmajor funds		896,813
Subtotal - Fund financial statements		2,398,454
Less: Fund eliminations		(1,337,416)
Less: Government-wide eliminations		(51,912)
Total transfers - Government-wide Statement of Activities		\$ 1,009,126

**F. DEFERRED INFLOWS AND DEFERRED OUTFLOWS**

Governmental funds report deferred inflows in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report deferred inflows in connection with resources that have been received, but not yet earned. Property taxes receivable for the subsequent year are not earned and can not be used to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows reported in the financial statements were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental funds:			
Property taxes receivable	\$ -	\$ 24,075,719	\$ 24,075,719
Interest receivable	44,623	-	44,623
Special assessments not yet due	1,351,125	-	1,351,125
Total deferred inflows			
for governmental funds	\$ 1,395,748	\$ 24,075,719	\$ 25,471,467

**CITY OF FRANKLIN, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

**G. LONG TERM OBLIGATIONS**

**General Obligation Debt**

Long-term liabilities for the year ended December 31, 2012 were as follows:

	Balance 12/31/11	Additions	Deletions	Balance 12/30/12	Amounts due within one year
<b>Governmental Activities</b>					
General obligation debt	\$ 32,495,000	\$ -	\$ 10,825,000	\$ 21,670,000	\$ 3,790,000
Net pension obligation	97,341	272,480	278,485	91,336	-
Sub-total	<u>32,592,341</u>	<u>272,480</u>	<u>11,103,485</u>	<u>21,761,336</u>	<u>3,790,000</u>
<b>Compensated absences</b>					
Accrued vacation pay	398,348	917,526	898,114	417,760	417,760
Accrued severance pay	1,128,075	(9,563)	61,441	1,057,072	39,292
Accrued compensatory time	165,903	188,324	176,625	177,601	177,601
Total compensated absences	<u>1,692,326</u>	<u>1,096,286</u>	<u>1,136,180</u>	<u>1,652,433</u>	<u>634,653</u>
<b>Governmental activities</b>					
Long-term liabilities	<u>\$ 34,284,667</u>	<u>\$ 1,368,766</u>	<u>\$ 12,239,665</u>	<u>\$ 23,413,769</u>	<u>\$ 4,424,653</u>

All general obligation notes and bonds payable are backed by the full faith and credit of the City. The notes and bonds will be retired by future property tax levies, special assessment collections and designated landfill revenue.

The governmental activities compensated absences primarily accrue to and are paid from the City's General Fund.

	Balance 12/31/11	Additions	Deletions	Balance 12/30/12	Amounts due within one year
<b>Business-type Activities</b>					
General obligation debt	\$ -	\$ 22,064,833	\$ -	\$ 22,064,833	\$ -
<b>Compensated absences</b>					
Accrued vacation pay	35,894	41,646	38,192	39,348	39,348
Accrued severance pay	81,437	-	26,522	54,915	-
Accrued compensatory time	9,263	7,972	5,948	11,287	11,287
<b>Business-type activities</b>					
Long-term liabilities	<u>\$ 126,594</u>	<u>\$ 22,114,451</u>	<u>\$ 70,662</u>	<u>\$ 22,170,383</u>	<u>\$ 50,635</u>

**CITY OF FRANKLIN, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

**G. LONG TERM OBLIGATIONS (continued)**

Details of general obligation notes and bonds payable are as follows:

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance Outstanding 12/31
General obligation promissory notes	1/3/07	4.95	3/ 1/08-14	3/1& 9/1	\$ 10,000,000	\$ 6,865,000 <sup>1</sup>
	8/26/08	3.00-3.50	3/ 1/09-14	3/1& 9/1	10,000,000	6,000,000 <sup>2</sup>
General obligation refunding bonds	1/3/07	3.80	3/ 1/08-21	3/1& 9/1	9,925,000	<u>8,805,000</u>
Total Governmental Activities Debt						<u>\$ 21,670,000</u>
Business-type Activity Debt	1/25/12	2.462	5/1/14-31	5/1 & 11/1	27,562,754	<u>\$ 22,064,833</u>

<sup>1</sup> Issued for non capital TIF purposes      <sup>2</sup> Issued 50% for non capital TIF purposes

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

Year Ending 31-Dec	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	3,790,000	811,045	-	538,672
2014	10,265,000	514,776	988,990	531,062
2015	520,000	279,490	1,013,339	506,413
2016	1,200,000	246,810	1,038,288	481,158
2017	1,190,000	201,400	1,063,850	455,280
2018-2022	4,705,000	356,725	5,725,269	1,865,385
2023-2027	-	-	6,465,618	1,115,923
2028-2031	-	-	5,769,479	288,407
Total	<u>\$ 21,670,000</u>	<u>\$ 2,410,246</u>	<u>\$ 22,064,833</u>	<u>\$ 5,782,300</u>

The City's statutory debt limit and margin of indebtedness at December 31, 2012 are \$176,205,295 and \$132,470,462, respectively.

**Conduit Debt Obligations**

Twelve series of Industrial Revenue Bonds originally issued with an aggregate principal amount of \$124,992,000 are outstanding with a December 31, 2012 balance of \$117,054,648.

CITY OF FRANKLIN, WISCONSIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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**NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)**

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**H. NET POSITION/FUND BALANCES**

**Governmental Activities**

Governmental activities net position reported on the government-wide statement of net position at December 31, 2012 include the following:

Invested in capital assets, net of related debt	
Land	\$ 25,012,541
Construction in process	487,587
Other capital assets, net of accumulated depreciation	90,176,429
Less: related long term debt outstanding	<u>(11,579,131)</u>
Net investment in capital assets	<u>104,097,426</u>
Restricted for:	
Debt service	535,337
Utility improvement	1,623,959
Development	4,614,731
Donations	<u>104,488</u>
Total restricted	<u>6,878,515</u>
Unrestricted	<u>2,466,117</u>
Total governmental activities net position	<u>\$ 113,442,058</u>

**Governmental Fund Balances**

Reported on the fund financial statements at December 31, 2012 include the following:

Nonspendable fund balances	
General Fund - Inventories and prepaid items	\$ 62,936
Library Fund - prepaid items	21,050
Grant Fund - prepaid items	750
Development Fund- advances to other funds	3,112,000
TIF Districts Fund - notes receivable	<u>6,865,000</u>
Total nonspendable	<u>\$ 10,061,737</u>
Restricted fund balances	
Debt Service	558,733
Donations	105,238
Development	1,502,731
Utility Improvement	<u>543,408</u>
Total restricted	<u>\$ 2,710,110</u>

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

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#### H. NET POSITION/FUND BALANCES (continued)

Assigned Fund balances:	
Health services	\$ 179,239
Library services	520,775
Solid Waste	100,546
Recreational services:	
St Martin's fair activities	2,930
Civic celebration activities	49,313
Total Recreational services	52,243
Capital Projects:	
Capital Outlay	335,133
Equipment Replacement	1,766,695
Capital Improvement	273,612
Street Improvement	349,324
Total Capital Projects	2,724,764
Total Assigned fund balances	\$ 3,398,328
Unassigned fund balances	
General Fund	\$ 6,439,199
Debt Service - Deficit	(3,112,000)
Grant Fund - Deficit	(750)
TIF Districts - Deficit	(2,853,140)
Total Unassigned fund balances	\$ 473,309

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### NOTE 5 – OTHER INFORMATION

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#### A. DEFINED BENEFIT PENSION PLANS

##### Wisconsin Retirement System

All eligible protective (public safety) City of Franklin employees participate in the Wisconsin Retirement System ("System"), a cost-sharing multiple-employer defined benefit public employee retirement system ("PERS"). All such permanent employees expected to work over 600 hours a year, for employees hired prior to July 1, 2011 and 1200 hours a year for employees hired prior after that date are eligible to participate in the System. Covered employees in the protective occupations category are required by statute to contribute 5.9% to the plan both for protective occupations with social security, and for protective occupations without social security.

Employers may not make these contributions to the plan on behalf of the protective occupation employees unless provided for by an existing collective bargaining

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 5 – OTHER INFORMATION

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#### A. DEFINED BENEFIT PENSION PLANS (continued)

agreement. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the System for the year ended December 31, 2012 was \$7,721,479 and the employer's total payroll was \$13,324,861. The total required contribution for the year ended December 31, 2012 was \$1,660,118, or 21.5% of covered payroll paid entirely by the employer due to existing collective bargaining agreements. Of the total required contribution, 100% was contributed for the current year. Total contributions for the years ended December 31, 2011, and 2010 were \$1,512,397 and \$1,388,909, respectively which equal the required contributions for each year.

The System provides protective employees who retire at or after age 53 with 25 years or more of service or age 54 with less than 25 years of service are entitled to receive retirement benefits. Protective employees may retire at age 50 and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service and (3) a formula factor. Final Average Earnings is the average of the protective employee's three highest year's earnings. Protective employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation 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 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

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The System issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

#### PUBLIC WORKS EMPLOYEES PENSION PLAN

##### Plan Description

The City is also a participant in the City of Franklin Public Works Employees' Pension 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.

Employees attaining the age of 60 are entitled to annual benefits of 1.98% of average compensation multiplied by the number of complete years of service subsequent to January 1, 1956. Average compensation is defined as the monthly total pay plus salary deferrals, compensation and overtime received for the three consecutive years out of the

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 5 – OTHER INFORMATION (continued)

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#### A. DEFINED BENEFIT PENSION PLANS (continued)

ten latest years which gives the highest average. Employees may retire early and receive reduced benefits at age 55 with at least ten years of service.

Disability benefits equivalent to expected benefits at normal retirement date are paid until normal retirement date, death or recovery. If an active employee dies, his or her beneficiary receives a lump-sum cash payment equal to the participant's accumulation at date of death or an annuity benefit deferred until participant's earliest retirement date.

If an employee terminates his or her employment with the City, the employee has the option of accepting either normal retirement benefits at normal retirement date, or a lump-sum cash payment of participant's vested accumulations. An employee becomes 50% vested after five years of service and 100% vested after ten years.

Employees make a non-elective and non-discretionary pension contribution that in 2012 was 4.2% of payroll. The City contributes all remaining amounts necessary to fund the pension plan. Starting in 2010, the City uses the entry age normal actuarial cost method.

#### Funding Policy

The City's funding policy has been to provide yearly contributions at actuarially determined rates that, expressed as a percentage of covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

#### Annual Pension Cost

For 2012, the City's required contribution of \$278,485 was determined during a January 1, 2012 actuarial valuation using the entry age normal cost method. The City began to require employee contributions, totaling \$69,635 in 2012. During the year ended December 31, 2012, combined contributions totaling \$272,480 were accrued. This resulted in the net pension obligation being reduced by \$6,005. The required employer contribution amount represented 16.8% of current year payroll compared to the 14.7% anticipated in the 2011 actuarial report.

The entry age normal actuarial cost method does identify or separately amortize unfunded actuarial liabilities. The unfunded actuarial liability is being amortized over a 20 year closed period. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets ranging of 7.5% compounded annually, (b) projected salary increases of 3.00% per year compounded annually, attributable to inflation applied using the level percentage of projected payroll. The assumptions do not include post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

**CITY OF FRANKLIN, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

**NOTE 5 – OTHER INFORMATION (continued)**

**A. DEFINED BENEFIT PENSION PLANS (continued)**

**Public Works Employees Pension Plan (continued)**

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 272,480	102.2%	\$ 91,336
12/31/2011	224,478	102.8%	97,341
12/31/2010	225,631	102.9%	107,775

The following table shows components of the City's annual pension cost for the year, the amount actually contributed to the plan and changes in the City's net pension obligation:

Annual required contribution	\$ 278,485
Interest on net pension obligation	7,301
Adjustment to annual required contribution	<u>(13,306)</u>
Annual pension expense	272,480
Contributions made	<u>(278,485)</u>
Decrease in net pension obligation	(6,005)
Net pension obligation - beginning of year	<u>97,341</u>
Net pension obligation - end of year	<u>\$ 91,336</u>

Annual Pension Cost

Actuarial Valuation Date	(A) Actuarial Asset Value	Funding progress			(E) Covered Payroll	(F) UAAL as Percentage of Covered Payroll [(C)/(E)]
		(B) Actuarial Liability (AAL) - Aggregate	(C) Unfunded AAL (UAAL) [(B)-(A)]	(D) Funded Ratio [(A)/(B)]		
1/1/2012	\$ 5,096,223	\$ 5,749,942	\$ 653,719	89%	\$ 1,665,439	39%

The major change in the actuarial assumptions during the valuation year January 1, 2012 was the reduction in rate of return to 7.5% from 8.0%. The multi year trend information is located in the required supplementary information immediately following the notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

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**NOTE 5 – OTHER INFORMATION (continued)**

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**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 4.2% of wages. A participant's accrued benefit for City contributions is 100% vested and non forfeitable upon death, normal retirement, early retirement or permanent and total disability as defined in the Plan. If employment is terminated for any other reason, each participant's accrued benefit vests at various percentages, based on years of service. During 2012, total contributions of \$391,548 or 10% of covered payroll were made. The City contributed \$251,518 and employees \$140,030. The City may make amendments to the Plan.

**C. POST EMPLOYMENT HEALTH CARE BENEFITS**

The City of Franklin administers a single employer defined benefit post employment benefit plan through a trust. The City of Franklin Post Employment Benefits Trust is accounted for on the accrual basis of accounting and presented as a fiduciary fund. Separate financial statements are not prepared for the trust. Retiree and City contributions are recognized in the period in which the contributions are due.

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 an other 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.

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

<u>Employee Group</u>	<u>#</u>	<u>City Amount</u>	<u>Age</u>	<u>Years Service</u>
Non-represented	35	75% of Premium at Retirement	62	20
Police	65	75% of Premium at Retirement	53	15
Dispatch	14	75% of 2005 Premium	62	20
Fire	54	75% of Premium at Retirement	53	20
DPW	31	75% of Premium at Retirement	60	15

**CITY OF FRANKLIN, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2012

**NOTE 5 – OTHER INFORMATION (continued)**

**C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)**

The City's annual other post employment benefit (OPEB) expense is calculated based upon the annual required contribution (ARC) of the City. An actuarial calculation by an actuary was used to calculate the ARC and related information using the measurement method required by GASB Statement No. 45 for employers with 200 or more total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a closed period of 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the trust and changes in the City's net OPEB obligation for retiree health benefits:

Annual required contribution	\$ 837,575
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB expense	837,575
Contributions made	<u>(837,575)</u>
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	<u>\$ -</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the trust and the net OPEB obligation for the current and prior two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 837,535	100.0%	\$ -
12/31/2011	822,537	100.0%	-
12/31/2010	793,852	100.0%	-

**Funding progress:**

(A)	(B)	(C)	(D)	(E)	(F)	
Actuarial Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL) Projected unit credit	Unfunded AAL (UAAL) [(B)-(A)]	Funded Ratio [(A)/(B)]	Covered Payroll	UAAL as Percentage of Covered Payroll [(C)/(E)]
1/1/2012	\$2,399,455	\$ 8,184,388	\$ 5,784,933	29%	\$ 11,553,445	50%

The multi year trend information is located in the required supplementary information immediately following the notes to the financial statements. The projection of future benefits for an ongoing benefit involves estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funding status of the trust and required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 5 – OTHER INFORMATION (continued)

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#### C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The schedule of funding progress, presented immediately following the footnotes, presents multi-year trend information that shows whether the actuarial value of trust assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The above schedules of employer contributions present trend information about the amounts contributed to the trust by the City in comparison to the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period of thirty years.

Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

The trust's financial statements are prepared using the accrual basis of accounting. Retiree and City contributions are recognized in the period that contributions are due. The City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable. Investments are reported at fair value with the valuation determined by the independent custodian of the assets.

The following significant assumptions were made:

The actuarial valuation uses the projected unit credit actuarial cost method.

The ARC was calculated using the level percentage of payroll method, amortizing costs over a closed period of 30 years. The remaining amortization period at December 31, 2012 was 25 years.

Based upon the expected return of the City of Franklin Post Employment Benefits Trust under the investment policy adopted for the Trust, a discount rate of 7% was used.

The actuarial value of the trust assets is determined using techniques that spread the impact of short term volatility over a five year period.

Group health charges for actives and retirees were used as the basis for calculation of the present value of total benefits to be paid.

# CITY OF FRANKLIN, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012

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### NOTE 5 – OTHER INFORMATION (continued)

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#### C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The expected healthcare trend rate of increase in group health charges was based upon the recent experience of the City of Franklin self funded health care program. The trend rate assumption of 9.1% for year one, 9.0% for year two, reduced to an ultimate rate of 5.5% after eighteen years, was used.

The expected long term payroll growth rate was assumed to be 3% which is the expected inflation rate for the City.

No post-retirement benefit increases other than salary increases are anticipated.

Rates of retirement, mortality and termination for reasons other than retirement and death are from the "Wisconsin Retirement System 2003-2005 Experience Study".

Marital status at retirement was assumed to be 75% with a spouse or dependants.

#### 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 has \$5,566,590 in outstanding contractual commitments relating to various Public Works projects and equipment purchases at December 31, 2012. The City has encumbered \$68,700 at year end due to valid contracts or purchase orders in place and the related services committed and not yet received.

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

December 31, 2012

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### NOTE 5 – OTHER INFORMATION (continued)

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#### 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 \$55,000 per year per individual. 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 two years ended December 31, 2012 are as follows:

	<u>Balance Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance End of Year</u>
2012	\$318,000	\$3,235,548	\$3,201,548	\$352,000
2011	318,000	2,724,079	2,724,079	318,000

#### F. IMPLEMENTATION OF GASB STATEMENTS

The City of Franklin adopted GASB Statement No. 63 Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position and GASB Statement No. 65 Items Previously Recognized as Assets and Liabilities as of January 1, 2012. GASB Statement No. 63 impacted financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. GASB Statement No. 65 impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The impact of adoptions of these statements resulted in the Statement of Net Assets becoming the Statement of Net Position. Additionally, certain items previously reported as assets or liabilities have been reclassified and reported as deferred inflows or outflows.

**CITY OF FRANKLIN**

**REQUIRED SUPPLEMENTARY INFORMATION**

(Unaudited)

December 31, 2012

**PUBLIC WORKS EMPLOYEES PENSION PLAN  
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Three Year Trend Information					
	(A) Actuarial Asset Value	(B) Actuarial Accrued Liability (AAL) - Aggregate	(C) Unfunded AAL (UAAL) [(B)-(A)]	(D) Funded Ratio [(A)/(B)]	(E) Covered Payroll	(F) UAAL as Percentage of Covered Payroll [(C)/(E)]
1/1/2012	\$ 5,096,223	\$ 5,749,942	\$ 653,719	89%	\$ 1,665,439	39%
1/1/2011	4,891,672	5,219,206	327,534	94%	1,566,522	21%
1/1/2010	4,664,099	5,096,256	432,157	92%	1,574,282	27%

**CITY OF FRANKLIN POST EMPLOYMENT BENEFITS TRUST  
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Asset Value	Accrued Liability (AAL) Projected unit credit	Unfunded AAL (UAAL) [(B)-(A)]	Funded Ratio [(A)/(B)]	Covered Payroll	Percentage of Covered Payroll [(C)/(E)]
1/1/2012	\$2,399,455	\$ 8,184,388	\$ 5,784,933	29%	\$ 11,553,445	50%
1/1/2010	1,254,758	6,016,221	4,761,463	21%	11,523,032	41%
1/1/2008	-	7,972,327	7,972,327	0%	11,725,456	68%

Note: The Trust was not yet in effect when the first actuarial valuation was completed.

The study dated January 1, 2008 was the study prepared for the adoption of GASB #45.

## **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.

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.

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

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

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 property taxes) 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 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 the tax levy and an every other year local road improvement grant from the State, and landfill siting revenues.

Utility Improvement Fund – This fund is used to account for water and sewer connection fees 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**  
**December 31, 2012**

	Special Revenue Funds							Total
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Collection Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Grant Fund	
<b>ASSETS</b>								
Cash and investments	\$ 325,857	\$ 104,749	\$ 229,865	\$ 2,930	\$ 106,382	\$ 49,814	\$ 170,917	\$ 990,514
Receivables								
Accounts receivable	113,352	-	26,821	-	-	-	2,035	142,208
Taxes receivable	1,240,000	-	1,157,104	-	-	-	-	2,397,104
Special assessments receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	14,222	14,222
Due from other governments	-	-	-	-	-	-	750	21,800
Prepaid items	8,450	12,600	-	-	-	-	-	21,800
<b>Total assets</b>	<b>\$ 1,687,659</b>	<b>\$ 117,349</b>	<b>\$ 1,413,790</b>	<b>\$ 2,930</b>	<b>\$ 106,382</b>	<b>\$ 49,814</b>	<b>\$ 187,924</b>	<b>\$ 3,565,848</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 14,798	\$ -	\$ 155,822	\$ -	\$ 1,144	\$ 500	\$ 5,187	\$ 177,451
Accrued liabilities	8,107	278	318	-	-	-	-	8,703
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	3,498	3,498
<b>Total liabilities</b>	<b>22,905</b>	<b>278</b>	<b>156,140</b>	<b>-</b>	<b>1,144</b>	<b>500</b>	<b>8,685</b>	<b>189,652</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unearned & unavailable revenue	1,240,000	-	1,157,104	-	-	-	-	2,397,104
<b>FUND BALANCES</b>								
Nonspendable:								
Prepaid items	8,450	12,600	-	-	-	-	750	21,800
Advances to other funds	-	-	-	-	-	-	-	-
Restricted:								
Utility improvements	-	-	-	-	-	-	-	-
Development	-	-	-	-	-	-	-	-
Donations	-	-	-	-	105,238	-	-	105,238
Assigned:								
Health services	-	-	-	-	-	-	179,239	179,239
Library services	416,304	104,471	-	-	-	-	-	520,775
Solid waste	-	-	100,546	2,930	-	49,314	-	100,546
Recreational services	-	-	-	-	-	-	-	52,243
Capital projects	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(750)	(750)
<b>Total fund balances</b>	<b>424,754</b>	<b>117,071</b>	<b>100,546</b>	<b>2,930</b>	<b>105,238</b>	<b>49,314</b>	<b>179,239</b>	<b>979,091</b>
<b>Total liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 1,687,659</b>	<b>\$ 117,349</b>	<b>\$ 1,413,790</b>	<b>\$ 2,930</b>	<b>\$ 106,382</b>	<b>\$ 49,814</b>	<b>\$ 187,924</b>	<b>\$ 3,565,848</b>

(Continued)



**CITY OF FRANKLIN, WISCONSIN**  
**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2012**

	Special Revenue Funds							Total
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Grant Fund	
<b>REVENUE</b>								
Taxes	\$ 1,222,000	\$ -	\$ 1,145,976	\$ -	\$ -	\$ -	\$ -	\$ 2,367,976
Intergovernmental revenue	113,352	-	69,291	-	-	-	275,594	458,237
Public charges for services	-	-	360,232	33,395	-	-	-	393,627
Special assessments	-	-	-	-	-	-	-	-
Investment earnings	10,203	79	7,732	80	1,196	-	106	19,395
Miscellaneous revenue	-	53,735	11,134	3,040	21,854	65,654	11,405	166,822
Total revenue	<u>1,345,555</u>	<u>53,814</u>	<u>1,594,365</u>	<u>36,515</u>	<u>23,050</u>	<u>65,654</u>	<u>287,105</u>	<u>3,406,057</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	7	-	-	7
Public safety	-	-	-	-	27,955	-	17,040	44,995
Public works	-	-	1,493,819	-	-	-	-	1,493,819
Health and human services	-	-	-	-	544	-	85,885	86,429
Culture and recreation	1,201,957	20,197	-	47,864	-	98,918	9,264	1,378,200
Conservation and development	-	-	-	-	-	-	-	-
Capital outlay	115,010	22,566	-	-	1,835	-	183,730	323,141
Total expenditures	<u>1,316,967</u>	<u>42,763</u>	<u>1,493,819</u>	<u>47,864</u>	<u>30,341</u>	<u>98,918</u>	<u>295,919</u>	<u>3,326,591</u>
Excess (deficiency) of revenue over expenditures	28,588	11,051	100,546	(11,349)	(7,291)	(33,264)	(8,814)	79,466
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	11,000	-	13,000	-	24,000
Transfers out	-	-	-	-	-	-	-	-
Net change in fund balances	28,588	11,051	100,546	(349)	(7,291)	(20,264)	(8,814)	103,466
Fund balances - beginning	396,166	106,020	-	3,279	112,529	69,578	188,053	875,625
<b>Fund balances - ending</b>	<u>\$ 424,754</u>	<u>\$ 117,071</u>	<u>\$ 100,546</u>	<u>\$ 2,930</u>	<u>\$ 105,238</u>	<u>\$ 49,314</u>	<u>\$ 179,239</u>	<u>\$ 979,091</u>

(Continued)

**CITY OF FRANKLIN, WISCONSIN**  
**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2012**

	Capital Projects Funds						Total	Total Nonmajor Governmental Funds
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund		
<b>REVENUE</b>								
Taxes	\$ 384,000	\$ 281,000	\$ -	\$ 604,000	\$ -	\$ -	\$ 1,269,000	
Intergovernmental revenue	1,630	-	431	156,184	-	-	158,245	
Public charges for services	102,400	150,000	205,981	200,000	-	-	658,381	
Special assessments	-	-	-	-	328,936	764,478	1,093,414	
Investment earnings	5,474	22,136	3,375	10,522	52,958	123,111	217,576	
Miscellaneous revenue	21,443	134,091	-	184,536	-	-	340,070	
Total revenue	<u>514,947</u>	<u>587,227</u>	<u>209,787</u>	<u>1,155,242</u>	<u>381,894</u>	<u>887,589</u>	<u>3,736,686</u>	
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	-	
Public safety	-	-	-	-	-	-	-	
Public works	-	-	-	-	-	-	-	
Health and human services	-	-	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	-	-	
Conservation and development	-	-	-	-	-	6,550	6,550	
Capital outlay	521,645	528,715	796,022	720,276	-	-	2,566,658	
Total expenditures	<u>521,645</u>	<u>528,715</u>	<u>796,022</u>	<u>720,276</u>	<u>-</u>	<u>6,550</u>	<u>2,573,208</u>	
Excess (deficiency) of revenue over expenditures	(6,698)	58,512	(586,235)	434,966	381,894	881,039	1,163,478	
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of capital assets	15,104	17,025	-	-	-	-	32,129	
Transfers in	-	173,540	699,273	-	-	-	872,813	
Transfers out	-	-	(85,982)	(366,813)	(479,273)	(161,348)	(1,093,416)	
Net change in fund balances	8,406	249,077	27,056	68,153	(97,379)	719,691	1,078,470	
Fund balances - beginning	326,727	1,517,618	246,556	281,171	640,787	3,895,040	7,783,524	
<b>Fund balances - ending</b>	<u>\$ 335,133</u>	<u>\$ 1,766,695</u>	<u>\$ 273,612</u>	<u>\$ 349,324</u>	<u>\$ 543,408</u>	<u>\$ 4,614,731</u>	<u>\$ 7,882,903</u>	

**CITY OF FRANKLIN, WISCONSIN**  
**General Fund**  
**Schedule of Revenue - Budget and Actual (on a Budgetary Basis)**  
**Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>TAXES</b>				
General property taxes	\$ 16,226,000	\$ 16,226,000	\$ 16,204,907	\$ (21,093)
Water Utility - tax equivalent	1,028,000	1,028,000	1,061,038	33,038
Cable TV franchise fees	470,000	470,000	500,322	30,322
Mobile home assessments	27,000	27,000	25,186	(1,814)
Motel room tax	150,000	150,000	183,324	33,324
	<u>17,901,000</u>	<u>17,901,000</u>	<u>17,974,777</u>	<u>73,777</u>
<b>INTERGOVERNMENTAL REVENUE</b>				
State shared revenue	475,000	475,000	479,153	4,153
State expenditure restraint revenue	377,000	377,000	377,334	334
Fire insurance - dues	115,000	115,000	122,649	7,649
Local, state and federal grants and aids				
Computer aid	307,000	307,000	325,343	18,343
Transportation aids	1,399,000	1,399,000	1,399,148	148
Other	13,000	13,000	98,421	85,421
	<u>2,686,000</u>	<u>2,686,000</u>	<u>2,802,048</u>	<u>116,048</u>
<b>LICENSES, FEES AND PERMITS</b>				
Licenses:				
Beer and Liquor	30,000	30,000	31,752	1,752
Bartenders	16,600	16,600	15,003	(1,597)
Amusement and related	11,500	11,500	12,835	1,335
Peddlers	2,000	2,000	1,980	(20)
Food and related	450	450	1,622	1,172
Electrical contractors	13,500	13,500	14,903	1,403
Dog and cat	9,000	9,000	6,772	(2,228)
Health	56,000	56,000	58,767	2,767
Other	12,950	12,950	16,046	3,096
Permits:				
Building	400,000	400,000	396,517	(3,483)
Electrical	70,000	70,000	77,244	7,244
Plumbing	60,000	60,000	72,928	12,928
Sign	10,000	10,000	9,500	(500)
Park	12,000	12,000	12,597	597
Fire	6,000	6,000	4,840	(1,160)
Other	11,000	11,000	21,721	10,721
	<u>721,000</u>	<u>721,000</u>	<u>755,027</u>	<u>34,027</u>
<b>FINES, FORFEITURES AND PENALTIES</b>	<u>407,000</u>	<u>407,000</u>	<u>457,499</u>	<u>50,499</u>

(Continued)

**CITY OF FRANKLIN, WISCONSIN**  
**General Fund**  
**Schedule of Revenue - Budget and Actual (on a Budgetary Basis)**  
**Year Ended December 31, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
<b>PUBLIC CHARGES FOR SERVICES</b>				
<b>General government</b>				
Property reports and document fees	\$ 9,500	\$ 9,500	\$ 17,735	\$ 8,235
<b>Public safety</b>				
Police Department and related	6,000	6,000	16,914	10,914
Ambulance service	937,000	937,000	978,864	41,864
Fire Department and related	112,000	112,000	121,943	9,943
Quarry reimbursement	40,000	40,000	10,136	(29,864)
Weights and measures	6,800	6,800	4,263	(2,537)
<b>Public works</b>				
Weed cutting	15,050	15,050	16,262	1,212
Street lighting	3,000	3,000	11,845	8,845
Engineering and DPW fees	37,650	37,650	32,163	(5,487)
Landfill tippage fees	40,000	40,000	79,460	39,460
<b>Health and human services</b>				
Health clinics and other health fees	43,000	43,000	60,977	17,977
<b>Conservation and development</b>				
Zoning, subdivision and other filing fees	45,000	45,000	64,030	19,030
	<u>1,295,000</u>	<u>1,295,000</u>	<u>1,414,592</u>	<u>119,592</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>	<u>125,000</u>	<u>125,000</u>	<u>103,615</u>	<u>(21,385)</u>
<b>INVESTMENT EARNINGS</b>	<u>421,000</u>	<u>421,000</u>	<u>213,200</u>	<u>(207,800)</u>
<b>MISCELLANEOUS REVENUE</b>				
Municipal property rental	34,000	34,000	40,624	6,624
Property sales	7,600	7,600	10,027	2,427
Refunds and reimbursements	33,800	33,800	104,685	70,885
Insurance dividend	15,000	15,000	12,074	(2,926)
Other revenue	600	600	3	(597)
	<u>91,000</u>	<u>91,000</u>	<u>167,413</u>	<u>76,413</u>
<b>TOTAL REVENUE</b>	<u>\$ 23,647,000</u>	<u>\$ 23,647,000</u>	<u>\$ 23,888,171</u>	<u>\$ 241,171</u>

**CITY OF FRANKLIN, WISCONSIN**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (on a Budgetary Basis)**  
**Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>CURRENT</b>				
<b>General Government</b>				
Mayor	\$ 26,606	\$ 26,606	\$ 23,312	\$ 3,294
Aldermen	71,366	71,366	68,138	3,228
Municipal court	208,824	208,824	200,830	7,994
City clerk	314,091	314,091	309,991	4,100
Elections	46,941	46,941	81,795	(34,854)
Information services	327,350	327,350	276,990	50,360
Administraton	428,745	419,720	388,191	31,529
Finance	510,299	510,299	489,965	20,334
Audit	27,300	27,300	26,955	345
Assessor	255,572	255,572	199,256	56,316
Legal counsel	290,650	290,650	285,657	4,993
Municipal buildings	202,309	202,309	197,010	5,299
Property and liability insurance	74,650	74,650	82,344	(7,694)
Other	2,500	2,500	978	1,522
Contingency	1,467,000	140,500	-	140,500
Total General Government	<u>4,254,203</u>	<u>2,918,678</u>	<u>2,631,412</u>	<u>287,266</u>
<b>Public Safety</b>				
Police:				
Police	8,330,797	8,330,797	8,262,409	68,388
Dispatchers	998,655	998,655	944,748	53,907
Fire	6,029,619	6,029,619	6,245,961	(216,342)
Fire protection service charge	304,800	304,800	265,870	38,930
Building inspection	675,961	675,961	662,212	13,749
Sealer of weights and measures	6,800	6,800	6,800	-
Total Public Safety	<u>16,346,632</u>	<u>16,346,632</u>	<u>16,388,000</u>	<u>(41,368)</u>
<b>Public Works</b>				
Engineering	610,993	610,993	591,530	19,463
Highway	2,558,458	2,558,458	2,433,281	125,177
Street lighting	325,850	325,850	321,785	4,065
Weed control	15,050	15,050	14,153	897
Total Public Works	<u>3,510,351</u>	<u>3,510,351</u>	<u>3,360,749</u>	<u>149,602</u>
<b>Health and Human Services</b>				
Public health	601,059	601,059	593,140	7,919
Animal control	49,050	49,050	39,878	9,172
Total Health and Human Services	<u>650,109</u>	<u>650,109</u>	<u>633,018</u>	<u>17,091</u>
<b>Culture and Recreation</b>				
St. Martin's fair	11,000	11,000	11,000	-
Civic celebrations	13,000	13,000	13,000	-
Senior activities and travel program	15,000	15,000	12,235	2,765
Parks	134,009	134,009	148,605	(14,596)
Total Culture and Recreation	<u>173,009</u>	<u>173,009</u>	<u>184,840</u>	<u>(11,831)</u>
<b>Conservation and Development</b>				
Planning	433,896	410,921	369,254	41,667
Economic development	10,800	44,300	8,390	35,910
Total Conservation and Development	<u>444,696</u>	<u>455,221</u>	<u>377,644</u>	<u>77,577</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 25,379,000</u>	<u>\$ 24,054,000</u>	<u>\$ 23,575,663</u>	<u>\$ 478,337</u>

**CITY OF FRANKLIN, WISCONSIN**  
**Debt Service Fund**  
**Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 1,750,000	\$ 1,750,000	\$ 1,750,000	\$ -
Special assessments	311,000	164,318	142,700	(21,618)
Investment earnings	143,623	143,623	62,248	(81,375)
Total revenue	<u>2,204,623</u>	<u>2,057,941</u>	<u>1,954,948</u>	<u>(102,993)</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	8,170,000	8,170,000	8,170,000	-
Interest	693,652	693,652	594,318	99,334
Total expenditures	<u>8,863,652</u>	<u>8,863,652</u>	<u>8,764,318</u>	<u>99,334</u>
Excess (deficiency) of revenue over expenditures	(6,659,029)	(6,805,711)	(6,809,370)	(3,659)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	161,348	161,348
Transfers out	-	-	-	-
Net change in fund balances	<u>\$ (6,659,029)</u>	<u>\$ (6,805,711)</u>	(6,648,022)	<u>\$ 157,689</u>
Fund balances - beginning			<u>4,094,755</u>	
<b>Fund balances - ending</b>			<u>\$ (2,553,267)</u>	

**CITY OF FRANKLIN, WISCONSIN**  
**Library Operating Fund**  
**Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2012**

	<b>Original and final Budget</b>	<b>Actual</b>	<b>Variance with final budget - Favorable (Unfavorable)</b>
<b>REVENUE</b>			
Taxes	\$ 1,222,000	\$ 1,222,000	\$ -
Intergovernmental revenue	50,000	113,352	63,352
Investment earnings	16,000	10,203	(5,797)
Total revenue	<u>1,288,000</u>	<u>1,345,555</u>	<u>57,555</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	1,214,095	1,201,957	12,138
Capital outlay	143,850	136,010	7,840
Total expenditures	<u>1,357,945</u>	<u>1,337,967</u>	<u>19,978</u>
Net change in fund balances	<u>\$ (69,945)</u>	7,588	<u>\$ 77,533</u>
Adjustments to generally accepted accounting principles basis			
2011 encumbrances		-	
2012 encumbrances		21,000	
Fund balances - beginning		<u>396,166</u>	
<b>Fund balances - ending</b>		<u>\$ 424,754</u>	

**CITY OF FRANKLIN, WISCONSIN**  
**Solid Waste Collection Fund**  
**Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2012**

	<b>Original and final Budget</b>	<b>Actual</b>	<b>Variance with final budget - Favorable (Unfavorable)</b>
<b>REVENUE</b>			
User fees	\$ 1,131,000	\$ 1,145,976	\$ 14,976
Intergovernmental revenue	59,000	69,291	10,291
Public charges for services - Landfill siting	394,000	360,232	(33,768)
Sales of recycling bins	7,000	11,134	4,134
Investment earnings	-	7,732	7,732
	<u>1,591,000</u>	<u>1,594,365</u>	<u>3,365</u>
<b>EXPENDITURES</b>			
Current:			
Personal & contractual services	1,512,000	1,493,819	18,181
Total expenditures	<u>1,512,000</u>	<u>1,493,819</u>	<u>18,181</u>
Net change in fund balances	<u>\$ 79,000</u>	100,546	<u>\$ 21,546</u>
Fund balances - beginning		-	
<b>Fund balances - ending</b>		<u>\$ 100,546</u>	

**CITY OF FRANKLIN, WISCONSIN**

Capital Projects Funds

Schedule of Revenue, Expenditures and Changes in Fund Balances -  
Budget and Actual (on a Budgetary Basis)  
Year Ended December 31, 2012

	Capital Outlay Fund			Equipment Replacement Fund			Variance with final budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	Original and final Budget	Final Budget	Actual	
<b>REVENUE</b>							
Taxes	\$ 384,000	\$ 384,000	\$ 384,000	\$ 281,000	\$ 281,000	\$ 281,000	\$ -
Intergovernmental revenue	-	-	1,630	-	-	-	1,630
Public charges for services - Landfill siting	100,000	100,000	102,400	150,000	150,000	150,000	2,400
Investment earnings	10,000	10,000	5,474	20,000	20,000	22,136	(4,526)
Miscellaneous revenue	-	-	21,443	-	-	134,091	21,443
Total revenue	<u>494,000</u>	<u>494,000</u>	<u>514,947</u>	<u>451,000</u>	<u>451,000</u>	<u>587,227</u>	<u>20,947</u>
<b>EXPENDITURES</b>							
Capital outlay	551,050	551,050	526,645	539,300	539,300	528,715	24,405
Total expenditures	<u>551,050</u>	<u>551,050</u>	<u>526,645</u>	<u>539,300</u>	<u>539,300</u>	<u>528,715</u>	<u>24,405</u>
Excess (deficiency) of revenue over expenditures	(57,050)	(57,050)	(11,698)	(88,300)	(88,300)	58,512	45,352
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of capital assets	30,000	30,000	15,104	10,000	10,000	17,025	(14,896)
Transfers in	-	-	-	-	-	173,540	-
Transfers out	-	-	-	-	-	-	-
Net changes in fund balances	<u>\$ (27,050)</u>	<u>\$ (27,050)</u>	<u>3,406</u>	<u>\$ (78,300)</u>	<u>\$ (78,300)</u>	<u>249,077</u>	<u>30,456</u>
Adjustments to generally accepted accounting principles basis							
2011 encumbrances			(5,000)				
2012 encumbrances			10,000				
Fund balances - beginning			<u>326,727</u>			<u>1,517,618</u>	
<b>Fund balances - ending</b>			<u>\$ 335,133</u>			<u>\$ 1,766,695</u>	

**CITY OF FRANKLIN, WISCONSIN**

Capital Projects Funds

Schedule of Revenue, Expenditures and Changes in Fund Balances -  
Budget and Actual (on a Budgetary Basis)  
Year Ended December 31, 2012

	Capital Improvement Fund				Street Improvement Fund			
	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)	Original and final Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>REVENUE</b>								
Taxes	\$ -	\$ -	\$ 431	\$ 431	\$ 604,000	\$ 604,000	\$ 604,000	\$ 78,184
Intergovernmental revenue	-	-	205,981	(6,019)	78,000	78,000	156,184	-
Public charges for services - Landfill siting	427,000	212,000	3,375	2,375	200,000	200,000	200,000	(9,478)
Investment earnings	5,000	1,000	-	-	20,000	20,000	10,522	184,536
Miscellaneous revenue	-	-	209,787	(3,213)	-	-	184,536	253,242
Total revenue	<u>432,000</u>	<u>213,000</u>	<u>209,787</u>	<u>(3,213)</u>	<u>902,000</u>	<u>902,000</u>	<u>1,155,242</u>	<u>253,242</u>
<b>EXPENDITURES</b>								
Capital outlay	4,413,500	1,774,500	802,622	971,878	620,000	697,200	720,276	(23,076)
Total expenditures	<u>4,413,500</u>	<u>1,774,500</u>	<u>802,622</u>	<u>971,878</u>	<u>620,000</u>	<u>697,200</u>	<u>720,276</u>	<u>(23,076)</u>
Excess (deficiency) of revenue over expenditures	(3,981,500)	(1,561,500)	(592,835)	968,665	282,000	204,800	434,966	230,166
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	3,800,000	1,320,000	699,273	(620,727)	-	-	-	-
Transfers out	-	-	(85,982)	(85,982)	-	-	(366,813)	(366,813)
General obligation debt issued	62,000	-	-	-	-	-	-	-
Net changes in fund balances	<u>\$ (119,500)</u>	<u>\$ (241,500)</u>	<u>20,456</u>	<u>\$ 261,956</u>	<u>\$ 282,000</u>	<u>\$ 204,800</u>	<u>68,153</u>	<u>\$ (136,647)</u>
Adjustments to generally accepted accounting principles basis								
2011 encumbrances	-	-	6,600	-	-	-	-	-
2012 encumbrances	-	-	246,556	-	-	-	281,171	-
Fund balances - beginning								
<b>Fund balances - ending</b>			<u>\$ 273,612</u>				<u>\$ 349,324</u>	

Continued

**CITY OF FRANKLIN, WISCONSIN**

Capital Projects Funds

Schedule of Revenue, Expenditures and Changes in Fund Balances -  
Budget and Actual (on a Budgetary Basis)  
Year Ended December 31, 2012

	Development Fund		Variance with final budget - Favorable (Unfavorable)
	Final Budget	Actual	
<b>REVENUE</b>			
Special Assessments	\$ 725,600	\$ 764,478	\$ 38,878
Investment earnings	124,948	123,111	(1,837)
Total revenue	<u>850,548</u>	<u>887,589</u>	<u>37,041</u>
<b>EXPENDITURES</b>			
General Government	16,100	16,150	(50)
Total expenditures	<u>16,100</u>	<u>16,150</u>	<u>(50)</u>
Excess (deficiency) of revenue over expenditures	834,448	871,439	36,991
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(159,411)	(161,348)	(1,937)
Net changes in fund balances	<u>\$ 675,037</u>	<u>710,091</u>	<u>\$ 35,054</u>
Adjustments to generally accepted accounting principles basis			
2011 encumbrances		9,600	
2012 encumbrances		3,895,040	
Fund balances - beginning			
<b>Fund balances - ending</b>		<u>\$ 4,614,731</u>	

**CITY OF FRANKLIN, WISCONSIN**  
**Fiduciary Funds**  
**Combining Schedule of Changes in Assets and Liabilities - Agency Funds**  
**Year Ended December 31, 2012**

<b>PROPERTY TAX AGENCY FUND</b>	<u>12/31/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/12</u>
<b>ASSETS</b>				
Cash and investments	\$ 49,897,019	\$ 89,920,247	\$ 93,834,788	\$ 45,982,478
Receivables				
Taxes receivable	18,819,000	70,333,888	64,719,572	24,433,317
Accounts receivable	3,851	5,046	3,851	5,046
<b>Total assets</b>	<u>\$ 68,719,870</u>	<u>\$ 160,259,181</u>	<u>\$ 158,558,211</u>	<u>\$ 70,420,840</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 217,359	\$ 86,951	\$ 217,359	\$ 86,951
Due to other governments	68,502,511	70,333,888	68,502,511	70,333,889
<b>Total liabilities</b>	<u>\$ 68,719,870</u>	<u>\$ 70,420,839</u>	<u>\$ 68,719,870</u>	<u>\$ 70,420,840</u>
<b>OTHER AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 662,552	\$ 26,411	\$ 532,227	\$ 156,736
Accounts receivable	1,331	8,974	1,331	8,973
<b>Total assets</b>	<u>\$ 663,883</u>	<u>\$ 35,385</u>	<u>\$ 533,559</u>	<u>\$ 165,710</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,129	\$ 1,792	\$ 2,113	\$ 1,808
Special deposits	661,754	34,054	531,906	163,902
<b>Total liabilities</b>	<u>\$ 663,883</u>	<u>\$ 35,846</u>	<u>\$ 534,020</u>	<u>\$ 165,710</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 50,559,571	\$ 89,946,658	\$ 94,367,016	\$ 46,139,214
Receivables				
Taxes receivable	18,819,000	70,333,888	64,719,572	24,433,317
Accounts receivable	5,182	14,019	5,182	14,019
<b>Total assets</b>	<u>\$ 69,383,753</u>	<u>\$ 160,294,566</u>	<u>\$ 159,091,770</u>	<u>\$ 70,586,549</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 219,488	\$ 88,743	\$ 219,472	\$ 88,759
Due to other governments	68,502,511	70,333,888	68,502,511	70,333,889
Special deposits	661,754	34,054	531,906	163,902
<b>Total liabilities</b>	<u>\$ 69,383,753</u>	<u>\$ 70,456,686</u>	<u>\$ 69,253,889</u>	<u>\$ 70,586,549</u>

**CITY OF FRANKLIN, WISCONSIN**  
**TIF Districts Fund**  
**Combining Balance Sheet**  
**December 31, 2012**

	<u>District #3</u>	<u>District #4</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 14,224	\$ 187,498	\$ 201,722
Interest receivable	44,623	-	44,623
Taxes receivable	1,547,835	815,923	2,363,758
Note receivable	6,865,000	-	6,865,000
Due from other governments	-	16,724	16,724
<b>Total assets</b>	<u>\$ 8,471,682</u>	<u>\$ 1,020,145</u>	<u>\$ 9,491,827</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 16,862	\$ 16,724	\$ 33,586
Long term advances	-	3,038,000	3,038,000
<b>Total liabilities</b>	<u>16,862</u>	<u>3,054,724</u>	<u>3,071,586</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	<u>1,592,458</u>	<u>815,923</u>	<u>2,408,381</u>
<b>FUND BALANCES (DEFICIT)</b>			
Nonspendable:			
Reserved for note receivable	6,865,000	-	6,865,000
Unassigned (Deficit)	<u>(2,638)</u>	<u>(2,850,502)</u>	<u>(2,853,140)</u>
<b>Total fund balances (deficit)</b>	<u>6,862,362</u>	<u>(2,850,502)</u>	<u>4,011,860</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 8,471,682</u>	<u>\$ 1,020,145</u>	<u>\$ 9,491,827</u>

**CITY OF FRANKLIN, WISCONSIN**  
**TIF Districts Fund**  
**Schedule of TIF Districts Revenue, Expenditures**  
**and Changes in Fund Balances**  
**Year Ended December 31, 2012**

	<u>District #3</u>	<u>District #4</u>	<u>Total</u>
<b>REVENUE</b>			
Taxes	\$ 1,650,483	\$ 909,841	\$ 2,560,324
Intergovernmental revenue	282,085	57,003	339,088
Investment earnings	145,757	3,800	149,557
Total revenue	<u>2,078,325</u>	<u>970,644</u>	<u>3,048,969</u>
<b>EXPENDITURES</b>			
Current:			
Conservation and development	12,115	13,687	25,802
Capital outlay	25,360	-	25,360
Debt service			
Principal	2,655,000	-	2,655,000
Interest and fiscal charges	596,392	144,248	740,640
Total expenditures	<u>3,288,867</u>	<u>157,935</u>	<u>3,446,802</u>
Excess (deficiency) of revenue over expenditures	(1,210,542)	812,709	(397,833)
Net change in fund balances	(1,210,542)	812,709	(397,833)
Fund balances (deficit) - beginning	<u>8,072,904</u>	<u>(3,663,211)</u>	<u>4,409,693</u>
<b>Fund balances (deficit) - ending</b>	<u>\$ 6,862,362</u>	<u>\$ (2,850,502)</u>	<u>\$ 4,011,860</u>

**CITY OF FRANKLIN, WISCONSIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**December 31, 2012**

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**Governmental funds capital assets:**

Land	\$ 25,012,541
Buildings and improvements	24,180,167
Machinery and equipment	16,953,185
Infrastructure improvements	90,925,168
Construction in process	<u>487,587</u>

**Total governmental funds capital assets** \$ 157,558,648

**Investment in governmental capital assets by source:**

General Fund	\$ 2,257,880
Special Revenue Funds	3,090,970
Capital Projects Funds	82,610,249
Donations	<u>69,599,549</u>

**Total governmental funds capital assets** \$ 157,558,648

**CITY OF FRANKLIN, WISCONSIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**Year Ended December 31, 2012**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure Improvements</u>	<u>Construction In process</u>	<u>Total</u>
<b>General Government:</b>						
Mayor	\$ -	\$ -	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	-	-	9,584	-	-	9,584
Municipal court	-	-	33,065	-	-	33,065
City clerk	-	-	10,042	-	-	10,042
Elections	-	-	36,352	-	-	36,352
Information services	-	-	471,834	-	-	471,834
Administration	-	-	253,471	-	-	253,471
Human resources	-	-	1,295	-	-	1,295
Finance	-	-	60,167	-	-	60,167
Assessor	-	-	46,080	-	-	46,080
Attorney	-	-	906	-	-	906
Municipal buildings	<u>803,111</u>	<u>3,200,649</u>	<u>527,768</u>	-	-	<u>4,531,528</u>
Total General Government	<u>803,111</u>	<u>3,200,649</u>	<u>1,452,766</u>	-	-	<u>5,456,526</u>
<b>Public Safety:</b>						
Police	1,201,829	8,418,912	2,961,065	-	-	12,581,806
Fire	112,013	4,179,906	3,416,548	-	-	7,708,467
Building inspection	-	-	316,378	-	-	316,378
Total Public Safety	<u>1,313,842</u>	<u>12,598,818</u>	<u>6,693,991</u>	-	-	<u>20,606,651</u>
<b>Public Works:</b>						
Engineering	-	-	344,847	-	-	344,847
Highway	426,997	2,663,251	5,201,401	-	-	8,291,649
Street Lighting	-	-	1,097	-	-	1,097
Infrastructure	18,005,245	-	-	90,925,168	-	108,930,413
Construction in process	-	-	-	-	487,587	487,587
Total Public Works	<u>18,432,242</u>	<u>2,663,251</u>	<u>5,547,345</u>	<u>90,925,168</u>	<u>487,587</u>	<u>118,055,593</u>
<b>Health &amp; Human Services:</b>						
Health	-	-	133,494	-	-	133,494
<b>Culture and Recreation:</b>						
Library	16,769	4,905,110	2,758,967	-	-	7,680,846
Parks	4,446,577	812,339	282,155	-	-	5,541,071
Total Culture and Recreation	<u>4,463,346</u>	<u>5,717,449</u>	<u>3,041,122</u>	-	-	<u>13,221,917</u>
<b>Conservation and Development:</b>						
Community development	-	-	-	-	-	-
Planning	-	-	84,467	-	-	84,467
Total Conservation and Development	-	-	<u>84,467</u>	-	-	<u>84,467</u>
<b>Total governmental funds capital assets</b>	<u>\$ 25,012,541</u>	<u>\$ 24,180,167</u>	<u>\$ 16,953,185</u>	<u>\$ 90,925,168</u>	<u>\$ 487,587</u>	<u>\$ 157,558,648</u>

**CITY OF FRANKLIN, WISCONSIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**Year Ended December 31, 2012**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets</u>			
	<u>01/01/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/12</u>
<b>General Government:</b>				
Mayor	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	9,584	-	-	9,584
Municipal court	33,065			33,065
City clerk	10,042			10,042
Elections	36,352			36,352
Information services	444,257	27,577		471,834
Administration	252,354	1,117		253,471
Human resources	1,295			1,295
Finance	60,167			60,167
Assessor	44,880	1,200		46,080
Attorney	906			906
Municipal buildings	4,426,073	105,455	-	4,531,528
Total General Government	<u>5,321,177</u>	<u>135,349</u>	<u>-</u>	<u>5,456,526</u>
<b>Public Safety:</b>				
Police	12,395,756	389,646	203,596	12,581,806
Fire	7,566,604	246,060	104,197	7,708,467
Building inspection	267,089	49,289	-	316,378
Total Public Safety	<u>20,229,449</u>	<u>684,995</u>	<u>307,793</u>	<u>20,606,651</u>
<b>Public Works:</b>				
Engineering	342,865	4,544	2,562	344,847
Highway	8,041,252	362,380	111,983	8,291,649
Street lighting	1,097			1,097
Infrastructure	107,471,975	1,458,438		108,930,413
Construction in process	-	487,587	-	487,587
Total Public Works	<u>115,857,189</u>	<u>2,312,949</u>	<u>114,545</u>	<u>118,055,593</u>
<b>Health &amp; Human Services:</b>				
Health	<u>133,494</u>	<u>-</u>	<u>-</u>	<u>133,494</u>
<b>Culture and Recreation:</b>				
Library	7,599,192	145,016	63,362	7,680,846
Parks	5,538,026	3,045	-	5,541,071
Total Culture and Recreation	<u>13,137,218</u>	<u>148,061</u>	<u>63,362</u>	<u>13,221,917</u>
<b>Conservation and Development:</b>				
City development	<u>84,467</u>	<u>-</u>	<u>-</u>	<u>84,467</u>
Total Conservation and Development	<u>84,467</u>	<u>-</u>	<u>-</u>	<u>84,467</u>
<b>Total governmental funds capital assets</b>	<u>\$ 154,762,994</u>	<u>\$ 3,281,354</u>	<u>\$ 485,700</u>	<u>\$ 157,558,648</u>

## 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)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Governmental activities</b>										
Net investment in capital assets	\$ 104,097,426	\$ 94,637,222	\$ 88,776,271	\$ 84,178,261	\$ 71,753,307	\$ 72,970,238	\$ 58,402,113	\$ (1,368,021)	\$ (9,629,334)	\$ (22,551,504)
Restricted										
Debt service	535,337	4,076,267	3,050,470	2,263,238	8,550,662	12,588,371	4,204,277	1,708,141	2,191,269	3,889,147
Utility improvements	1,623,959	1,985,774	1,723,133	1,643,220	1,353,540	2,205,799	2,293,840	2,424,150	2,379,422	2,719,960
Development	4,614,731	3,895,040	3,620,826	3,051,562	3,083,708	2,643,952	3,484,891	2,853,329	2,743,066	977,495
TIF Districts	-	-	-	-	-	-	-	-	-	-
Donations and grants	104,488	300,582	311,101	279,730	286,114	263,198	243,331	236,147	147,544	110,895
Unrestricted (deficit)	2,466,117	3,074,937	2,799,380	(1,643,472)	(376,747)	(10,741,880)	11,139,990	10,490,237	9,143,413	10,624,839
<b>Total governmental activities net position</b>	<b>\$ 113,442,058</b>	<b>\$ 107,969,822</b>	<b>\$ 100,281,181</b>	<b>\$ 89,772,539</b>	<b>\$ 84,650,584</b>	<b>\$ 79,929,678</b>	<b>\$ 79,768,442</b>	<b>\$ 16,343,983</b>	<b>\$ 6,975,380</b>	<b>\$ (4,229,168)</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 89,398,082	\$ 89,550,594	\$ 90,202,124	\$ 90,828,559	\$ 90,842,486	\$ 90,242,854	\$ 88,299,652	\$ 85,098,937	\$ 81,402,130	\$ 66,424,389
Restricted										
Sewer equipment replacement	334,508	293,844	261,852	227,388	231,384	225,177	215,267	178,274	132,035	118,986
Unrestricted	2,518,834	3,171,123	2,763,610	2,875,722	2,309,236	2,342,349	2,255,577	2,380,429	2,020,798	2,253,221
<b>Total business-type activities net position</b>	<b>\$ 92,251,424</b>	<b>\$ 93,015,561</b>	<b>\$ 93,227,586</b>	<b>\$ 93,931,669</b>	<b>\$ 93,383,106</b>	<b>\$ 92,810,380</b>	<b>\$ 90,770,496</b>	<b>\$ 87,657,640</b>	<b>\$ 83,554,963</b>	<b>\$ 68,796,596</b>
<b>Total</b>										
Net investment in capital assets	\$ 193,495,508	\$ 184,187,816	\$ 178,978,395	\$ 175,006,820	\$ 162,595,793	\$ 163,213,092	\$ 146,701,765	\$ 83,730,916	\$ 71,772,796	\$ 43,872,885
Restricted										
Debt service	535,337	4,076,267	3,050,470	2,263,238	8,550,662	12,588,371	4,204,277	1,708,141	2,191,269	3,889,147
Utility improvements	1,623,959	1,985,774	1,723,133	1,643,220	1,353,540	2,205,799	2,293,840	2,424,150	2,379,422	2,719,960
Development	4,614,731	3,895,040	3,620,826	3,051,562	3,083,708	2,643,952	3,484,891	2,853,329	2,743,066	977,495
TIF Districts	-	-	-	-	-	-	-	-	-	-
Donations and grants	104,488	300,582	311,101	279,730	286,114	263,198	243,331	236,147	147,544	110,895
Sewer replacement	334,508	293,844	261,852	227,388	231,384	225,177	215,267	178,274	132,035	118,986
Unrestricted	4,984,951	6,246,060	5,562,990	1,232,250	1,932,489	(8,399,531)	13,395,567	12,870,666	11,164,211	12,878,060
<b>Total net position</b>	<b>\$ 205,693,482</b>	<b>\$ 200,985,383</b>	<b>\$ 193,508,767</b>	<b>\$ 183,704,208</b>	<b>\$ 178,033,690</b>	<b>\$ 172,740,058</b>	<b>\$ 170,538,938</b>	<b>\$ 104,001,623</b>	<b>\$ 90,530,343</b>	<b>\$ 64,567,428</b>

Notes:

\* The years 2010 and prior have been reclassified to be consistent with the current year presentation

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 2,794,497	\$ 2,749,207	\$ 2,897,491	\$ 2,948,713	\$ 3,028,903	\$ 2,769,041	\$ 2,730,575	\$ 2,588,256	\$ 2,535,943	\$ 2,560,388
Public safety	17,228,769	16,622,386	16,003,898	15,526,031	15,588,642	14,387,891	13,987,313	13,533,975	13,054,488	12,344,323
Public works	6,182,036	6,596,316	6,208,391	6,034,720	6,900,408	6,800,767	4,709,613	4,673,462	4,152,452	3,581,846
Health and human services	730,499	649,656	688,944	708,084	663,262	630,002	572,091	510,520	538,850	574,163
Culture and recreation	1,870,573	1,890,350	1,919,689	1,753,139	1,803,155	1,766,274	1,873,815	1,561,066	1,428,499	1,290,360
Conservation and development	412,066	957,877	529,833	600,999	718,032	6,591,661	634,983	666,277	498,096	451,957
Interest on long term debt	1,272,721	1,553,257	1,920,023	2,253,215	2,654,969	2,705,294	2,574,761	2,204,861	2,345,610	2,600,130
Total governmental activities expenses	30,491,161	31,019,049	30,178,269	29,824,001	31,367,371	35,650,930	27,083,151	25,738,437	24,553,938	23,403,165
<b>Business-type activities</b>										
Water	5,064,149	4,251,187	4,076,409	4,216,453	3,928,578	3,620,524	3,342,925	3,307,057	2,572,320	2,528,709
Sewer	3,640,106	3,373,459	3,376,505	3,226,281	3,059,523	2,640,092	2,603,652	2,349,419	2,143,916	2,032,336
Total business-type activities expenses	8,704,255	7,624,646	7,452,914	7,442,734	6,998,101	6,260,616	5,946,577	5,656,476	4,716,236	4,561,045
<b>Total expenses</b>	\$ 39,195,416	\$ 38,643,695	\$ 37,631,183	\$ 37,266,735	\$ 38,365,472	\$ 41,911,546	\$ 33,029,728	\$ 31,394,913	\$ 29,270,174	\$ 27,964,210
<b>Program Revenue</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 163,947	\$ 217,360	\$ 270,412	\$ 305,232	\$ 210,433	\$ 226,496	\$ 145,072	\$ 148,803	\$ 195,401	\$ 199,732
Public safety	2,226,209	2,173,060	2,154,618	2,068,413	2,267,580	2,473,830	2,784,237	2,715,134	2,478,751	2,238,099
Public works	1,271,133	1,490,348	1,230,437	660,870	739,948	1,071,513	1,497,290	1,543,476	1,473,029	1,344,447
Health and human services	126,516	105,686	54,385	69,855	86,439	89,853	62,339	91,767	61,273	46,549
Culture and recreation	45,992	181,414	311,757	146,256	143,797	138,793	237,278	212,301	201,129	229,366
Conservation and development	73,530	78,667	64,168	67,051	305,299	127,711	138,411	72,864	116,390	114,278
Operating grants and contributions	2,144,164	2,136,106	1,921,805	2,080,213	2,285,275	2,957,937	2,015,885	1,838,639	1,886,800	1,623,847
Capital grants and contributions	1,240,439	1,334,285	2,570,564	1,190,090	1,735,333	2,753,612	4,890,241	6,728,526	10,048,400	5,465,904
Total governmental activities program revenue	7,291,930	7,716,926	8,578,146	6,597,790	7,774,104	9,839,745	11,770,753	13,351,570	16,461,173	11,282,222
<b>Business-type activities</b>										
Charges for services:										
Water	5,361,646	4,539,066	4,395,269	4,454,495	4,218,653	3,926,626	3,585,661	3,815,195	2,810,730	3,098,124
Sewer	3,142,062	3,124,786	3,062,486	2,994,024	2,706,583	2,029,447	1,866,703	1,732,737	1,515,084	1,508,987
Capital grants and contributions	-	-	210,668	337,667	734,367	1,629,536	1,477,041	3,181,334	13,431,131	3,292,803
Total business-type activities program revenue	8,503,708	7,663,852	7,668,423	7,786,186	7,659,603	7,585,609	6,929,405	8,729,266	17,756,945	7,899,914
<b>Total program revenue</b>	\$ 15,795,638	\$ 15,380,778	\$ 16,246,569	\$ 14,373,966	\$ 15,433,707	\$ 17,425,354	\$ 18,700,158	\$ 22,080,836	\$ 34,218,118	\$ 19,182,136

continued

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (23,199,231)	\$ (23,302,123)	\$ (21,600,123)	\$ (23,236,221)	\$ (23,593,267)	\$ (25,611,185)	\$ (15,312,398)	\$ (12,386,867)	\$ (8,092,765)	\$ (12,140,943)
Business-type activities	(200,547)	39,206	215,509	343,472	681,502	1,324,993	982,828	3,072,790	13,040,709	3,338,869
Total net expense	\$ (23,399,778)	\$ (23,262,917)	\$ (21,384,614)	\$ (22,892,749)	\$ (22,931,765)	\$ (24,486,192)	\$ (14,329,570)	\$ (9,314,077)	\$ 4,947,944	\$ (8,802,074)
<b>General Revenue and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes	19,841,883	19,058,282	18,523,570	18,237,375	17,534,150	16,404,257	15,350,390	14,576,053	\$13,397,596	\$ 12,873,459
Property taxes levied for debt service	1,750,000	1,900,000	1,900,000	1,900,000	2,000,000	2,110,000	2,210,000	2,310,000	2,410,211	2,610,624
Property taxes levied for TIF Districts	2,560,324	5,645,805	7,457,955	4,829,216	4,695,811	3,127,116	2,860,368	2,919,738	2,729,979	2,631,082
Other taxes	708,832	673,736	699,431	666,767	472,575	429,674	419,168	381,116	376,038	352,280
Intergovernmental revenue										
not restricted to specific programs	1,590,209	2,292,529	1,485,982	1,380,418	1,320,286	1,461,840	1,334,594	1,271,794	1,335,925	1,593,937
Investment earnings	784,932	973,349	907,723	1,401,560	1,862,688	2,547,179	2,531,912	1,111,774	516,683	573,903
Miscellaneous revenue	394,032	40,081	58,885	43,566	14,451	452,613	77,294	119,276	164,526	233,884
Gain on sale of capital assets	32,129	58,871	64,070	-	-	-	-	-	-	-
Transfers	1,009,126	348,101	1,011,149	(100,726)	424,212	(560,258)	(1,970,735)	(934,281)	(1,633,645)	(1,583,871)
Total governmental activities	28,671,467	30,990,764	32,108,765	28,358,176	28,314,173	25,972,421	22,812,991	21,755,470	19,297,313	19,285,298
<b>Business-type activities:</b>										
Investment earnings	318,669	32,320	41,393	46,738	67,617	113,197	112,453	44,096	18,455	18,399
Miscellaneous revenue	126,867	64,550	50,164	57,627	267,819	41,436	46,840	51,510	65,558	53,774
Transfers	(1,009,126)	(348,101)	(1,011,149)	100,726	(424,212)	560,258	1,970,735	934,281	1,633,645	1,583,871
Total business-type activities	(563,590)	(251,231)	(919,592)	205,091	(88,776)	714,891	2,130,028	1,029,887	1,717,658	1,656,044
Total	\$ 28,107,877	\$ 30,739,533	\$ 31,189,173	\$ 28,563,267	\$ 28,225,397	\$ 26,687,312	\$ 24,943,019	\$ 22,785,357	\$ 21,014,971	\$ 20,941,342
<b>Change in Net Position</b>										
Governmental activities	\$ 5,472,236	\$ 7,688,641	\$ 10,508,642	\$ 5,121,955	\$ 4,720,906	\$ 161,236	\$ 7,500,593	\$ 9,368,603	\$ 11,204,548	\$ 7,144,355
Business-type activities:	(784,137)	(212,025)	(704,083)	548,563	572,726	2,039,884	3,112,856	4,102,677	14,758,367	4,994,913
Total	\$ 4,706,099	\$ 7,476,616	\$ 9,804,559	\$ 5,670,518	\$ 5,293,632	\$ 2,201,120	\$ 10,613,449	\$ 13,471,280	\$ 25,962,915	\$ 12,139,268



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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Revenue</b>										
Taxes	\$ 24,861,039	\$ 27,277,823	\$ 28,580,956	\$ 25,633,358	\$ 24,692,536	\$ 22,071,047	\$ 20,839,926	\$ 20,186,907	\$ 16,183,845	\$ 15,636,363
Intergovernmental revenue	3,757,618	4,380,850	3,704,159	3,299,648	3,536,635	4,269,969	3,088,814	2,917,513	3,065,509	3,067,155
Licenses and permits	755,027	702,674	729,432	609,278	723,225	978,942	1,386,588	1,486,966	1,258,457	1,030,984
Fines, forfeitures and penalties	457,499	433,106	422,506	385,427	362,928	392,451	332,090	361,656	397,169	362,638
Public charges for services	2,466,600	2,589,786	2,211,119	1,600,313	1,908,473	1,998,696	2,160,144	2,087,870	2,063,984	1,883,878
Special assessments	1,236,114	1,305,578	1,119,230	817,736	1,114,498	1,581,962	3,688,746	3,620,814	3,787,927	3,213,453
Intergovernmental charges for services	103,615	245,000	237,319	291,584	206,156	426,387	574,835	591,834	575,009	628,953
Investment earnings	661,976	938,226	878,978	1,276,900	1,797,738	2,513,703	2,504,185	1,127,163	495,190	604,777
Miscellaneous revenue	674,305	365,129	597,611	635,424	723,724	934,141	752,207	806,105	447,992	531,152
<b>Total revenue</b>	<b>34,973,793</b>	<b>38,238,172</b>	<b>38,481,310</b>	<b>34,549,368</b>	<b>35,055,913</b>	<b>35,167,298</b>	<b>35,327,535</b>	<b>33,186,828</b>	<b>28,275,082</b>	<b>27,159,353</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	2,631,419	2,596,581	2,694,374	2,780,444	2,825,835	2,609,731	2,487,071	2,314,862	2,262,025	2,293,969
Public safety	16,429,496	16,000,393	15,206,317	15,043,628	15,236,640	13,856,032	13,239,602	12,677,768	12,109,107	11,250,298
Public works	4,848,568	4,817,644	4,521,991	4,504,611	4,632,957	4,110,460	4,039,438	3,746,773	3,580,392	3,395,468
Health and human services	719,447	681,984	629,499	701,821	666,364	631,887	572,918	499,496	531,422	558,538
Culture, recreation and education	1,539,040	1,575,825	1,565,093	1,427,945	1,490,936	1,436,987	1,568,591	1,270,440	1,135,822	1,075,349
Conservation and development	409,996	964,610	524,705	603,961	729,274	6,587,035	628,634	654,928	378,216	434,087
Capital outlay	2,915,159	3,343,196	1,953,999	6,061,625	7,627,455	10,931,589	8,882,837	3,735,408	2,248,893	1,497,147
Debt service										
Principal	10,825,000	7,395,000	5,275,000	10,915,000	6,000,000	5,170,000	4,050,000	4,215,000	4,000,000	2,660,000
Interest	1,334,958	1,618,615	1,939,762	2,350,882	2,543,194	2,584,080	2,838,291	2,123,340	1,311,211	1,461,563
Debt issuance costs	-	-	-	-	65,650	130,602	35,700	46,250	-	-
<b>Total expenditures</b>	<b>41,653,083</b>	<b>38,993,848</b>	<b>34,310,740</b>	<b>44,389,917</b>	<b>41,818,305</b>	<b>48,048,403</b>	<b>38,343,082</b>	<b>31,284,265</b>	<b>27,557,088</b>	<b>24,626,419</b>
<b>Excess of revenue over (under) expenditures</b>	<b>(6,679,290)</b>	<b>(755,676)</b>	<b>4,170,570</b>	<b>(9,840,549)</b>	<b>(6,752,392)</b>	<b>(12,881,105)</b>	<b>(3,015,547)</b>	<b>1,902,563</b>	<b>717,994</b>	<b>2,532,934</b>
<b>Other financing sources (uses)</b>										
Debt issued	-	-	-	-	10,000,000	10,000,000	10,000,000	10,000,000	-	-
Refunding debt issued	-	-	-	-	-	9,925,000	-	-	-	-
Premium on debt issued	-	-	-	-	34,970	-	176,524	204,561	-	-
Payment to refunding escrow agent	-	-	-	-	83,583	(10,040,675)	-	-	-	-
Principal payment on current refunding	-	-	-	-	-	-	(9,770,000)	-	-	-
Sale of capital assets	32,129	58,871	64,070	-	-	-	-	-	-	-
Transfers in	2,398,454	2,415,916	1,389,654	2,229,036	5,786,181	6,237,805	3,957,696	3,486,467	3,273,639	7,213,563
Transfers out	(1,337,416)	(1,440,214)	(376,288)	(1,305,756)	(4,929,161)	(5,400,460)	(3,180,358)	(4,420,748)	(4,907,284)	(8,797,434)
<b>Net change in fund balances</b>	<b>\$ (5,586,123)</b>	<b>\$ 278,897</b>	<b>\$ 5,248,006</b>	<b>\$ (8,917,269)</b>	<b>\$ 4,188,211</b>	<b>\$ (2,124,465)</b>	<b>\$ (1,831,685)</b>	<b>\$ 11,172,843</b>	<b>\$ (915,651)</b>	<b>\$ 949,063</b>
<b>Debt service as a percentage of non capital expenditures *</b>	30.9%	24.6%	22.2%	33.4%	24.0%	19.7%	21.0%	22.6%	20.5%	17.8%

\* Prior to 2004 this percentage is calculated by deducting total capital outlay instead of capital asset additions as the information was not readily available.

**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					
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%	
2009	3,671,323,540	3,820,400,500	90,861,600	92,242,100	3,762,185,140	5.93	3,912,642,600	96.15%	
2008	3,621,224,940	3,821,063,800	75,804,600	77,323,500	3,697,029,540	5.78	3,898,387,300	94.83%	
2007	3,510,260,140	3,614,744,300	71,027,000	74,310,100	3,581,287,140	5.79	3,689,054,400	97.08%	
2006 *	3,384,763,640	3,406,252,800	75,577,300	75,506,900	3,460,340,940	5.58	3,481,759,700	99.38%	
2005	2,617,341,900	2,955,304,500	64,650,760	75,511,400	2,681,992,660	6.83	3,030,815,900	88.49%	
2004	2,490,166,000	2,631,564,000	50,652,170	50,381,500	2,540,818,170	6.95	2,681,945,500	94.74%	
2003 *	2,372,417,000	2,341,523,800	55,465,640	59,241,700	2,427,882,640	6.80	2,400,765,500	101.13%	
<b>Total</b>					<b>\$ 2,710,993,488</b>	<b>\$ 712,114,400</b>	<b>\$ 230,102,900</b>	<b>\$ 3,653,210,788</b>	

**Assessed Valuation by School District - 2012**

Reassessment year	Franklin School District	Oak Creek/ Franklin School District	Whitnall School District
	\$ 2,710,993,488	\$ 712,114,400	\$ 230,102,900
<b>Total</b>			<b>\$ 3,653,210,788</b>

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)					(2)			(2)	
	Estimate Actual Property value					Residential Construction		Nonresidential Construction		
	Residential	% of Total	Commercial and Manufacturing	Agricultural, Swamp and Other	Total	# of Units	Value	# of Permits	Value	
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	
2009	2,774,343,200	72.6%	1,026,852,400	19,204,900	3,820,400,500	25	6,709,653	35	14,193,522	
2008	2,862,287,800	74.9%	939,436,600	19,339,400	3,821,063,800	52	11,030,933	61	28,323,674	
2007	2,751,324,400	76.1%	844,563,800	18,856,100	3,614,744,300	99	20,017,954	49	39,920,210	
2006	2,611,111,600	76.7%	769,933,200	25,208,000	3,406,252,800	308	55,690,187	91	116,376,447	
2005	2,236,076,000	75.7%	696,096,000	23,132,500	2,955,304,500	458	86,085,165	49	49,075,431	
2004	2,012,614,000	76.5%	594,978,200	23,971,800	2,631,564,000	503	74,586,030	55	14,352,822	
2003	1,787,275,700	76.3%	530,582,600	23,665,500	2,341,523,800	349	48,274,386	16	47,915,016	

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

(2) Source: City's Building Inspection Department.

**CITY OF FRANKLIN, WISCONSIN**

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

Budget year	City of Franklin Direct Rates										Overlapping Rates					Total Rate (**)					
	General		Library		Debt Service		Capital Outlay		Equipment Revolving		Street Improvement		Total		School Districts		Milwaukee Area		Milwaukee Metropolitan Sewerage District		
2013	\$ 4.60	\$ 0.35	\$ 0.47	\$ 0.11	\$ 0.08	\$ 0.17	\$ 5.78	\$ 11.72	\$ 9.09	\$ 9.72	\$ (1.69)	\$ 2.04	\$ 4.87	\$ 1.57	\$ 0.16	\$ 24.45					
2012	4.59	0.35	0.49	0.11	0.08	0.17	5.79	11.62	8.83	9.56	(1.70)	1.96	4.76	1.52	0.17	24.12					
2011 *	5.04	0.35	0.56	0.11	0.04	0.12	6.22	12.22	8.69	10.40	(1.72)	1.93	4.49	1.45	0.17	24.76					
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	0.18	23.44					
2009	4.46	0.33	0.55	0.13	0.08	0.23	5.78	10.96	7.80	9.65	(1.68)	1.93	4.17	1.36	0.18	22.70					
2008	4.34	0.34	0.59	0.14	0.10	0.28	5.79	10.98	7.85	9.40	(1.52)	1.82	4.01	1.32	0.18	22.58					
2007 *	4.10	0.34	0.64	0.13	0.09	0.28	5.58	10.05	6.95	9.15	(1.38)	1.78	3.95	1.31	0.17	21.46					
2006	5.00	0.42	0.86	0.10	0.15	0.30	6.83	12.01	8.90	10.32	(1.40)	2.13	4.81	1.60	0.21	26.19					
2005	5.06	0.40	0.95	0.14	0.10	0.30	6.95	12.61	7.93	11.30	(1.50)	2.05	4.81	1.62	0.21	26.75					
2004 *	4.88	0.38	1.04	0.09	0.11	0.30	6.80	12.74	8.42	10.80	(1.55)	1.95	4.72	1.57	0.20	26.43					
2003	5.67	0.45	1.37	0.20	0.14	0.34	8.17	13.86	10.19	12.71	(1.92)	2.24	5.67	1.89	0.22	30.13					

Note: \* Reassessment impact

\*\* 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.

Source: City of Franklin budget documents

Table 8

## CITY OF FRANKLIN, WISCONSIN

Principal Property Taxpayers

Current year and Nine Years Ago

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Northwestern Mutual	Insurance Services	\$ 124,722,600	1	3.41%	\$ 15,642,100	5	-
Wheaton Health Care System	Medical facilities	30,803,800	2	0.84%	10,048,700	9	0.41%
Wal-Mart	Retailer	29,208,400	3	0.80%	-	-	-
Whitnall Pointe Apartments	Apartments	20,586,300	4	0.56%	20,713,250	1	0.85%
VTLC Development	Packaging manufacturing	19,807,100	5	0.54%	-	-	-
Manchester Oaks	Apartments	19,759,200	6	0.54%	18,647,190	2	0.76%
Harley Davidson	Motorcycle manufacturing	17,896,800	7	0.49%	15,764,100	4	0.65%
Menard Inc	Retail - Home Improvement	16,508,100	8	0.45%	-	-	-
All Glass Aquarium	Aquariums and fluorescent lights	13,437,100	9	0.37%	12,967,400	7	0.53%
Waste Management	Landfill and refuse collection	12,720,700	10	0.35%	18,378,070	3	0.75%
Mission Hills Apts	Apartments	-	-	-	13,610,350	6	0.56%
Krones, Incorporated	High Speed labeling machines	-	-	-	10,089,900	8	0.41%
Home Depot	Retail - Home Improvement	-	-	-	9,737,420	10	0.40%
		<u>\$ 305,450,100</u>		<u>8.35%</u>	<u>\$ 145,598,480</u>		<u>5.32%</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 combined delinquent PP taxes
	Tax increment financing	Local	Total			
2012	\$ 2,560,324	\$ 20,467,000	\$ 23,027,324	\$ 22,981,469	99.80%	\$ 75,184
2011	6,737,305	20,965,000	27,702,305	27,695,587	99.98%	53,589
2010	7,457,956	20,426,000	27,883,956	27,851,459	99.88%	39,718
2009	4,829,216	20,142,000	24,971,216	24,966,369	99.98%	36,945
2008	4,685,811	19,555,000	24,240,811	24,219,148	99.91%	45,243
2007	3,127,116	18,501,000	21,628,116	21,641,373	100.06%	27,424
2006	2,860,368	17,566,000	20,426,368	20,420,758	99.97%	42,150
2005	2,925,386	16,899,300	19,824,686	19,811,739	99.93%	52,998
2004	2,729,979	15,813,611	18,543,590	18,537,786	99.97%	65,425
2003	2,631,082	15,606,851	18,237,933	18,115,165	99.33%	57,488

Source: City of Franklin

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

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

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

Levy Year	State of Wisconsin	Milwaukee County	School Districts			Oak Creek-Franklin	MATC	MMSD	City of Franklin			Total
			Franklin	Whitnall	Franklin				Local	Tax increment	Special Charges	
2012	\$ 598,062	\$ 17,287,141	\$ 31,787,042	\$ 2,237,434	\$ 5,553,401	\$ 7,258,001	\$ 5,582,906	\$ 20,509,000	\$ 2,363,758	\$ 1,799,510	\$ 94,976,255	
2011	623,904	16,812,497	31,435,718	2,208,503	5,268,377	6,934,559	5,188,886	20,467,000	2,560,324	1,900,389	93,400,157	
2010	622,907	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	
2009	664,000	14,854,113	30,632,223	2,424,105	4,403,920	6,842,077	4,574,057	20,426,000	7,457,956	818,455	93,096,906	
2008	661,580	14,548,992	29,476,874	2,312,202	4,264,165	6,742,019	4,575,710	20,142,000	4,829,216	738,020	88,290,778	
2007	626,055	13,522,407	28,554,442	2,249,175	4,192,123	6,161,570	4,299,178	19,555,000	4,685,811	669,010	84,514,771	
2006	611,435	13,093,014	25,574,810	2,178,490	3,703,359	5,905,586	4,175,609	18,501,000	3,127,116	680,126	77,550,545	
2005	568,521	12,370,412	23,516,671	1,986,396	3,765,902	5,474,766	3,974,373	17,566,000	2,860,368	636,113	72,719,522	
2004	536,389	11,704,079	23,562,904	2,072,573	2,987,492	4,976,144	3,765,405	16,899,300	2,925,386	760,961	70,190,633	
2003	480,153	10,982,099	23,147,556	1,945,269	2,748,924	4,538,616	3,478,005	15,813,611	2,729,979	629,490	66,493,702	

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.

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

Fiscal Year	General Bonded Debt				Total General Bonded Debt	Less Debt Service Fund Balances	Less Amounts due from Tax Incremental Financing Districts	Less Amounts due from Other Taxing Districts	Less Impact Fee Amounts due from Future Development	Net General Bonded Debt	(1)	
	Governmental		Business-type								Estimated Actual Property Value	Percent of Personal Income
	General Obligation Bonds	Lease Revenue Bonds	General Obligation Notes	Sewer General Obligation Notes								
2012	\$ 8,805,000	\$ 12,865,000	\$ -	\$ 22,064,833	\$ 43,734,833	\$ 2,553,267	\$ (12,865,000)	\$ (22,064,833)	\$ (4,586,130)	\$ 6,772,137	0.20%	N/A
2011	9,525,000	22,970,000	-	-	32,495,000	(4,094,755)	(15,520,000)	-	(4,709,600)	8,170,645	0.23%	0.74%
2010	9,730,000	30,160,000	-	-	39,890,000	(3,021,278)	(21,860,000)	-	(4,920,150)	10,088,572	0.28%	0.93%
2009	9,880,000	35,285,000	-	-	45,165,000	(2,078,900)	(26,285,000)	-	(5,112,686)	11,688,414	0.31%	1.12%
2008	10,030,000	46,050,000	-	-	56,080,000	(8,339,240)	(29,400,000)	-	(4,775,000)	13,565,760	0.36%	1.23%
2007	10,180,000	39,525,000	2,375,000	-	52,080,000	(12,240,785)	(22,375,000)	-	(4,294,700)	13,169,515	0.36%	1.18%
2006	9,775,000	31,825,000	5,195,000	-	46,795,000	(10,395,507)	(15,195,000)	-	(4,497,000)	16,707,493	0.49%	1.53%
2005	9,825,000	23,075,000	17,715,000	-	50,615,000	(8,719,542)	(17,715,000)	-	(4,754,000)	19,426,458	0.66%	2.04%
2004	10,725,000	14,075,000	20,030,000	-	44,830,000	(126,566)	(20,030,000)	-	(4,943,000)	19,730,434	0.75%	2.21%
2003	11,075,000	17,725,000	22,270,000	-	51,070,000	(1,572,038)	(22,270,000)	-	(5,028,767)	22,199,195	0.95%	2.58%

(1) Estimated Actual Property values are found in Table 6

(2) Population and personal income can be found in Table 13

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 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. In 2008 the City issued \$10,000,000. Proceeds were used to provide funding for TIF Districts with repayment scheduled to be completed in 2014. In 2007 the City issued \$9,925,000. Proceeds were used to refinance existing general obligation bonds issued in 2001. In 2007 the City issued \$10,000,000. Proceeds were used for TIF Districts needs with repayment scheduled to be completed in 2014. In 2006 the City issued \$10,000,000. Proceeds were used to refinance existing lease revenue bonds with repayment completed in 2011. In 2005 the City issued \$10,000,000. Proceeds were used to provide funding for two TIF Districts and public works projects with repayment completed in 2012

**CITY OF FRANKLIN, WISCONSIN**  
 Direct and Overlapping Debt  
 December 31, 2011

Jurisdiction	Net general obligation bonded debt outstanding		Percentage applicable to City		Amount applicable to City	
	\$			%	\$	
Milwaukee County <sup>1</sup>	745,865,000		6.1705%		46,023,745	
Whitnall School District	390,000		14.3953%		56,142	
Oak Creek - Franklin School District	49,195,000		17.1656%		8,444,593	
Franklin School District	5,105,000		100.0000%		5,105,000	
Milwaukee Area Technical College	118,560,000		5.0009%		5,929,102	
Milwaukee Metropolitan Sewerage District	1,009,013,839		6.2946%		63,513,083	
<b>Total Overlapping Debt</b>	<b>1,928,128,839</b>				<b>129,071,665</b>	
City of Franklin	<u>43,734,833</u>		100.0000%		<u>43,734,833</u>	
<b>Total</b>	<b>\$ 1,971,863,672</b>				<b>\$ 172,806,498</b>	

History	Milwaukee County		School Districts		MMSD	MATC	Overlapping Debt Total	City of Franklin	Total
	Franklin	Whitnall	Oak Creek/Franklin						
2012	\$ 46,023,745	\$ 56,142	\$ 8,444,593	\$ 5,929,102	\$ 63,513,083	\$ 129,071,665	\$ 43,734,833	\$ 172,806,498	
2011	49,686,048	1,175,097	8,483,031	5,266,621	58,187,207	129,683,004	32,495,000	162,178,004	
2010	49,485,672	366,516	8,804,319	4,624,047	53,906,419	125,776,973	39,890,000	165,666,973	
2009	48,685,158	398,980	9,860,000	2,930,822	49,520,701	121,255,661	45,165,000	166,420,661	
2008	24,814,695	498,112	8,825,309	2,930,822	50,315,201	100,719,139	56,080,000	156,799,139	
2007	24,417,746	584,345	9,317,100	2,693,188	40,872,492	94,499,871	49,705,000	144,204,871	
2006	25,056,911	997,479	5,652,024	2,894,865	39,475,550	93,621,829	41,600,000	135,221,829	
2005	24,889,812	1,190,187	5,572,164	3,253,837	37,814,976	94,820,976	32,900,000	127,720,976	
2004	24,242,972	984,609	4,397,036	3,067,016	34,910,053	92,106,686	24,800,000	116,906,686	
2003	23,590,876	1,085,129	3,890,811	3,105,710	32,092,924	90,565,450	28,800,000	119,365,450	

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.

<sup>1</sup> In 2009 Milwaukee County issued \$400,000,000 in pension obligation debt.

## CITY OF FRANKLIN, WISCONSIN

Computation of Legal Debt Margin  
Last Ten Years

Fiscal year	(1) Equalized Valuation	5% of Equalized Value	Total Debt Applicable to Limit	Legal Debt Margin	Percent Used
2012	\$ 3,524,105,900	\$ 176,205,295	\$ 43,734,833	\$ 132,470,462	24.82%
2011	3,676,379,700	183,818,985	32,495,000	151,323,985	17.68%
2010	3,670,508,700	183,525,435	39,890,000	143,635,435	21.74%
2009	3,912,642,600	195,632,130	45,165,000	150,467,130	23.09%
2008	3,898,387,300	194,919,365	56,080,000	138,839,365	28.77%
2007	3,689,054,400	184,452,720	49,705,000	134,747,720	26.95%
2006	3,481,759,700	174,087,985	41,600,000	132,487,985	23.90%
2005	3,030,815,900	151,540,795	32,900,000	118,640,795	21.71%
2004	2,681,945,500	134,097,275	24,800,000	109,297,275	18.49%
2003	2,400,765,500	120,038,275	28,800,000	91,238,275	23.99%

(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.

Table 14

**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	City of Franklin	Milwaukee County	City of Franklin	Milwaukee County	State of Wisconsin
2012	35,520	N/A	N/A	N/A	N/A	5.6%	7.8%	6.6%
2011	35,504	\$1,098,257,160	\$ 20,681	\$ 24,942	\$ 24,942	5.2%	8.0%	7.0%
2010	35,451	1,085,585,506	30,622	20,486	24,218	5.7%	8.1%	7.8%
2009	33,700	1,039,533,497	30,847	20,195	23,211	7.2%	9.7%	9.1%
2008	33,550	1,103,807,365	32,900	21,233	24,329	4.5%	6.5%	6.5%
2007	33,380	1,117,587,480	33,481	21,603	24,374	3.5%	5.0%	4.5%
2006	33,000	1,091,761,153	33,084	20,782	23,845	3.0%	5.0%	4.8%
2005	32,548	951,934,636	29,247	19,372	22,214	3.4%	5.2%	4.8%
2004	31,804	893,501,576	28,094	18,240	21,055	3.3%	5.3%	4.9%
2003	31,467	859,395,237	27,311	17,900	20,606	4.1%	6.0%	5.3%

- (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	2012			2003		
		Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Northwestern Mutual	Insurance/Investment Services	2,550	1	14.19%	-	-	-
Wheaton Franciscan Healthcare	Medical & surgical hospital	712	2	3.96%	-	-	-
Franklin Public Schools	K-12 Education	543	3	3.02%	550	2	3.25%
Krones, Incorporated	High speed labeling/filler machines	450	4	2.50%	700	1	4.14%
General Automotive Mfg LLC	Off-road engine components mfg.	364	5	2.03%	350	5	2.07%
Milwaukee County							
County Corrections South	Government	360	6	2.00%	540	3	3.19%
Wal-Mart	Retailer	357	7	1.99%	417	4	2.46%
Carlisle Interconnect Technologies	Wire harnesses	270	8	1.50%	250	7	1.48%
Central Aquatics	Aquariums and fluorescent lights	261	9	1.45%	300	6	1.77%
Strauss Veal & Lamb Int'l Inc	Animal Processing	250	10	1.39%	-	-	-
City of Franklin	Government	222		1.24%	232	8	1.37%
Vesta Inc	Silicone rubber molded products	-		-	200	9	1.18%
General Thermodynamics	Heat Exchangers	-		-	150	10	0.89%
		6,339		35.28%	3,689		21.81%

Source: Past Debt offering Official Statements and employer surveys

## CITY OF FRANKLIN, WISCONSIN

Full-time Equivalent City Government Employees by Function  
Last Ten Years

Department	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government										
Common council	-	-	-	-	-	0.48	0.48	0.48		
Municipal buildings	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	0.50	0.45
Clerk	4.14	4.14	4.00	4.00	4.00	3.53	3.53	3.50	3.50	3.50
Information services	-	-	-	-	-	-	-	-	-	-
Administration	3.00	3.00	3.60	3.60	3.60	3.80	3.80	3.80	3.75	3.25
Finance	7.10	7.10	7.03	7.10	7.10	7.10	7.30	7.30	7.45	7.45
Assessor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Municipal buildings	3.74	3.74	3.92	4.74	4.74	4.83	4.83	4.90	4.68	4.68
Total general government	21.48	21.48	21.55	22.44	22.44	22.74	22.94	22.98	20.88	21.33
Public safety										
Police	75.75	76.75	77.25	77.25	77.25	77.25	77.25	77.25	78.75	78.75
Fire	46.50	46.45	46.48	46.45	46.45	46.45	45.45	44.00	44.00	44.00
Paid on call fire	-	-	-	-	-	-	-	-	-	-
Building inspection	7.00	7.00	8.00	8.00	8.00	10.00	10.00	10.00	12.00	11.00
Total public safety	129.25	130.20	131.73	131.70	131.70	133.70	132.70	131.25	134.75	133.75
Public works										
Engineering	8.25	8.25	8.25	8.80	8.80	9.80	9.80	9.80	9.80	9.80
Highway	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	21.00
Parks	2.00	2.00	2.00	2.00	2.00	2.27	1.79	1.25	1.25	1.25
Total public works	32.25	32.25	32.25	32.80	32.80	34.07	33.59	33.05	33.05	32.05
Public health	6.15	6.25	6.25	6.15	6.15	6.50	6.63	6.50	6.50	6.35
Planning	4.00	4.60	5.60	5.60	5.60	7.60	7.60	6.60	6.60	5.21
Total general fund	193.13	194.78	197.38	198.69	198.69	204.61	203.46	200.38	201.78	198.69
Public health - grant	-	-	-	-	-	-	-	-	0.25	0.60
Library	17.70	16.82	17.12	17.11	17.11	17.20	17.22	16.92	16.10	15.59
Sewer & water	11.55	11.53	11.53	12.55	12.55	12.85	12.85	12.85	11.10	10.80
Total (including paid on call)	222.38	223.13	226.03	228.35	228.35	234.66	233.53	230.15	229.23	225.68
Total FTE's	222.38	223.13	226.03	228.35	228.35	234.66	233.53	230.15	229.23	225.68

## CITY OF FRANKLIN, WISCONSIN

Operating Indicators by Function/Program  
Last Ten Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Police</b>										
Part 1 Major crimes	952	689	629	804	994	1,066	764	775	765	822
Arrests	1,550	1,554	1,606	1,235	1,467	1,492	2,021	1,954	1,754	1,682
Traffic & parking citations	10,990	11,093	9,125	7,793	6,880	8,449	6,730	8,021	8,632	7,135
Calls for service	39,550	38,714	37,273	28,267	27,107	28,169	-	-	-	-
Call to dispatch	-	-	-	-	-	-	81,500	77,146	81,790	87,053
Number of sworn officers	59	59	59	59	59	59	59	59	59	59
<b>Fire</b>										
Fire responses	678	540	574	496	704	573	588	514	557	531
EMS responses	2,657	2,605	2,546	2,515	2,790	2,767	2,526	2,451	2,225	2,114
Fire inspections	2,450	2,600	2,463	2,611	2,578	2,364	2,267	2,056	1,800	1,770
Number of full-time firefighters	46	46	46	46	46	46	45	43	43	43
Number of paid on call firefighters	-	-	-	-	-	-	-	-	-	-
<b>Highway</b>										
Miles of crack sealing	30	30	28	31	34	31	21	19	17	21
Tress pruned	1,000	1,427	2,176	927	378	558	1,640	823	988	1,101
Vehicles maintained	165	165	165	165	165	159	150	150	150	149
<b>Solid waste</b>										
Non-recyclable refuse collected (tons)	8,400	8,353	8,320	7,762	8,519	8,381	8,368	8,296	8,372	5,722
Recyclables collected (tons)	3,000	2,313	2,693	2,676	2,825	3,008	3,108	3,132	3,097	2,617
Yard waste (tons)	310	274	295	375	214	205	208	193	246	277
<b>Health</b>										
Home visits	1,300	1,213	1,383	1,616	1,280	1,401	1,602	1,440	946	660
Immunization clinic visits	3,000	2,653	3,660	8,658	3,407	3,015	3,004	3,140	2,550	3,088
Sanitarian inspections	300	298	366	380	274	196	393	420	454	483
<b>Animal control</b>										
Animal control pickups	130	120	167	126	165	223	194	208	214	175
<b>Library</b>										
Circulation	520,000	514,163	519,580	519,054	490,843	471,442	465,468	452,382	434,568	400,986
Collection size	144,000	142,000	140,000	135,688	130,000	127,000	120,724	117,804	110,376	65,000
Internet use	50,000	49,638	50,369	50,222	55,000	54,000	51,187	46,364	39,059	35,050
<b>Sanitary sewer</b>										
Number of customers	10,010	9,970	9,775	9,883	9,853	9,779	9,567	9,216	8,769	8,580
Feet of sewer cleaned	250,000	217,000	218,000	250,000	264,000	92,010	119,200	317,042	222,461	247,681
<b>Water</b>										
Number of customers -average	7,905	7,847	7,807	7,756	7,683	7,561	7,288	6,930	5,311	4,695
Average daily consumption	2,598,000	2,370,000	2,298,000	2,461,276	2,474,000	2,521,000	2,269,000	2,519,000	1,929,000	1,864,000
Peak daily consumption	6,770,000	5,604,000	4,212,000	4,803,000	5,681,000	6,097,420	5,023,029	5,737,376	4,612,000	5,270,000

**CITY OF FRANKLIN, WISCONSIN**

Capital Asset Statistics by Function/Program  
Last Ten Years

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Area in square miles	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Area in acres:										
Total acres	22,180	22,180	22,180	22,180	22,180	22,180	22,180	22,180	22,180	22,180
Taxable acres (approximate)	15,474	15,474	15,550	15,549	15,550	15,634	15,642	17,700	17,700	17,700
Acres developed (approximate)	11,419	11,336	11,329	11,287	11,233	10,878	10,210	6,200	6,200	6,200
Acres in park and open space	3,873	3,873	3,873	3,873	3,873	3,851	3,684	3,500	3,500	3,500
Miles of road:										
State	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85
County	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74	23.74
Local	166.51	165.97	165.97	165.97	166.51	165.31	164.74	162.78	159.85	155.68
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	185	185	185	185	182	181	180	176	163	154
Miles of watermain	167	167	166	166	164	163	157	154	124	98
Number of fire hydrants	2,120	2,115	2,111	2,106	2,081	2,058	1,956	1,890	1,726	1,362
Recreation and culture:										
Number of trails	4	4	4	4	4	4	3	3	2	2
Number of city parks	12	12	12	12	12	12	11	11	11	11
Number of county parks	8	8	8	8	8	8	8	8	8	8
Number of libraries	1	1	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	32,392	26,480	26,480	26,480	26,480	26,480	26,480
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	6,620	6,620	6,620	6,620	6,620	6,620	6,620	6,620	6,620	6,620