

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF FRANKLIN, WISCONSIN

FOR THE YEAR ENDED DECEMBER 31, 2013



*City of Franklin*

## Franklin

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF FRANKLIN, WISCONSIN**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

**PREPARED BY THE  
DEPARTMENT OF FINANCE**

**DIRECTOR OF FINANCE & TREASURER  
PAUL A ROTZENBERG**

# CITY OF FRANKLIN, WISCONSIN

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# **INTRODUCTORY SECTION**

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May 5, 2014

**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, 2013, 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 governmental entities. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2013, 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 unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2013, 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 35,810. Over the last ten years the City has experienced an average annual population increase of 1.4% per year. The city is a residential community (73.0%) with a growing commercial and industrial base (27.0%). 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 ten officials appointed by the Mayor or Director of Administration and confirmed by the Common Council. Numerous boards, commissions and committees allow for citizen involvement in government by providing a forum for policy input to the Council and guidance to the departments. Library service is provided through a separate Library Board that functions like a department of the City and engages the Library Director. Water service is provided through a separate Water Utility that functions like a department of the City. 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 July and August. Departmental requests for personnel changes and new capital outlay expenditures are made by the middle of August. The Mayor then reviews the forecast including recommended personnel and capital 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 middle of September. The Council reviews the recommended budget and agrees on a proposed budget by mid October. The Council is required to hold a public hearing on the proposed budget in early November, and then adopts a final budget in mid November. The adopted budget is prepared by fund, function (e.g. Public Safety), and department (e.g. Police). Transfers of appropriations between funds, functions or department require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each governmental fund with an adopted

budget. The General Fund comparison is presented in Exhibit F as part of the basic financial statements for the governmental funds and in Schedules 3 & 4 of the supplementary information. For governmental funds 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 65 units of new residential construction was up 18.1% from 2012 but 84.7% below the 423 units per year averaged prior to the recession. The value of non-residential construction decreased 89.6% from 2012 and 95.2% below the average value realized averaged the three years before the recession. Prospects in 2014 for residential, commercial and industrial development are anticipated to be better than 2013 levels.

Estimated actual property values have grown at an average annual rate of 2.6% since 2004. The new growth net of TIF Districts was \$34.6 million in 2013, \$19.2 million in 2012, and \$10.9 million in 2011. The growth in 2014 is expected to be in the \$15 to \$20 million dollar range reflecting the level of economic activity. Growth after 2013 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 2.1%. In 2013, permits for 65 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 2014 at about the same level as 2013. Longer range, the City has the largest developable land in the County and 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 4.3%. In 2013 17 building permits were issued for commercial and industrial projects. The value of those projects decreased by 89.7% from the 2012 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 \$63 and \$38 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. Currently 73.0% of the City's property value is residential up from 72.7% in the prior year. Future tax relief will need to come from industrial and commercial tax base expansion.

### **Organizational and Service Growth**

The 2013 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 under spending in approved budgets by departments.

2013 was a City-wide property revaluation 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 98.3% of fair value. The estimated actual value of City properties was approximately \$3.4 billion.

The challenge for the operating departments in 2013 was to continue to maintain the service levels at a time of slightly increasing revenue to the City and growth of 1.0% 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, 2013 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 2013.

### **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 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. The capital planning has resulted in avoiding the debt markets since 2008 and a steadily declining debt service levy.

### **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, 2012. 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 20<sup>th</sup> consecutive year that the City has received this award.

Citizens of Franklin, Honorable Mayor and Common Council Members  
May 5, 2014

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 2013 Certificate.

### **Acknowledgments**

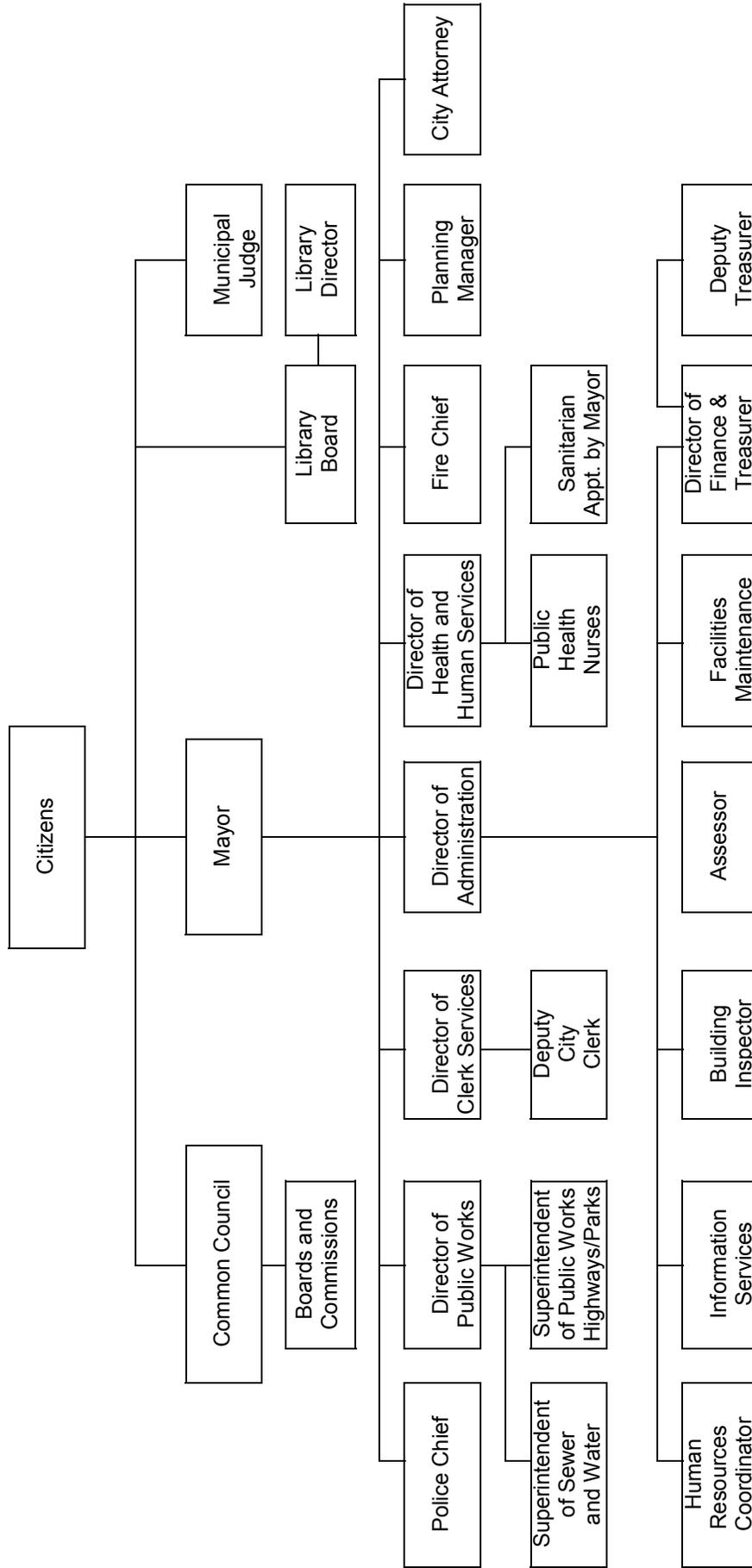
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff. Appreciation is also extended to all other City employees who contributed to its preparation. We also thank the Mayor, Common Council, and Finance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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul Rotzenberg", with a stylized flourish at the end.

Paul Rotzenberg  
Director of Finance & Treasurer

**CITY OF FRANKLIN, WISCONSIN**  
**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	Mark Dandrea
District No. 2	Daniel Mayer
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 Luberda
Director of Finance & Treasurer	Paul Rotzenberg
Director of Health & Human Services	Bill Wucherer
Fire Chief - Acting	Adam Remington
Human Resources Coordinator	Dana Zahn
Library Director	Rachel Muchin Yound
Planning Manager	Joel Dietl
Police Chief	Rick Oliva
Superintendent of Public Works	Jerry Schaefer
Superintendent of Sewer & Water	Mike Roberts



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
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Presented to

**City of Franklin  
Wisconsin**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO

# **FINANCIAL SECTION**

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## 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, 2013, 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, 2013, 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.

### **Report on Summarized Comparative Information**

We have previously audited the City of Franklin, Wisconsin's 2012 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated May 8, 2013. In our opinion, the summarized comparative information presented for the Water Utility and Sanitary Sewer Utility Enterprise Funds presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it was derived.

### **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 73 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, the introductory section, and the statistical section, 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 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 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 5, 2014, 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 5, 2014

**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, 2013. 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, 2013, by \$210,391,056 (**net position**). Of this amount, \$7,907,546 (**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 \$4,697,574. Net investment in capital assets increased by \$321,658, while unrestricted net position increased by \$3,901,587 and restricted net position increased by \$474,229. The increase in investment in capital assets was related to reduction in debt. The unrestricted increase was mainly due the General Fund. The restricted increase was due to generation of development revenues.
- The City's governmental funds reported, as of December 31, 2013, had combined ending fund balances of \$18,779,667, an increase of \$1,956,954 from the prior year.
- The Nonspendable fund balances were \$553,381 an increase of \$468,645 due to interfund advances from the General Fund to the Sewer Utility.
- The restricted fund balances in total was \$13,385,323 a decrease of \$154,591, including a decrease in restricted for debt service of \$621,788 and an increase in Development Funds of \$437,437.
- The assigned fund balances in total of \$2,791,111 had an increase of \$66,347 resulted from an increase in capital outlay and equipment replacement fund balances.
- The unassigned fund balance as of December 31, 2013 for the general fund was \$7,230,661 or approximately 29 percent of total anticipated 2014 general fund expenditures.
- The City's Governmental activities debt decreased by \$3,790,000 during 2013 from scheduled repayments. 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, substantially completed an interceptor sewer on behalf of another government. At December 31, 2013 \$24,565,425 of costs were incurred. A Wisconsin Clean Water Fund Loan has been obtained to finance this project. The amount received on this loan at December 31, 2013 was \$24,565,425. 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 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 and 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 and 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 39 – 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 75 – 93 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 \$210,391,056 and \$205,693,482 at the end of 2013 and 2012, respectively.

#### CITY OF FRANKLIN NET POSITION December 31, 2013 and 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 49,495,662	\$ 47,521,676	\$ 29,922,226	\$ 27,973,087	\$ 79,417,888	\$ 75,494,763
Capital assets	<u>114,469,508</u>	<u>115,676,557</u>	<u>89,095,184</u>	<u>89,398,082</u>	<u>203,564,692</u>	<u>205,074,639</u>
Total assets	<u>163,965,170</u>	<u>163,198,233</u>	<u>119,017,410</u>	<u>117,371,169</u>	<u>282,982,580</u>	<u>280,569,402</u>
Deferred Outflows	<u>187,474</u>	<u>225,869</u>	-	-	<u>187,474</u>	<u>225,869</u>
Current liabilities	2,190,414	6,917,209	1,441,237	2,999,997	3,631,651	9,917,206
Long-term liabilities	<u>19,738,576</u>	<u>18,989,116</u>	<u>25,185,917</u>	<u>22,119,748</u>	<u>44,924,493</u>	<u>41,108,864</u>
Total liabilities	<u>21,928,990</u>	<u>25,906,325</u>	<u>26,627,154</u>	<u>25,119,745</u>	<u>48,556,144</u>	<u>51,026,070</u>
Deferred Inflows	<u>24,222,854</u>	<u>24,075,719</u>	-	-	<u>24,222,854</u>	<u>24,075,719</u>
Net position:						
Net Investment in capital assets	104,721,982	104,097,426	89,095,184	89,398,083	193,817,166	193,495,509
Restricted	8,389,114	7,857,607	277,230	334,508	8,666,344	8,192,115
Unrestricted	<u>4,889,704</u>	<u>1,487,025</u>	<u>3,017,842</u>	<u>2,518,833</u>	<u>7,907,546</u>	<u>4,005,858</u>
Total net position	<u>\$ 118,000,800</u>	<u>\$ 113,442,058</u>	<u>\$ 92,390,256</u>	<u>\$ 92,251,424</u>	<u>\$ 210,391,056</u>	<u>\$ 205,693,482</u>

The largest portion of the City's net position (approximately 89 and 92 percent, in 2013 and 2012, 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 \$193,817,164 and \$193,495,508 in 2013 and 2012, 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
2013	\$ 3,188,328	\$ (4,698,277)	\$ 1,831,605	\$	321,656
2012	\$ 4,833,307	\$ (4,620,056)	\$ 9,094,441	\$	9,307,692

The major 2013 City projects were an ambulance, snow plow, street improvements and the 76<sup>th</sup> Street sewer & water mains from Faith to Puetz. The major 2012 City projects contributing to the 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. Debt repayments each year have resulted in a significant decrease in capital related debt.

Infrastructure by developers and others contributed to the capitalized infrastructure of the governmental activities of approximately \$122,295 in 2013 and \$222,529 in 2012.

Capital assets contributed to the business-type activities by the municipality were \$1,197,101 in 2013 and \$51,912 in 2012.

An additional portion of the City's net position (3.6% and 3.6% in 2013 and 2012, respectively) represent resources that are subject to external restrictions on how they may be used. There were \$7,638,155 and \$7,213,023 respectively in those net positions that were restricted to specific purposes.

The 2013 increase of \$425,132 in restricted net position reported is due principally to development activities.

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.

The remaining balance in unrestricted net position of \$8,935,735 and \$4,984,951, in 2013 and 2012, 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 2013 increase of \$3,950,784 in unrestricted net position reported in connection with government-wide activities. The major component was the increase in funds that were used for debt retirement purposes.

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.

**Government-wide activities**

The details of changes in net position follow:

**City of Franklin Changes in Net Position  
For the Years Ending December 31, 2013 and 2012**

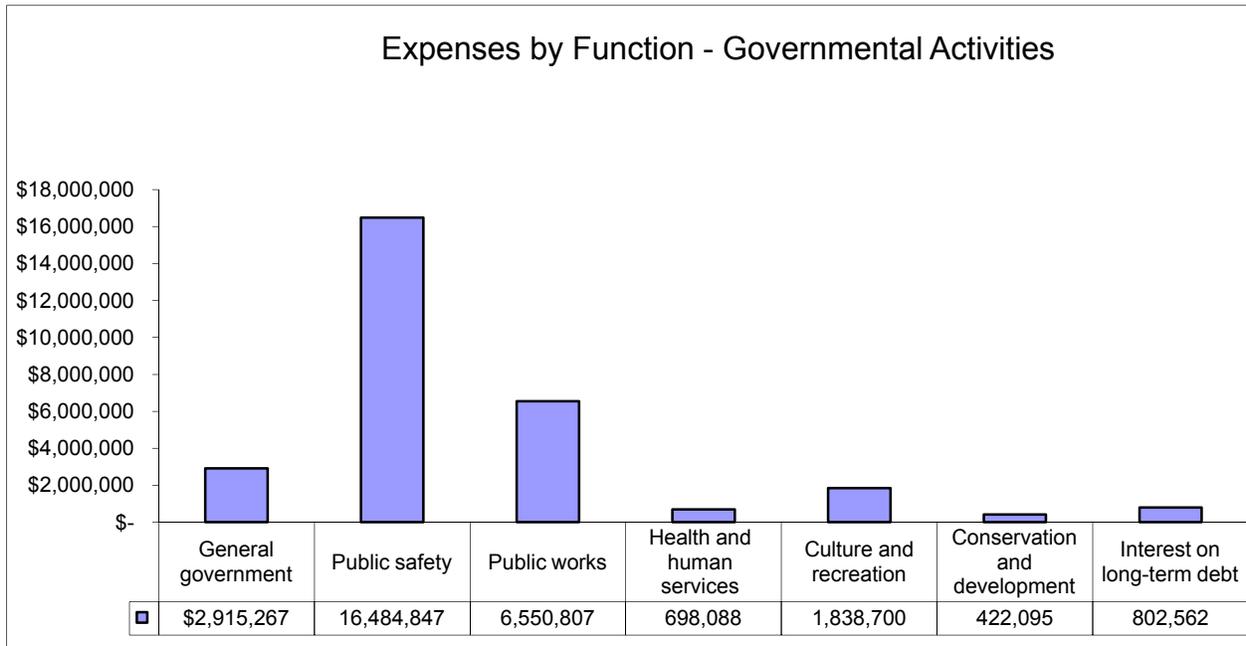
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue						
Program revenue:						
Charges for services	\$ 4,241,404	\$ 3,907,327	\$ 8,647,731	\$ 8,503,708	\$ 12,889,135	\$ 12,411,035
Operating grants & contributions	1,838,950	2,144,164	-	-	1,838,950	2,144,164
Capital grants & contributions	1,659,859	1,240,439	-	-	1,659,859	1,240,439
General revenue:						
Property taxes	24,097,812	24,152,207	-	-	24,097,812	24,152,207
Other taxes	723,985	708,832	-	-	723,985	708,832
Intergovernmental	1,620,331	1,590,209	-	-	1,620,331	1,590,209
Investment earnings	87,278	784,932	569,444	318,669	656,722	1,103,601
Other	68,215	426,161	40,398	126,867	108,613	553,028
Total revenue	<u>34,337,834</u>	<u>34,954,271</u>	<u>9,257,573</u>	<u>8,949,244</u>	<u>43,595,407</u>	<u>43,903,515</u>
Expenses:						
General government	2,915,267	2,794,497	-	-	2,915,267	2,794,497
Public safety	16,484,847	17,228,769	-	-	16,484,847	17,228,769
Public works	6,550,807	6,182,036	-	-	6,550,807	6,182,036
Health & human services	698,088	730,499	-	-	698,088	730,499
Culture & recreation	1,838,700	1,870,573	-	-	1,838,700	1,870,573
Conservation & development	422,095	412,066	-	-	422,095	412,066
Interest on long-term debt	802,562	1,272,721	-	-	802,562	1,272,721
Water	-	-	5,051,835	5,064,149	5,051,835	5,064,149
Sewer	-	-	4,133,632	3,640,106	4,133,632	3,640,106
Total expenses	<u>29,712,366</u>	<u>30,491,161</u>	<u>9,185,467</u>	<u>8,704,255</u>	<u>38,897,833</u>	<u>39,195,416</u>
Increase in net position						
before transfers	4,625,468	4,463,110	72,106	244,989	4,697,574	4,708,099
Transfers	<u>(66,726)</u>	<u>1,009,126</u>	<u>66,726</u>	<u>(1,009,126)</u>	<u>-</u>	<u>-</u>
Change in net position	4,558,742	5,472,236	138,832	(764,137)	4,697,574	4,708,099
Net position - beginning	<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>
Net position - ending	<u>\$ 118,000,800</u>	<u>\$ 113,442,058</u>	<u>\$ 92,390,256</u>	<u>\$ 92,251,424</u>	<u>\$ 210,391,056</u>	<u>\$ 205,693,482</u>

Governmental activities in 2013 increased the City's net position by \$4,558,742 or 97% of the total growth in the net position. Elements of this increase are:

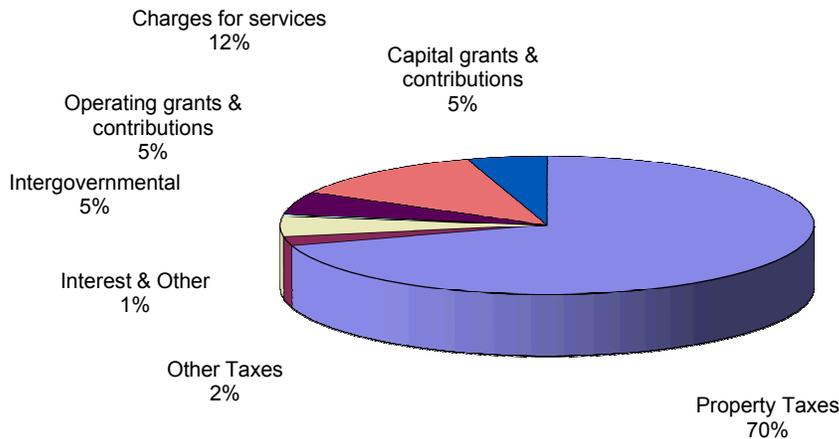
- A \$1,407,150 surplus in General Government activity
- Increase due to the decrease in Long term Debt of \$1,649,959
- Decrease in governmental activities capital assets net of depreciation of \$1,040,447
- Net increase in TIF District activities of \$2,307,794
- Net increase from internal service activities of \$77,500
- Net decrease from special assessment activities of \$51,651
- Net increase from development activities of \$437,437
- Net increase from non major funds activities of \$76,824

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



### Revenue by Source - Governmental Activities



### Business-type activities

In 2013, business-type activities increased the City's net position by \$138,832 or 3 percent from the prior year. The key elements of this increase follow:

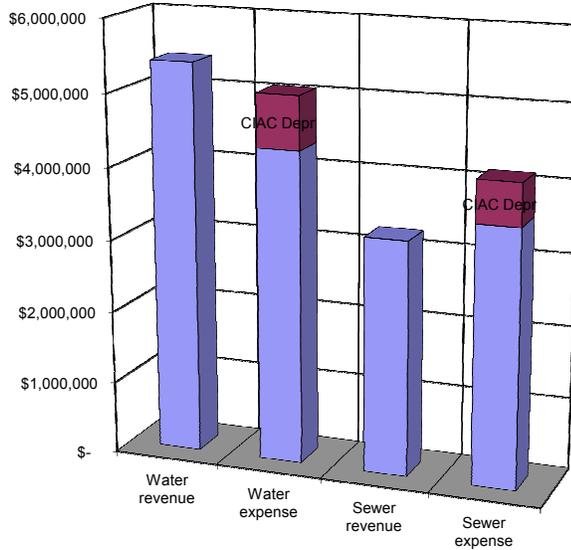
- The increase from operating activities (the change in net position excluding capital contributions and its related depreciation expense) was \$257,522. The goal of the business activities is to provide these services at least a break even basis to minimize the cost to the users. Both the water and sewer activities are currently meeting this goal.
- Depreciation expense related to contributed assets - \$1,315,791

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.

The following graph compares the 2013 charges for services to the operating expenses for water and sewer activities.

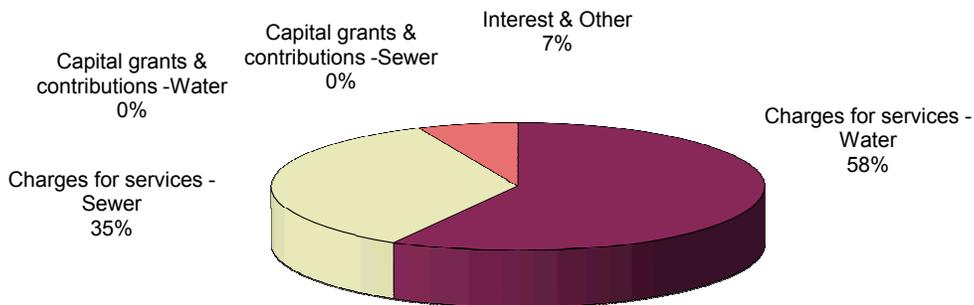
### Operating Revenue and Expense - Business-type Activities



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 \$18,779,677, a increase of \$1,956,954 from the prior year. At year end the unassigned fund balance was \$2,049,862. Of this total \$7,230,661 was for general fund activities. This amount was offset by deficits in the Debt Service, TIF Districts and Nonmajor Governmental 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 for activities of the Capital Projects of \$2,791,111.

Outside party restrictions have resulted in restricted fund balances 1) to pay debt service - \$6,801,945, 2) for utility improvements - \$443,438 3) for development purposes - \$5,052,168, 4) for library services \$582,292 and 5) for donations, grant funds, solid waste and recreational activities - \$507,955.

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 - \$48,341 and for advances to other funds - \$505,040.

The **General Fund** is the chief operating fund of the City. As of December 31, 2013, the total fund balance of the general fund was \$7,781,567 of which \$7,230,661 was unassigned. This unassigned fund balance represents approximately 29% of 2014 general fund budgeted expenditures.

The total fund balance of the General Fund increased by \$1,279,432 during fiscal year 2013. Actual revenue was more than budget revenue by \$326,042 or 1.3 percent. Changes in employee benefits reduced Public Safety costs significantly. Employees are paying a larger share of health benefit premiums and retirement costs. Also, an actuarial assumption change reduced the retiree health cost.

The **Debt Service Fund** has a total deficit fund balance of \$1,492,767, \$606,945 is restricted for the payment of debt service and a deficit of \$2,099,712 is related to advances made from the Internal Services fund. The fund balance increase of \$1,060,500 related to the repayment of interfund advances.

The **TIF Districts Fund** has restricted fund balance of \$6,195,000 and an unassigned fund deficit of \$3,080,379 for a net fund balance of \$3,114,621. The unassigned fund deficit is due to internal borrowing and investing those funds in infrastructure. The restricted fund balance is due to a \$6.195 million note receivable issued under a development agreement.

The **Nonmajor Governmental Funds** have a total fund balance of \$9,376,256. The fund balance increase of \$514,261 came principally from special assessments (impact fees).

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 \$634,224, a increase of \$230,843 from the prior year. Total net position increase was a result of operations.

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$2,383,618, an increase of \$295,165 from the prior year. Total net position increased due the capital contributions 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 \$326,042 with small increases and decreases from budget in various categories. Investment earnings declined to a loss of \$11,514 - \$153,514 less than budget as market rates declined further. Licenses and Permits increased on a bigger than expected increase in Building Permits. Ambulance fees drove the increase Public Charges for Services. In addition, a transfer was recorded, principally related to capitalized Highway Department projects.

Actual expenditures were less than budgeted expenditures by \$2,152,545. The largest favorable variance was in General Government. The City established a \$950,000 restricted contingency reserve to preserve shared revenue from the State. That contingency was not needed. Within Public Safety, employees began to pay a larger share of health premiums and retirement costs. In addition, a change in actuarial assumptions reduced the retiree health costs from what had been in the budget. The combined impact was a significant reduction in expenditures compared to the prior year.

Revenue was favorable to budgeted on increased activity levels. Expenditures came in below budget as the contingency reserve was not needed resulting in the general fund balance increasing by \$1,287,450.

**Capital assets.**

The City's investment in capital assets for its governmental and business type activities as of December 31, 2013, amounts to \$203,564,692 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	
	2013	2012	2013	2012	2013	2012
Land	\$ 24,958,327	\$ 25,012,541	\$ 521,225	\$ 521,225	\$ 25,479,552	\$ 25,533,766
Buildings and Improvements	24,225,492	24,180,167	3,438,927	3,438,927	27,664,419	27,619,094
Improvements other than buildings	92,173,188	90,925,168	109,764,750	108,555,571	201,937,938	199,480,739
Machinery and and equipment	17,571,157	16,953,185	2,799,107	2,794,982	20,370,264	19,748,167
Construction in process	<u>152,923</u>	<u>487,587</u>	<u>57,942</u>	<u>113,269</u>	<u>210,865</u>	<u>600,856</u>
Total capital assets	159,081,087	157,558,648	116,581,951	115,423,974	275,663,038	272,982,622
Less Accumulated depreciation	<u>(44,611,579)</u>	<u>(41,882,091)</u>	<u>(27,486,767)</u>	<u>(26,025,892)</u>	<u>(72,098,346)</u>	<u>(67,907,983)</u>
Capital assets net of depreciation	<u>\$ 114,469,508</u>	<u>\$ 115,676,557</u>	<u>\$ 89,095,184</u>	<u>\$ 89,398,082</u>	<u>\$ 203,564,692</u>	<u>\$ 205,074,639</u>

The total decrease in the City's net investment in capital assets net of depreciation for the current fiscal year was \$1,509,947 or 0.7%.

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, 2013, the City had general obligation note and bond issues outstanding totaling \$42,445,423. The current debt limitation for the City is \$170,713,830. 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, 2013, \$24,565,423 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 \$60,000 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.

<b>City of Franklin's Outstanding Debt (All purposes)</b>						
	Governmental		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
General obligation						
Notes	\$ 9,695,000	\$ 12,865,000	\$ 24,565,423	\$ 22,064,833	\$ 34,260,423	\$ 34,929,833
Bonds	<u>8,185,000</u>	<u>8,805,000</u>	<u>-</u>	<u>-</u>	<u>8,185,000</u>	<u>8,805,000</u>
Total	<u>\$ 17,880,000</u>	<u>\$ 21,670,000</u>	<u>\$ 24,565,423</u>	<u>\$ 22,064,833</u>	<u>\$ 42,445,423</u>	<u>\$ 43,734,833</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 2013 was \$523,342 and for 2012 was \$837,575. This reduction was the result of removing a Affordable Care Act tax from the projected expenses in the Actuarial Assumptions.

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, 2013 for the City was 4.8%, Milwaukee County which includes the City, is 7.2%. This compares with an unemployment rate of 6.2% for the State of Wisconsin.
- The local tax rate change for operations for the current and prior two years were (0.30)%, (7.04)%, and 1.99%, respectively.
- The tax levy change for the current and prior two years were, \$42,000, (\$498,000), and \$539,000, respectively.
- The 2014 budgets require a local tax rate that increases 8.8%% which together with growth will result in no change in tax levy. A revaluation of the City in 2013 drove the rate increase.

## **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, 2013**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 15,317,237	\$ 1,750,291	\$ 17,067,528
Receivables			
Accounts receivable	1,087,779	2,196,379	3,284,158
Interest receivable	85,413	-	85,413
Taxes receivable	24,504,398	315,082	24,819,480
Note receivable	6,195,000	-	6,195,000
Special assessments receivable	1,402,776	-	1,402,776
Internal balances	68,643	(68,643)	-
Due from other governments	222,935	-	222,935
Prepaid items	79,762	502	80,264
Inventories	26,679	-	26,679
Long term advances	505,040	(505,040)	-
Restricted cash and investments	-	277,230	277,230
Due from other governments - long term	-	25,451,385	25,451,385
Capital assets (net of accumulated depreciation)			
Land	24,958,327	521,225	25,479,552
Buildings and improvements	15,646,007	2,287,603	17,933,610
Machinery and equipment	6,566,655	1,176,795	7,743,450
Improvements other than buildings	67,145,596	85,051,619	152,197,215
Construction in progress	152,923	57,942	210,865
<b>Total assets</b>	<b>163,965,170</b>	<b>118,512,370</b>	<b>282,477,540</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized refunding costs	187,474	-	187,474
<b>LIABILITIES</b>			
Accounts payable	1,085,655	1,319,267	2,404,922
Accrued liabilities	737,720	18,783	756,503
Due to other governments	8,625	-	8,625
Accrued interest	246,728	100,687	347,415
Special deposits	111,686	2,500	114,186
Noncurrent liabilities			
Due within one year	10,893,721	1,159,364	12,053,085
Due in more than one year	8,844,855	23,521,513	32,366,368
<b>Total liabilities</b>	<b>21,928,990</b>	<b>26,122,114</b>	<b>48,051,104</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Subsequent year property taxes	24,222,854	-	24,222,854
<b>NET POSITION</b>			
Net Investment in capital assets	104,721,982	89,095,184	193,817,166
Restricted for			
Debt service	722,710	-	722,710
Utility improvements	1,523,989	-	1,523,989
Development	5,052,168	-	5,052,168
Library	582,292	-	582,292
Other	507,955	-	507,955
Sewer equipment replacement	-	277,230	277,230
Unrestricted	4,889,704	3,017,842	7,907,546
<b>Total net position</b>	<b>\$ 118,000,800</b>	<b>\$ 92,390,256</b>	<b>\$ 210,391,056</b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Activities**  
**Year Ended December 31, 2013**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 2,915,267	\$ 251,573	\$ -	\$ -	\$ (2,663,694)	\$ -	\$ (2,663,694)
Public safety	16,484,847	2,459,946	182,887	38,759	(13,803,255)	-	(13,803,255)
Public works	6,550,808	1,234,601	1,452,191	1,568,163	(2,295,853)	-	(2,295,853)
Health and human services	698,088	118,702	9,012	52,937	(517,437)	-	(517,437)
Culture and recreation	1,838,700	113,217	194,610	-	(1,530,873)	-	(1,530,873)
Conservation and development	422,095	63,366	250	-	(358,479)	-	(358,479)
Interest on long term debt	802,562	-	-	-	(802,562)	-	(802,562)
Total governmental activities	<u>29,712,367</u>	<u>4,241,405</u>	<u>1,838,950</u>	<u>1,659,859</u>	<u>(21,972,153)</u>	<u>-</u>	<u>(21,972,153)</u>
Business-type activities:							
Water	5,051,835	5,403,994	-	-	-	352,159	352,159
Sewer	4,133,632	3,243,737	-	-	-	(889,895)	(889,895)
Total business-type activities	<u>9,185,467</u>	<u>8,647,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(537,736)</u>	<u>(537,736)</u>
Total primary government	<u>\$ 38,897,834</u>	<u>\$ 12,889,136</u>	<u>\$ 1,838,950</u>	<u>\$ 1,659,859</u>	<u>(21,972,153)</u>	<u>(537,736)</u>	<u>(22,509,889)</u>
General revenue:							
Property taxes levied for general purposes					20,037,681	-	20,037,681
Property taxes levied for debt service					1,650,000	-	1,650,000
Property taxes levied for TIF Districts					2,410,131	-	2,410,131
Other taxes					723,985	-	723,985
Intergovernmental revenue not restricted to specific programs					1,620,331	-	1,620,331
Investment earnings					87,278	569,444	656,722
Miscellaneous revenue					66,191	40,398	106,589
Gain on sale of capital assets					2,024	-	2,024
Transfers					(66,726)	66,726	-
Total general revenue and transfers					<u>26,530,895</u>	<u>676,568</u>	<u>27,207,463</u>
Change in net position					<u>4,558,742</u>	<u>138,832</u>	<u>4,697,574</u>
Net position - beginning					<u>113,442,058</u>	<u>92,251,424</u>	<u>205,693,482</u>
<b>Net position - ending</b>					<u>\$ 118,000,800</u>	<u>\$ 92,390,256</u>	<u>\$ 210,391,056</u>

**CITY OF FRANKLIN, WISCONSIN**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2013**

	<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	\$ 7,288,853	\$ 564,739	\$ 231,719	\$ 5,963,157	\$ 14,048,468
Receivables					
Accounts receivable	905,046	-	-	79,642	984,688
Interest receivable	45,145	-	40,268	-	85,413
Taxes receivable	16,253,222	1,679,494	2,526,924	4,044,758	24,504,398
Note receivable	-	-	6,195,000	-	6,195,000
Special assessments receivable	-	204,675	-	1,198,101	1,402,776
Due from other funds	133,796	-	-	757	134,553
Due from other governments	3,346	-	1,200	218,389	222,935
Prepaid items	19,187	-	-	3,075	22,262
Inventories	26,679	-	-	-	26,679
Advances to other funds	505,040	-	-	3,287,000	3,792,040
<b>TOTAL ASSETS</b>	<u>\$ 25,180,314</u>	<u>\$ 2,448,908</u>	<u>\$ 8,995,111</u>	<u>\$ 14,794,879</u>	<u>\$ 51,419,212</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 651,885	\$ -	\$ 298	\$ 326,613	\$ 978,796
Accrued liabilities	323,785	-	-	34,835	358,620
Due to other funds	65,910	-	-	-	65,910
Due to other governments	6,239	-	-	2,386	8,625
Special deposits	111,686	-	-	-	111,686
Advance from other funds	-	2,137,000	3,313,000	-	5,450,000
Total liabilities	<u>1,159,505</u>	<u>2,137,000</u>	<u>3,313,298</u>	<u>363,834</u>	<u>6,973,637</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned & unavailable revenue	<u>16,239,242</u>	<u>1,804,675</u>	<u>2,567,192</u>	<u>5,054,789</u>	<u>25,665,898</u>
<b>FUND BALANCES (DEFICIT)</b>					
Nonspendable:					
Inventories and prepaid items	45,866	-	-	2,475	48,341
Advances to other funds	505,040	-	-	-	505,040
Restricted:					
Debt service	-	606,945	6,195,000	-	6,801,945
Utility improvements	-	-	-	443,438	443,438
Development	-	-	-	5,052,168	5,052,168
Donations	-	-	-	102,326	102,326
Health services	-	-	-	165,846	165,846
Library services	-	-	-	579,817	579,817
Solid waste	-	-	-	188,307	188,307
Recreational services	-	-	-	51,476	51,476
Assigned:					
Capital projects	-	-	-	2,791,111	2,791,111
Unassigned (deficit)	<u>7,230,661</u>	<u>(2,099,712)</u>	<u>(3,080,379)</u>	<u>(708)</u>	<u>2,049,862</u>
Total fund balances (deficit)	<u>7,781,567</u>	<u>(1,492,767)</u>	<u>3,114,621</u>	<u>9,376,256</u>	<u>18,779,677</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)</b>	<u>\$ 25,180,314</u>	<u>\$ 2,448,908</u>	<u>\$ 8,995,111</u>	<u>\$ 14,794,879</u>	<u>\$ 51,419,212</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**To the Statement of Net Position**  
**December 31, 2013**

Fund balances - total governmental funds	\$	18,779,677
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not financial resources and are therefore are not reported in the funds		114,469,508
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenues when earned in the government-wide statements		
Special assessments		1,402,776
Accrued interest receivable		40,268
Internal Service Fund net position		3,106,401
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due		
General obligation debt		(17,880,000)
Compensated absences		(1,773,696)
Net pension obligation		(84,880)
Unamortized refunding costs		187,474
Accrued Interest		(246,728)
		(18,707,728)
<b>Net change in net position of governmental activities</b>	<b>\$</b>	<b><u>118,000,800</u></b>

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2013**

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Taxes	\$ 17,078,994	\$ 1,650,000	\$ 2,410,131	\$ 3,682,672	\$ 24,821,797
Intergovernmental revenue	2,571,374	-	408,245	458,422	3,438,041
Licenses and permits	912,357	-	-	-	912,357
Fines, forfeitures and penalties	411,795	-	-	-	411,795
Public charges for services	1,473,039	-	-	1,164,568	2,637,607
Special assessments	-	65,706	-	1,417,644	1,483,350
Intergovernmental charges for services	162,308	-	-	-	162,308
Investment earnings (loss)	(11,514)	7,899	122,476	104,945	223,806
Miscellaneous revenue	156,414	-	-	132,051	288,465
Total revenue	<u>22,754,767</u>	<u>1,723,605</u>	<u>2,940,852</u>	<u>6,960,302</u>	<u>34,379,526</u>
<b>EXPENDITURES</b>					
Current					
General government	2,709,182	-	-	1,468	2,710,650
Public safety	15,447,159	-	-	18,458	15,465,617
Public works	3,386,737	-	-	1,469,133	4,855,870
Health and human services	635,959	-	-	32,752	668,711
Culture, recreation and education	150,887	-	-	1,363,781	1,514,668
Conservation and development	360,649	-	40,757	15,359	416,765
Capital outlay	-	-	3,196	3,169,510	3,172,706
Debt service					
Principal	-	620,000	3,170,000	-	3,790,000
Interest	-	409,381	624,138	-	1,033,519
Total expenditures	<u>22,690,573</u>	<u>1,029,381</u>	<u>3,838,091</u>	<u>6,070,461</u>	<u>33,628,506</u>
Excess (deficiency) of revenue over expenditures	<u>64,194</u>	<u>694,224</u>	<u>(897,239)</u>	<u>889,841</u>	<u>751,020</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets	-	-	-	75,559	75,559
Transfers in	1,325,220	366,276	-	1,077,661	2,769,157
Transfers out	(109,982)	-	-	(1,528,800)	(1,638,782)
Total other financing sources and uses	<u>1,215,238</u>	<u>366,276</u>	<u>-</u>	<u>(375,580)</u>	<u>1,205,934</u>
Net change in fund balances	1,279,432	1,060,500	(897,239)	514,261	1,956,954
Fund balances (deficit) - beginning	<u>6,502,135</u>	<u>(2,553,267)</u>	<u>4,011,860</u>	<u>8,861,995</u>	<u>16,822,723</u>
<b>Fund balances (deficit) - ending</b>	<u>\$ 7,781,567</u>	<u>\$ (1,492,767)</u>	<u>\$ 3,114,621</u>	<u>\$ 9,376,256</u>	<u>\$ 18,779,677</u>

**CITY OF FRANKLIN, WISCONSIN**  
**Reconciliation of the Statement of Revenue**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**Year Ended December 31, 2013**

Net change in fund balances - total governmental funds	\$	1,956,954
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense or losses when disposed of.		
Capital Outlays		2,269,100
Depreciation		(2,950,902)
Loss on disposal		(73,535)
Capital assets contributed from governmental activities to the sewer utility.		(489,162)
Contributed capital assets are reported as revenues in the statement of activities.		37,451
The issuance of long-term debt ( e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes current financial resources of government funds. Neither transaction, however, has any effect on net position.		
Principal paid on long-term debt		3,790,000
Government funds report the effects of premiums, discounts and refunding losses 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.		
		(38,395)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the government funds		
Compensated absences		(121,263)
Net pension obligation		6,456
Accrued interest payable		47,242
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities		
Net special assessments		51,651
Accrued interest receivables		(4,355)
Internal service fund change in net position		77,500
<b>Net change in net position of governmental activities</b>	<b>\$</b>	<b><u>4,558,742</u></b>

**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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
<b>REVENUE</b>				
Taxes	\$ 18,132,000	\$ 18,132,000	\$ 18,209,369	\$ 77,369
Intergovernmental revenue	2,542,600	2,542,600	2,571,374	28,774
Licenses and permits	739,000	753,000	912,357	159,357
Fines, forfeitures and penalties	450,000	450,000	411,795	(38,205)
Public charges for services	1,323,500	1,323,500	1,473,039	149,539
Intergovernmental charges for services	125,000	125,000	162,308	37,308
Investment earnings (loss)	142,000	142,000	(11,514)	(153,514)
Miscellaneous revenue	91,000	91,000	156,414	65,414
Total revenue	<u>23,545,100</u>	<u>23,559,100</u>	<u>23,885,142</u>	<u>326,042</u>
<b>EXPENDITURES</b>				
Current				
General government	3,590,863	3,590,338	2,709,182	881,156
Public safety	16,168,265	16,175,490	15,451,459	724,031
Public works	3,497,059	3,504,359	3,374,419	129,940
Health and human services	659,002	659,002	635,959	23,043
Culture and recreation	171,901	171,901	174,887	(2,986)
Conservation and development	408,010	408,010	360,649	47,361
Total expenditures	<u>24,495,100</u>	<u>24,509,100</u>	<u>22,706,555</u>	<u>1,802,545</u>
Excess (deficiency) of revenue over (under) expenditures	(950,000)	(950,000)	1,178,587	2,128,587
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	194,845	194,845
Transfers out	-	(85,982)	(85,982)	-
Net change in fund balance - budgetary basis	(950,000)	(1,035,982)	1,287,450	2,323,432
Adjustments to generally accepted accounting principles basis				
2013 encumbrances	13,482	13,482	13,482	-
2012 encumbrances	(21,500)	(21,500)	(21,500)	-
Net change in fund balance - generally accepted accounting principles basis	(958,018)	(1,044,000)	1,279,432	2,323,432
Fund Balances - beginning	<u>6,502,135</u>	<u>6,502,135</u>	<u>6,502,135</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 5,544,117</u>	<u>\$ 5,458,135</u>	<u>\$ 7,781,567</u>	<u>\$ 2,323,432</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2013**  
(with comparative information for December 31, 2012)

	<b>Business-type Activities - Enterprise Funds</b>				<b>Current Year Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Utility Current Year</b>	<b>Water Utility Prior Year</b>	<b>Sanitary Sewer Current Year</b>	<b>Sanitary Sewer Prior Year</b>		
<b>ASSETS</b>						
Current assets						
Cash and investments	\$ 54,122	\$ 55,565	\$ 1,696,169	\$ 1,349,307	\$ 1,750,291	\$ 1,268,769
Receivables						
Accounts receivable	1,306,706	1,250,651	889,673	914,068	2,196,379	103,091
Taxes receivable	181,829	151,144	133,253	131,668	315,082	-
Due from other funds	76,124	-	54,698	31,000	130,822	-
Due from other governments	-	86,654	-	-	-	-
Prepaid expenses	502	-	-	-	502	57,500
Advance to other funds	-	-	-	-	-	2,163,000
Total current assets	<u>1,619,283</u>	<u>1,544,014</u>	<u>2,773,793</u>	<u>2,426,043</u>	<u>4,393,076</u>	<u>3,592,360</u>
Noncurrent assets						
Restricted cash and investments	-	-	277,230	334,508	277,230	-
Due from other governments	-	-	25,451,385	23,999,948	25,451,385	-
Capital assets						
Land	162,885	162,885	358,340	358,340	521,225	-
Buildings and improvements	1,833,594	1,833,594	1,605,333	1,605,333	3,438,927	-
Improvements other than buildings	55,799,708	55,299,703	53,965,042	53,255,868	109,764,750	-
Machinery and equipment	2,018,893	2,111,000	780,214	683,982	2,799,107	-
Construction in progress	30,742	63,237	27,200	50,032	57,942	-
Less accumulated depreciation	<u>(14,562,515)</u>	<u>(13,728,263)</u>	<u>(12,924,252)</u>	<u>(12,297,629)</u>	<u>(27,486,767)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>45,283,307</u>	<u>45,742,156</u>	<u>43,811,877</u>	<u>43,655,926</u>	<u>89,095,184</u>	<u>-</u>
Total noncurrent assets	<u>45,283,307</u>	<u>45,742,156</u>	<u>69,540,492</u>	<u>67,990,382</u>	<u>114,823,799</u>	<u>-</u>
<b>Total assets</b>	<u>46,902,590</u>	<u>47,286,170</u>	<u>72,314,285</u>	<u>70,416,425</u>	<u>119,216,875</u>	<u>3,592,360</u>

Continued

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2013**  
**(with comparative information for December 31, 2012)**

	<u>Business-type Activities - Enterprise Funds</u>				<u>Current Year Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility Current Year</u>	<u>Water Utility Prior Year</u>	<u>Sanitary Sewer Current Year</u>	<u>Sanitary Sewer Prior Year</u>		
<b>LIABILITIES</b>						
Current liabilities						
Accounts payable	\$ 735,649	\$ 724,061	\$ 583,618	\$ 2,117,726	\$ 1,319,267	\$ 106,859
Accrued liabilities	689	3,071	18,094	16,418	18,783	379,100
Accrued interest payable	-	-	100,687	85,786	100,687	-
Due to other funds	188,494	331,426	10,971	-	199,465	-
Special deposits	2,500	2,300	-	-	2,500	-
Current portion of long-term obligations	29,146	25,317	1,130,218	25,318	1,159,364	-
Total current liabilities	<u>956,478</u>	<u>1,086,175</u>	<u>1,843,588</u>	<u>2,245,248</u>	<u>2,800,066</u>	<u>485,959</u>
Noncurrent liabilities						
General obligation notes payable	-	-	23,464,351	22,064,833	23,464,351	-
Accrued compensated absences	28,581	27,458	28,581	27,457	57,162	-
Total noncurrent liabilities	<u>28,581</u>	<u>27,458</u>	<u>23,492,932</u>	<u>22,092,290</u>	<u>23,521,513</u>	<u>-</u>
Long-term advances	-	-	505,040	-	505,040	-
Total liabilities	<u>985,059</u>	<u>1,113,633</u>	<u>25,841,560</u>	<u>24,337,538</u>	<u>26,826,619</u>	<u>485,959</u>
<b>NET POSITION</b>						
Net Investment in capital assets	45,283,307	45,742,156	43,811,877	43,655,926	89,095,184	-
Restricted for						
Sewer equipment replacement	-	-	277,230	334,508	277,230	-
Unrestricted	634,224	430,381	2,383,618	2,088,453	3,017,842	3,106,401
Total net position	<u>\$ 45,917,531</u>	<u>\$ 46,172,537</u>	<u>\$ 46,472,725</u>	<u>\$ 46,078,887</u>	<u>\$ 92,390,256</u>	<u>\$ 3,106,401</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, 2013**  
**(with comparative information for the year ended December 31, 2012)**

	<u>Business-type Activities - Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility Current Year</u>	<u>Water Utility Prior Year</u>	<u>Sanitary Sewer Current Year</u>	<u>Sanitary Sewer Prior Year</u>	<u>Current Year Totals</u>	
<b>OPERATING REVENUE</b>						
Metered sales						
Residential	\$ 2,736,899	\$ 2,829,528	\$ 1,824,397	\$ 1,776,841	\$ 4,561,296	\$ -
Commercial	1,334,947	1,260,849	825,555	842,737	2,160,502	-
Industrial	342,385	280,374	380,382	308,059	722,767	-
Public authority	326,649	281,736	178,849	176,520	505,498	-
Total metered sales	<u>4,740,880</u>	<u>4,652,487</u>	<u>3,209,183</u>	<u>3,104,157</u>	<u>7,950,063</u>	-
Group health & dental charges	-	-	-	-	-	3,412,855
Unmetered sales	6,500	14,761	-	-	6,500	-
Public fire protection service	492,653	528,640	-	-	492,653	-
Private fire protection service	113,944	115,945	-	-	113,944	-
Forfeited discounts, penalties and other	50,017	49,813	34,554	37,905	84,571	-
Total operating revenue	<u>5,403,994</u>	<u>5,361,646</u>	<u>3,243,737</u>	<u>3,142,062</u>	<u>8,647,731</u>	<u>3,412,855</u>
<b>OPERATING EXPENSES</b>						
Cost of sales and services	3,498,853	3,359,853	2,683,240	2,448,075	6,182,093	3,429,003
Depreciation	1,097,315	1,061,625	650,060	642,839	1,747,375	-
Administration	450,536	642,670	217,143	252,235	667,679	-
Total operating expenses	<u>5,046,704</u>	<u>5,064,148</u>	<u>3,550,443</u>	<u>3,343,149</u>	<u>8,597,147</u>	<u>3,429,003</u>
Operating income (loss)	<u>357,290</u>	<u>297,498</u>	<u>(306,706)</u>	<u>(201,087)</u>	<u>50,584</u>	<u>(16,148)</u>
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Investment earnings (loss)	(5,289)	(1,808)	574,733	320,477	569,444	93,648
Sundry	37,998	124,095	2,400	2,772	40,398	-
Interest expense	(5,131)	-	(583,189)	(296,957)	(588,320)	-
Total non-operating revenue (expenses)	<u>27,578</u>	<u>122,287</u>	<u>(6,056)</u>	<u>26,292</u>	<u>21,522</u>	<u>93,648</u>
Income (loss) before capital contributions and transfers	384,868	419,784	(312,762)	(174,795)	72,106	77,500
Capital contributions	487,927	51,912	709,174	-	1,197,101	-
Transfers in	-	-	-	-	-	-
Transfers out	(1,127,801)	(1,057,722)	(2,574)	(3,316)	(1,130,375)	-
Change in net position	<u>(255,006)</u>	<u>(586,026)</u>	<u>393,838</u>	<u>(178,111)</u>	<u>138,832</u>	<u>77,500</u>
Net position - beginning	<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>
<b>Net position - ending</b>	<u>\$ 45,917,531</u>	<u>\$ 46,172,537</u>	<u>\$ 46,472,725</u>	<u>\$ 46,078,887</u>	<u>\$ 92,390,256</u>	<u>\$ 3,106,401</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2013**  
**(with comparative information for the year ended December 31, 2012)**

	<b>Business-type Activities - Enterprise Funds</b>				<b>Current Year Totals</b>	<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Utility Current Year</b>	<b>Water Utility Prior Year</b>	<b>Sanitary Sewer Current Year</b>	<b>Sanitary Sewer Prior Year</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 5,065,330	\$ 4,954,569	\$ 3,266,547	\$ 3,083,493	\$ 8,331,877	\$ 3,525,018
Receipts for interfund services provided	257,452	277,869	-	3,686	257,452	-
Payments to suppliers	(3,496,671)	(3,877,650)	(3,867,158)	(2,276,747)	(7,363,829)	(3,397,050)
Payments to employees	(475,266)	(490,740)	(482,960)	(480,655)	(958,226)	-
Payments for interfund services used	(95,999)	(94,000)	(96,000)	(94,000)	(191,999)	-
Net cash flows provided by (used in) operating activities	<u>1,254,846</u>	<u>770,048</u>	<u>(1,179,571)</u>	<u>235,777</u>	<u>75,275</u>	<u>127,968</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer out - paid for tax equivalent	<u>(1,127,801)</u>	<u>(1,057,722)</u>	<u>(2,574)</u>	<u>(3,316)</u>	<u>(1,130,375)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from Capital Debt	-	-	2,500,590	22,064,833	2,500,590	-
Advances from other funds	-	-	505,040	-	505,040	-
Advances to other Governments	-	-	(1,451,437)	(21,055,362)	(1,451,437)	-
Interest on Capital Debt	(5,131)	-	(568,288)	(211,171)	(573,419)	-
Acquisition of capital assets	(156,066)	(1,455,166)	(91,309)	(44,873)	(247,375)	-
Net cash provided (used) by capital and related financing activities	<u>(161,197)</u>	<u>(1,455,166)</u>	<u>894,596</u>	<u>753,427</u>	<u>733,399</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Payments received on advances to other funds	-	-	-	-	-	875,000
Non-operating income (expense)	37,998	124,095	2,400	2,772	40,398	-
Investment earnings	(5,289)	(1,808)	574,733	320,477	569,444	93,648
Net cash provided (used) by investing activities	<u>32,709</u>	<u>122,287</u>	<u>577,133</u>	<u>323,249</u>	<u>609,842</u>	<u>968,648</u>
Net increase (decrease) in cash and cash equivalents	(1,443)	(1,620,553)	289,584	1,309,137	288,141	1,096,616
Cash and cash equivalents - Beginning	<u>55,565</u>	<u>1,676,118</u>	<u>1,683,815</u>	<u>374,678</u>	<u>1,739,380</u>	<u>172,153</u>
<b>Cash and cash equivalents - Ending</b>	<u>\$ 54,122</u>	<u>\$ 55,565</u>	<u>\$ 1,973,399</u>	<u>\$ 1,683,815</u>	<u>\$ 2,027,521</u>	<u>\$ 1,268,769</u>
Cash and Investments - Unrestricted	\$ 54,122	\$ 55,565	\$ 1,696,169	\$ 1,349,307	\$ 1,750,291	\$ 1,268,769
Cash and Investments - Restricted	-	-	277,230	334,508	277,230	-
	<u>\$ 54,122</u>	<u>\$ 55,565</u>	<u>\$ 1,973,399</u>	<u>\$ 1,683,815</u>	<u>\$ 2,027,521</u>	<u>\$ 1,268,769</u>

Continued

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2013**  
(with comparative information for the year ended December 31, 2012)

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities - Internal Service Funds</b>
	<b>Water Utility Current Year</b>	<b>Water Utility Prior Year</b>	<b>Sanitary Sewer Current Year</b>	<b>Sanitary Sewer Prior Year</b>	<b>Current Year Totals</b>	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>						
Operating income (loss)	\$ 357,290	\$ 297,497	\$ (306,706)	\$ (201,087)	\$ 50,584	\$ (16,148)
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities						
Depreciation	1,097,315	1,061,625	650,060	642,839	1,747,375	-
Depreciation allocated to other funds	5,528	8,150	(5,528)	(8,150)	-	-
(Increase) decrease in assets						
Accounts receivable	(56,055)	(140,625)	24,395	(60,390)	(31,660)	112,163
Taxes receivable	(30,685)	3,267	(1,585)	5,508	(32,270)	-
Prepaid expense	(502)	-	-	-	(502)	(57,500)
Due from other funds	(76,124)	-	(23,698)	(31,000)	(99,822)	-
Due from other governments	-	-	-	-	-	-
Increase (decrease) in liabilities						
Accounts payable	11,587	(309,097)	(1,534,108)	1,005,105	(1,522,521)	63,072
Accrued liabilities	(2,382)	(754)	1,676	3,453	(706)	26,381
Due to other governments	86,654	(86,654)	-	-	86,654	-
Due to other funds	(142,932)	(53,149)	10,971	(1,109,979)	(131,961)	-
Customer deposits	200	309	-	-	200	-
Compensated absences	4,952	(10,522)	4,952	(10,522)	9,904	-
Total adjustments	<u>897,556</u>	<u>472,550</u>	<u>(872,865)</u>	<u>436,864</u>	<u>24,691</u>	<u>144,116</u>
<b>Net cash flows provided by (used in) operating activities</b>	<u>\$ 1,254,846</u>	<u>\$ 770,047</u>	<u>\$ (1,179,571)</u>	<u>\$ 235,777</u>	<u>\$ 75,275</u>	<u>\$ 127,968</u>
<b>Noncash Capital Activities</b>						
Cost of Utility plant installed and/or financed by external parties or the City	<u>\$ 487,927</u>	<u>\$ 51,912</u>	<u>\$ 709,174</u>	<u>\$ -</u>	<u>\$ 1,197,101</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2013**

	<u>Agency Funds</u>	<u>City of Franklin Post Employment Benefits Trust</u>
<b>ASSETS</b>		
Cash	\$ 49,786,062	\$ 522,799
Investments:		
Fixed Income Securities - Corporate Bonds	-	675
Domestic Equities	-	3,127,495
International Equities	-	511,926
Accounts receivable	11,689	78,913
Taxes receivable	21,205,488	-
<b>Total assets</b>	<u>\$ 71,003,239</u>	<u>4,241,808</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 347,445	23,795
Accrued liabilities	-	77,182
Due to other governments	70,494,468	-
Due to municipality	-	334,647
Special deposits	161,326	-
<b>Total liabilities</b>	<u>\$ 71,003,239</u>	<u>435,624</u>
<b>Total net position held in trust     for post employment benefits</b>		<u>\$ 3,806,184</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended December 31, 2013**

	<u><b>City of Franklin Post Employment Benefits Trust</b></u>
<b>ADDITIONS</b>	
Contributions	
City of Franklin	\$ 522,535
Retirees	95,487
Net investment earnings	<u>543,777</u>
<b>Total additions</b>	<u>1,161,799</u>
 <b>DEDUCTIONS</b>	
Incurred claims	686,914
Prescription drug claims	200,276
Claims fees	15,605
Stop loss premiums less claims received	<u>(171,026)</u>
<b>Total deductions</b>	<u>731,769</u>
<b>Change in net position</b>	430,030
 <b>NET POSITION HELD IN TRUST FOR POST EMPLOYMENT BENEFITS:</b>	
<b>Beginning of year</b>	<u>3,376,154</u>
<b>End of year</b>	<u>\$ 3,806,184</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

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

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, 2013**

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

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

**Government-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

Financial statements of the reporting entity are organized into funds with a fund considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, 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 enterprise fund statements. An emphasis is placed on major funds within the governmental and enterprise categories.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

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

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

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

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

**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, 2013**

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

**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, 2013**

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

**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, 2013**

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

Deferred inflows are reported on the governmental funds balance sheet. Deferred inflow arise from taxes levied in the current year that are for subsequent year's operations. For governmental fund financial statements unearned revenues 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 nonoperating items. Operating revenue and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal operations. The principal operating revenue of the Water and Sanitary Sewer funds are charges to customers for sales and services provided. The rates billed in the Water Utility are approved by the Public Service Commission. Sanitary sewer charges are billed at rates established by City policy based on the charges received from the Milwaukee Metropolitan Sewerage District and local operation and maintenance expenses. The principal operating revenue of the internal service fund is charges to other funds for group health coverage.

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

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

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

**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 Aa1 by either Moody's or Standard & Poor's.
- b. Limits an issuer to 10% or less and asset classes to 35% or less of the fair value of the portfolio with the exception of U.S. Government Treasury and Agency securities that have the full faith guarantee of the U.S. Government.
- c. Specifies a minimum amount of cash equivalents be maintained, an average life of the portfolio not exceeding 2½ years and no individual issue with a maturity exceeding seven years at the date of purchase to limit interest rate risk.
- d. Limits investments highly sensitive to market changes through its duration and diversification policies to limit interest rate risk.
- e. Prohibits the investment in foreign owned securities.
- f. Limits derivative investments to those with a final maturity of seven years or less.

In addition the City's investment policy restricts allowable investments to investments that follow state statutes, section 66.0603, 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, 2013**

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

**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 and the Wisconsin Aerospace Authority.
- e. Any security maturing in seven years or less and having the highest or second highest rating category assigned of a nationally recognized rating agency.
- f. Securities of an open-ended management investment company or investment trust subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

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

- a. Requires the investment to be in a section 115 trust for retiree health purposes.
- b. Requires compliance with the "prudent person" standard.
- c. Requires asset allocation policy that considers the liability stream of benefits, the relationship to current and projected assets, the historical performance of capital markets and the perception of future economic conditions.
- d. Primary investment objectives are safety, diversification and return.
- e. Allows investment in various asset classes.
- f. Limits investment in equities after five years to 75% of total assets to be invested. During the first eight 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, 2013**

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

**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, 2013, 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 – 2013 tax roll:

Lien date and levy date	December 2013
Tax bills mailed	December 2013
Payment in full, or	January 31, 2014
First installment due	January 31, 2014
Second installment due	March 31, 2014
Third installment due	May 31, 2014
Personal property taxes in full	January 31, 2014
Final tax settlement with County	August 20, 2014
Tax deed by County – 2013	
Delinquent real estate taxes	October 2016

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, 2013**

**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 business-type activities are reported in the government-wide financial statements as "internal balances".

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

**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, 2013**

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

**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, 2013**

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

**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. IDRB's are secured by mortgages or revenue agreements on associated projects of the business enterprises. The IDRB's do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the financial statements.

**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, 2013**

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

**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 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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

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

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

**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, 2012 from which the data was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 C with the exception of encumbrances, transfers from the General Fund to Special Revenue Funds and tax equivalent from the Water Utility. Actual (budgetary basis) expenditures presented reflect actual (GAAP) expenditures adjusted for expenditures 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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

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

As part of Wisconsin's Act 40 (2011), legislation was passed that limited 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%. 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.

**C. EXCESS EXPENDITURES OVER APPROPRIATIONS**

The City controls expenditures at the function level (e.g. public safety). For the year ended December 31, 2013 the General Fund expended \$2,986, more than budget in Culture and recreation.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. CASH AND INVESTMENTS**

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings 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 per financial institution. However, although the fund had reserves available at December 31, 2013, 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 in the form of a letter of credit from the Federal Home Loan Bank of Cincinnati in the amount of \$42,000,000. Cash and investments as shown on the December 31, 2013 City of Franklin Statement of Net position are subject to the following risks:

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

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

	Carrying Value	Bank & Investment Balances	Risks
Local Government Investment Pool	\$ 381,805	\$ 381,805	Credit and interest rate
Money market funds	590,123	590,123	Credit and interest rate
U.S. treasuries	1,504,223	1,504,223	Interest rate
U.S. agencies	7,016,127	7,016,127	Credit, interest rate and concentration of credit
Corporate notes	<u>3,053,722</u>	<u>3,053,722</u>	Credit, interest rate and concentration of credit
Total fixed income investments	12,546,000	12,546,000	
Equity funds	3,639,422	3,639,422	Custodial
Cash and demand deposits	<u>55,108,293</u>	<u>51,228,422</u>	Custodial
Total	<u>\$ 71,293,715</u>	<u>\$ 67,413,844</u>	

Reconciliation to the financial statements is shown below:

Per Statement of Net Position

Primary Government:

Unrestricted cash and investments \$ 17,067,528

Restricted cash and investments 277,230

Per Statement of Fiduciary Net Position - Agency Funds 49,786,062

- Post Employment Benefits Trust 4,162,895

\$ 71,293,715

**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, 2013, none of the City's total bank balances of \$51,228,422 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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

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

**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 agencies securities, corporate asset backed securities, corporate bonds, government repurchase agreements and money market funds and were rated by Moody's Investor Service.

As of December 31, 2013, 95.2% of the investments were in rated fixed income investments and subject to credit risk. The ratings were as follows: Aaa at 74.9%, Aa2 at 8.3%, A1 at 8.6% and A3 at 8.2%. The portfolio makeup of fixed income investments was corporate securities at 18.9%, treasury and agency securities at 52.7%, and money market funds at 3.6%. The Local Government Investment Pool was 2.4% of the investments and is not rated but is subject to credit risk. Equities and fixed income mutual funds held in trust at 22.5% 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, 2013 no issue other than U.S. Treasury and Agency securities 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.

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, 2013 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	\$ 590,123	\$ 590,123	\$ -	\$ -
U.S. treasuries and agencies	8,520,350	-	2,487,881	6,032,469
Corporate notes	3,053,722	1,000,714	2,053,008	-
Local government investment pool	381,805	381,805	-	-
<b>Total</b>	<b>\$ 12,546,000</b>	<b>\$ 1,972,642</b>	<b>\$ 4,540,889</b>	<b>\$ 6,032,469</b>

**CITY OF FRANKLIN, WISCONSIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

**B. RECEIVABLES (continued)**

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 \$48,328 at December 31, 2013. 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 \$6,195,000. Terms of the note call for semi-annual payments of interest at 1.95% 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, ending in 2031.

**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, 2013 is \$277,230.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2013 was as follows:

<b>Governmental Activities</b>	Beginning Balance	Additions	Dispositions	Ending Balance
Capital assets not depreciated:				
Land	\$ 25,012,541	\$ 19,321	\$ 73,535	\$ 24,958,327
Construction in progress	487,587	154,499	489,163	152,923
Total capital assets not depreciated	<u>25,500,128</u>	<u>173,820</u>	<u>562,698</u>	<u>25,111,250</u>
Capital assets depreciated:				
Buildings & improvements	24,180,167	45,325	-	24,225,492
Machinery & equipment	16,953,185	839,386	221,414	17,571,157
Infrastructure	90,925,168	1,248,020	-	92,173,188
Total capital assets depreciated	<u>132,058,520</u>	<u>2,132,731</u>	<u>221,414</u>	<u>133,969,837</u>
Less: Accumulated depreciation for:				
Buildings & improvements	8,031,773	547,712	-	8,579,485
Machinery & equipment	10,354,968	870,948	221,414	11,004,502
Infrastructure	23,495,350	1,532,242	-	25,027,592
Total accumulated depreciation	<u>41,882,091</u>	<u>2,950,902</u>	<u>221,414</u>	<u>44,611,579</u>
Net capital assets depreciated	<u>90,176,429</u>	<u>(818,171)</u>	<u>-</u>	<u>89,358,258</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 115,676,557</u>	<u>\$ (644,351)</u>	<u>\$ 562,698</u>	<u>\$ 114,469,508</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 164,843
Public safety	627,524
Public works	1,848,751
Health & human services	13,482
Culture & recreation	294,229
Conservation & development	<u>2,073</u>
Total governmental activities depreciation expense	<u>\$ 2,950,902</u>

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - 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	113,269	189,665	244,992	57,942
Total capital assets not depreciated	634,494	189,665	244,992	579,167
Capital assets depreciated:				
Buildings & improvements	3,438,927	-	-	3,438,927
Machinery & equipment	2,794,982	255,137	251,012	2,799,107
Infrastructure	108,555,571	1,244,667	35,488	109,764,750
Total capital assets depreciated	114,789,480	1,499,804	286,500	116,002,784
Less: Accumulated depreciation for:				
Buildings & improvements	1,042,076	109,248	-	1,151,324
Machinery & equipment	1,721,617	151,707	251,012	1,622,312
Infrastructure	23,262,199	1,486,420	35,488	24,713,131
Total accumulated depreciation	26,025,892	1,747,375	286,500	27,486,767
Net capital assets depreciated	88,763,588	(247,571)	-	88,516,017
Business-type Activities Capital Assets, Net of Accumulated Depreciation	\$ 89,398,082	\$ (57,906)	\$ 244,992	\$ 89,095,184

Depreciation expense was charged to functions as follows.

Business-Type Activities:

Water	\$ 1,097,315
Sewer	650,060
	\$ 1,747,375

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

**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.

The interfund receivables and payables at December 31, 2013 are as follows:

Payable Fund	Receivable Fund				Total
	General	Capital Projects	Water Utility	Sanitary Sewer	
General	\$ -	\$ -	\$ 65,910	\$ -	\$ 65,910
Water Utility	133,796	-	-	54,698	188,494
Sanitary Sewer	-	757	10,214	-	10,971
<b>Totals</b>	<b>\$ 133,796</b>	<b>\$ 757</b>	<b>\$ 76,124</b>	<b>\$ 54,698</b>	<b>\$ 265,375</b>

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.

Payable Fund	Receivable Fund			Total	Due within one year
	General	Self Insurance	Capital Projects Development		
TIF Districts	\$ -	\$ 2,163,000	\$ 1,150,000	\$ 3,313,000	\$ 750,000
Debt Service	-	-	2,137,000	2,137,000	1,062,000
Sanitary Sewer	505,040	-	-	505,040	-
	<b>\$ 505,040</b>	<b>\$ 2,163,000</b>	<b>\$ 3,287,000</b>	<b>\$ 5,955,040</b>	<b>\$ 1,812,000</b>

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, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

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

Transfers during the year ended December 31, 2013 were as follows:

	Transfers In					Eliminations	Reclassification of Capital Contributions	Government- Wide Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Enterprise Funds	Fund Totals			
Transfers Out								
General Fund	\$ -	\$ -	\$ 109,982	\$ -	\$ 109,982	\$ (109,982)	\$ -	\$ -
Nonmajor Governmental Funds	194,845	366,276	967,679	-	1,528,800	(1,528,800)	-	-
Enterprise Funds								
Water Utility	1,127,801	-	-	-	1,127,801	-	(487,927)	639,874
Sanitary Sewer Utility	2,574	-	-	-	2,574	-	(709,174)	(706,600)
Total	<u>\$ 1,325,220</u>	<u>\$ 366,276</u>	<u>\$ 1,077,661</u>	<u>\$ -</u>	<u>\$ 2,769,157</u>	<u>\$ (1,638,782)</u>	<u>\$ (1,197,101)</u>	<u>\$ (66,726)</u>

**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:

	Unavailable	Unearned	Total
Governmental funds:			
Property taxes receivable	\$ -	\$ 24,222,854	\$ 24,222,854
Interest receivable	40,268	-	40,268
Special assessments not yet due	<u>1,402,776</u>	<u>-</u>	<u>1,402,776</u>
Total deferred inflows for governmental funds	<u>\$ 1,443,044</u>	<u>\$ 24,222,854</u>	<u>\$ 25,665,898</u>

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

**G. LONG TERM OBLIGATIONS**

**General Obligation Debt**

Long-term liabilities for the year ended December 31, 2013 were as follows:

	Balance 12/31/12	Additions	Deletions	Balance 12/31/13	Amounts due within one year
<b>Governmental Activities</b>					
General obligation debt	\$ 21,670,000	\$ -	\$ 3,790,000	\$ 17,880,000	\$ 10,265,000
Net pension obligation	91,336	303,994	310,450	84,880	-
Sub-total	<u>21,761,336</u>	<u>303,994</u>	<u>4,100,450</u>	<u>17,964,880</u>	<u>10,265,000</u>
Compensated absences					
Accrued vacation pay	417,760	900,307	908,195	409,872	409,872
Accrued severance pay	1,057,072	221,119	90,156	1,188,035	43,060
Accrued compensatory time	177,601	200,026	201,838	175,789	175,789
Total compensated absences	<u>1,652,433</u>	<u>1,321,452</u>	<u>1,200,189</u>	<u>1,773,696</u>	<u>628,721</u>
Governmental activities					
Long-term liabilities	<u>\$ 23,413,769</u>	<u>\$ 1,625,446</u>	<u>\$ 5,300,639</u>	<u>\$ 19,738,576</u>	<u>\$ 10,893,721</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 12/31/12	Additions	Deletions	Balance 12/31/13	Amounts due within one year
<b>Business-type Activities</b>					
General obligation debt	<u>\$ 22,064,833</u>	<u>\$ 2,500,590</u>	<u>\$ -</u>	<u>\$ 24,565,423</u>	<u>\$ 1,101,072</u>
Compensated absences					
Accrued vacation pay	39,348	41,061	34,629	45,780	45,780
Accrued severance pay	54,915	4,369	2,123	57,161	-
Accrued compensatory time	11,287	6,907	5,681	12,513	12,513
Business-type activities					
Long-term liabilities	<u>\$ 22,170,383</u>	<u>\$ 2,552,927</u>	<u>\$ 42,433</u>	<u>\$ 24,680,877</u>	<u>\$ 1,159,365</u>

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

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

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

<u>Type</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Original Amount</u>	<u>Balance Outstanding 12/31</u>
General obligation promissory notes						
	1/3/07	4.95	3/ 1/08-14	3/1& 9/1	\$ 10,000,000	\$ 6,195,000 <sup>1</sup>
	8/26/08	3.00-3.50	3/ 1/09-14	3/1& 9/1	10,000,000	3,500,000 <sup>2</sup>
General obligation refunding bonds						
	1/3/07	3.80	3/ 1/08-21	3/1& 9/1	9,925,000	<u>8,185,000</u>
Total Governmental Activities Debt						<u>\$ 17,880,000</u>
Business-type Activity Debt						
General obligation Clean Water Fund Loan						
	1/25/12	2.462	5/1/14-31	5/1 & 11/1	27,562,754	<u>\$ 24,565,423</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:

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

<u>Year Ending 31-Dec</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 10,265,000	\$ 514,776	\$ 1,101,072	\$ 591,136
2015	520,000	279,490	1,128,180	563,804
2016	1,200,000	246,810	1,155,956	535,687
2017	1,190,000	201,400	1,184,416	506,877
2018	1,180,000	156,370	1,213,576	477,357
2019-2023	3,525,000	200,355	6,531,040	1,917,926
2024-2028	-	-	7,375,586	1,062,984
2029-2031	-	-	4,875,597	182,002
Total	<u>\$ 17,880,000</u>	<u>\$ 1,599,201</u>	<u>\$ 24,565,423</u>	<u>\$ 5,837,773</u>

The City's statutory debt limit and margin of indebtedness at December 31, 2013 are \$170,713,830 and \$128,268,407, respectively.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

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

**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, 2013 balance of \$116,038,155.

**H. NET POSITION/FUND BALANCES**

**Governmental Activities**

Governmental activities net position reported on the government-wide statement of net position at December 31, 2013 include the following:

Net investment in capital assets	
Land	\$ 24,958,327
Construction in process	152,923
Other capital assets, net of accumulated depreciation	89,358,258
Less: related long term debt outstanding	<u>(9,747,526)</u>
Net investment in capital assets	<u>104,721,982</u>
Restricted for:	
Debt service	722,710
Utility improvement	1,523,989
Development	5,052,168
Library	582,292
Other	<u>507,955</u>
Total restricted	<u>8,389,114</u>
Unrestricted	<u>4,889,704</u>
Total governmental activities net position	<u>\$ 118,000,800</u>

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)**

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

**Governmental Fund Balances**

Reported on the fund financial statements at December 31, 2013 include the following:

Nonspendable fund balances	
General Fund - Inventories and prepaid items	\$ 45,866
General Fund - Advances	505,040
Library Fund - prepaid items	<u>2,475</u>
Total nonspendable	<u>\$ 553,381</u>
Restricted fund balances	
Debt Service	\$ 6,801,945
Utility Improvements	443,438
Development	5,052,168
Donations	102,326
Health services	165,846
Library services	579,817
Solid Waste	188,307
Recreational services	<u>51,476</u>
Total restricted	<u>\$ 13,385,323</u>
Assigned Fund balances:	
Capital Projects:	
Capital Outlay	\$ 337,575
Equipment Replacement	1,916,045
Capital Improvement	318,928
Street Improvement	<u>218,563</u>
Total Assigned fund balances	<u>\$ 2,791,111</u>
Unassigned fund balances	
General Fund	\$ 7,230,661
Debt Service - Deficit	(2,099,712)
St Martin's Fair - Deficit	(708)
TIF Districts - Deficit	<u>(3,080,379)</u>
Total Unassigned fund balances	<u>\$ 2,049,862</u>

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION**

**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 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, 2013 was \$7,582,772 and the employer's total payroll was \$13,792,793. The total required contribution for the year ended December 31, 2013 was \$1,653,044, or 21.8% of covered payroll. \$137,435 was paid by employees while \$1,515,609 was paid by the employer. Of the total required contribution, 100% was contributed for the current year. Total contributions for the years ended December 31, 2012, and 2011 were \$1,660,118 and \$1,512,397, respectively which equal the required contributions for each year.

The System provides that 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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION**

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

**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 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 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 2013 was 5% 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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION (continued)**

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

**Annual Pension Cost**

For 2013, the City's required contribution of \$310,450 was determined during a January 1, 2013 actuarial valuation using the entry age normal cost method. The City began to require employee contributions, totaling \$141,971 in 2013. During the year ended December 31, 2013, combined contributions totaling \$303,994 were accrued. This resulted in the net pension obligation being reduced by \$6,456. The required employer contribution amount represented 18.4% of current year payroll compared to the 16.8% anticipated in the 2012 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.

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2013	\$ 303,994	102.1%	\$ 84,880
12/31/2012	272,480	102.2%	91,336
12/31/2011	224,478	102.8%	97,341

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	\$ 310,450
Interest on net pension obligation	6,850
Adjustment to annual required contribution	<u>(13,306)</u>
Annual pension expense	303,994
Contributions made	<u>(310,450)</u>
Decrease in net pension obligation	(6,456)
Net pension obligation - beginning of year	<u>91,336</u>
Net pension obligation - end of year	<u><u>\$ 84,880</u></u>

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION** (continued)

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

**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 Accrued Liability (AAL) - Aggregate	(C) Unfunded AAL (UAAL) [(B)-(A)]		
1/1/2013	\$ 5,383,619	\$ 6,408,402	\$ 1,024,783	84%	\$ 1,689,291 61%

The multi year trend information is located in the required supplementary information immediately following the notes to the financial statements.

**B. DEFINED CONTRIBUTION PLAN**

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

Employees after completing six months of service with the City are eligible to participate. The Plan requires the City to make periodic contributions to each participant's account equal to 10% of such participant's annual compensation. Employees are required to make contributions of 5% of wages. A participant's accrued benefit for City contributions is 100% vested and non forfeitable upon death, normal retirement, early retirement or permanent and total disability as defined in the Plan. If employment is terminated for any other reason, each participant's accrued benefit vests at various percentages, based on years of service. During 2013, total contributions of \$388,969 or 10% of covered payroll were made. The City contributed \$196,607 and employees \$192,362. 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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION (continued)**

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

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	66	75% of Premium at Retirement	53	15
Dispatch	13	75% of 2005 Premium	62	20
Fire	55	75% of Premium at Retirement	53	20
DPW	30	75% of Premium at Retirement	60	15

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	\$ 523,342
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB expense	523,342
Contributions made	(523,342)
Increase in net OPEB obligation	-
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ -

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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2013	\$ 523,342	100.0%	\$ -
12/31/2012	837,535	100.0%	-
12/31/2011	822,537	100.0%	-

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION** (continued)

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

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.

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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION** (continued)

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

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, 2013 was 24 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.

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 8.5% for years one and two, 8.0% for years three and four, reduced to an ultimate rate of 5.5% after thirteen 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.

**CITY OF FRANKLIN, WISCONSIN  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**NOTE 4 - OTHER INFORMATION (continued)**

**D. CONTINGENCIES AND COMMITMENTS**

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

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

The City has \$2,122,647 in outstanding contractual commitments relating to various Public Works projects and equipment purchases at December 31, 2013. The City has encumbered \$89,186 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, 2013**

**NOTE 4 - OTHER INFORMATION (continued)**

**E. RISK MANAGEMENT**

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

The City also offers a group medical and dental insurance plan to employees for which the City is self-insured. This activity is accounted for in the City's Self Insurance Internal Service Fund. Group medical and dental costs are charged to City departments and retirees participating in the program. A third party administrator handles claims payments. The City carries stop loss insurance for claims in excess of \$60,000 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, 2013 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>
2013	\$ 352,000	\$3,808,103	\$ 3,781,003	\$ 379,100
2012	318,000	3,235,548	3,201,548	352,000

**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, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)  
December 31, 2013**

**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)]
1/1/2013	\$ 5,383,619	\$ 6,408,402	\$ 1,024,783	84%	\$ 1,689,291	61%
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%

**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.

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

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

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

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 a 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, 2013**

	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	\$ 355,858	\$ 142,112	\$ 283,139	\$ (708)	\$ 102,799	\$ 51,476	\$ 165,800	\$ 1,100,476
Receivables								
Accounts receivable	-	-	27,579	-	-	-	-	27,579
Taxes receivable	1,240,000	-	1,168,088	-	-	-	-	2,408,088
Special assessments receivable	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Due from other governments	119,179	-	-	-	-	-	2,490	121,669
Prepaid items	1,575	900	-	-	-	-	600	3,075
<b>Total assets</b>	<u>\$ 1,716,612</u>	<u>\$ 143,012</u>	<u>\$ 1,478,806</u>	<u>\$ (708)</u>	<u>\$ 102,799</u>	<u>\$ 51,476</u>	<u>\$ 168,890</u>	<u>\$ 3,660,887</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 26,168	390	\$ 122,096	\$ -	\$ 473	\$ -	\$ 658	\$ 149,785
Accrued liabilities	10,774	-	315	-	-	-	-	11,089
Due other governments	-	-	-	-	-	-	2,386	2,386
<b>Total liabilities</b>	<u>36,942</u>	<u>390</u>	<u>122,411</u>	<u>-</u>	<u>473</u>	<u>-</u>	<u>3,044</u>	<u>163,260</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unearned & unavailable revenue	1,240,000	-	1,168,088	-	-	-	-	2,408,088
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable:								
Prepaid items	1,575	900	-	-	-	-	-	2,475
Restricted:								
Utility improvements	-	-	-	-	-	-	-	-
Development	-	-	-	-	-	-	-	-
Donations	-	-	-	-	102,326	-	-	102,326
Health services	-	-	-	-	-	-	165,846	165,846
Library services	438,095	141,722	-	-	-	-	-	579,817
Solid waste	-	-	188,307	-	-	-	-	188,307
Recreational services	-	-	-	-	-	51,476	-	51,476
Assigned:								
Capital projects	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	(708)	-	-	-	(708)
<b>Total fund balances (deficit)</b>	<u>439,670</u>	<u>142,622</u>	<u>188,307</u>	<u>(708)</u>	<u>102,326</u>	<u>51,476</u>	<u>165,846</u>	<u>1,089,539</u>
<b>Total liabilities, deferred inflows and fund balances (deficit)</b>	<u>\$ 1,716,612</u>	<u>\$ 143,012</u>	<u>\$ 1,478,806</u>	<u>\$ (708)</u>	<u>\$ 102,799</u>	<u>\$ 51,476</u>	<u>\$ 168,890</u>	<u>\$ 3,660,887</u>

(Continued)

CITY OF FRANKLIN, WISCONSIN  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013

	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>ASSETS</b>								
Cash and investments	\$ 393,958	\$ 1,916,184	\$ 291,460	\$ 228,864	\$ 255,368	\$ 1,776,847	\$ 4,862,681	\$ 5,963,157
Receivables								
Accounts receivable	-	-	52,063	-	-	-	52,063	79,642
Taxes receivable	430,000	337,000	-	681,600	188,070	-	1,636,670	4,044,758
Special assessments receivable	-	-	-	-	1,198,101	-	1,198,101	1,198,101
Due from other funds	757	-	-	-	-	-	757	757
Due from other governments	-	-	96,720	-	-	-	96,720	218,389
Prepaid items	-	-	-	-	-	-	-	3,075
Long-term advances	-	-	-	-	-	3,287,000	3,287,000	3,287,000
<b>Total assets</b>	<u>\$ 824,715</u>	<u>\$ 2,253,184</u>	<u>\$ 440,243</u>	<u>\$ 910,464</u>	<u>\$ 1,641,539</u>	<u>\$ 5,063,847</u>	<u>\$ 11,133,992</u>	<u>\$ 14,794,879</u>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 33,394	\$ 139	\$ 121,315	\$ 10,301	\$ -	\$ 11,679	\$ 176,828	\$ 326,613
Accrued liabilities	23,746	-	-	-	-	-	23,746	34,835
Due to other governments	-	-	-	-	-	-	-	2,386
<b>Total liabilities</b>	<u>57,140</u>	<u>139</u>	<u>121,315</u>	<u>10,301</u>	<u>-</u>	<u>11,679</u>	<u>200,574</u>	<u>363,834</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unearned & unavailable revenue	<u>430,000</u>	<u>337,000</u>	<u>-</u>	<u>681,600</u>	<u>1,198,101</u>	<u>-</u>	<u>2,646,701</u>	<u>5,054,789</u>
<b>FUND BALANCES (DEFICIT)</b>								
Nonspendable:								
Prepaid items	-	-	-	-	-	-	-	2,475
Restricted:								
Utility improvements	-	-	-	-	443,438	-	443,438	443,438
Development	-	-	-	-	-	5,052,168	5,052,168	5,052,168
Donations	-	-	-	-	-	-	-	102,326
Health services	-	-	-	-	-	-	-	165,846
Library services	-	-	-	-	-	-	-	579,817
Solid waste	-	-	-	-	-	-	-	188,307
Recreational services	-	-	-	-	-	-	-	51,476
Assigned:								
Capital projects	337,575	1,916,045	318,928	218,563	-	-	2,791,111	2,791,111
Unassigned (deficit)	-	-	-	-	-	-	-	(708)
<b>Total fund balances (deficit)</b>	<u>337,575</u>	<u>1,916,045</u>	<u>318,928</u>	<u>-</u>	<u>443,438</u>	<u>5,052,168</u>	<u>8,286,717</u>	<u>9,376,256</u>
<b>Total liabilities, deferred inflows and fund balances (deficit)</b>	<u>\$ 824,715</u>	<u>\$ 2,253,184</u>	<u>\$ 440,243</u>	<u>\$ 691,901</u>	<u>\$ 1,641,539</u>	<u>\$ 5,063,847</u>	<u>\$ 11,133,992</u>	<u>\$ 14,794,879</u>

**CITY OF FRANKLIN, WISCONSIN**  
**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2013**

	<b>Special Revenue Funds</b>						<b>Total</b>
	<b>Library Operating Fund</b>	<b>Library Auxiliary Fund</b>	<b>Solid Waste Fund</b>	<b>St Martin's Fair Fund</b>	<b>Donation Fund</b>	<b>Civic Celebrations Fund</b>	
<b>REVENUE</b>							
Taxes	\$ 1,240,000	\$ -	\$ 1,153,672	\$ -	\$ -	\$ -	\$ 2,393,672
Intergovernmental revenue	119,179	-	69,267	-	2,291	-	164,314
Public charges for services	-	6,567	331,537	32,481	-	61,305	431,890
Investment earnings (loss)	(8,319)	98	(7,043)	(64)	(872)	-	(16,200)
Miscellaneous revenue	-	52,376	9,461	2,450	20,693	18,105	111,897
Total revenue	<u>1,350,860</u>	<u>59,041</u>	<u>1,556,894</u>	<u>34,867</u>	<u>22,112</u>	<u>79,410</u>	<u>3,276,310</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	213	-	213
Public safety	-	-	-	-	15,027	-	18,458
Public works	-	-	1,469,133	-	-	-	1,469,133
Health and human services	-	-	-	-	100	-	32,752
Culture and recreation	1,199,520	16,443	-	49,505	-	90,248	1,363,781
Conservation and development	-	-	-	-	-	-	-
Capital outlay	<u>136,424</u>	<u>17,047</u>	<u>-</u>	<u>-</u>	<u>9,684</u>	<u>-</u>	<u>281,806</u>
Total expenditures	<u>1,335,944</u>	<u>33,490</u>	<u>1,469,133</u>	<u>49,505</u>	<u>25,024</u>	<u>90,248</u>	<u>3,166,143</u>
Excess (deficiency) of revenue over expenditures	14,916	25,551	87,761	(14,638)	(2,912)	(10,838)	110,167
<b>OTHER FINANCING SOURCES (USES)</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	11,000	-	13,000	24,000
Transfers out	-	-	-	-	-	-	(23,720)
Net change in fund balances	14,916	25,551	87,761	(3,638)	(2,912)	2,162	110,447
Fund balances - beginning	<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>979,092</u>
<b>Fund balances (deficit) - ending</b>	<u>\$ 439,670</u>	<u>\$ 142,622</u>	<u>\$ 188,307</u>	<u>\$ (708)</u>	<u>\$ 102,326</u>	<u>\$ 51,476</u>	<u>\$ 1,089,539</u>

(Continued)

**CITY OF FRANKLIN, WISCONSIN**  
**Combining Schedule of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2013**

	<b>Capital Projects Funds</b>						<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Capital Outlay Fund</b>	<b>Equipment Replacement Fund</b>	<b>Capital Improvement Fund</b>	<b>Street Improvement Fund</b>	<b>Utility Improvement Fund</b>	<b>Development Fund</b>		
<b>REVENUE</b>								
Taxes	\$ 394,000	\$ 285,000	\$ -	\$ 610,000	\$ -	\$ -	\$ 1,289,000	\$ 3,682,672
Intergovernmental revenue	6,651	-	96,720	-	-	-	103,371	458,422
Public charges for services	100,952	150,000	281,726	200,000	-	-	732,678	1,164,568
Special assessments	-	-	-	-	429,739	987,905	1,417,644	1,417,644
Investment earnings (loss)	(5,085)	(18,426)	(1,447)	(7,277)	47,301	106,079	121,145	104,945
Miscellaneous revenue	2,082	-	2,500	15,572	-	-	20,154	132,051
Total revenue	<u>498,600</u>	<u>416,574</u>	<u>379,499</u>	<u>818,295</u>	<u>477,040</u>	<u>1,093,984</u>	<u>3,683,992</u>	<u>6,960,302</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	1,255	-	1,255	1,468
Public safety	-	-	-	-	-	-	-	18,458
Public works	-	-	-	-	-	-	-	1,469,133
Health and human services	-	-	-	-	-	-	-	32,752
Culture and recreation	-	-	-	-	-	-	-	1,363,781
Conservation and development	-	-	-	-	-	15,359	15,359	15,359
Capital outlay	549,425	406,528	1,190,202	741,549	-	-	2,887,704	3,169,510
Total expenditures	<u>549,425</u>	<u>406,528</u>	<u>1,190,202</u>	<u>741,549</u>	<u>1,255</u>	<u>15,359</u>	<u>2,904,318</u>	<u>6,070,461</u>
Excess (deficiency) of revenue over expenditures	(50,825)	10,046	(810,703)	76,746	475,785	1,078,625	779,674	889,841
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of capital assets	50,767	24,792	-	-	-	-	75,559	75,559
Transfers in	2,500	114,512	936,649	-	-	-	1,053,661	1,077,661
Transfers out	-	-	(80,630)	(207,507)	(575,755)	(641,188)	(1,505,080)	(1,528,800)
Net change in fund balances	2,442	149,350	45,316	(130,761)	(99,970)	437,437	403,814	514,261
Fund balances - beginning	<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>	<u>8,861,995</u>
<b>Fund balances (deficit) - ending</b>	<u>\$ 337,575</u>	<u>\$ 1,916,045</u>	<u>\$ 318,928</u>	<u>\$ 218,563</u>	<u>\$ 443,438</u>	<u>\$ 5,052,168</u>	<u>\$ 8,286,717</u>	<u>\$ 9,376,256</u>

**CITY OF FRANKLIN, WISCONSIN**  
**General Fund**  
**Schedule of Revenue - Budget and Actual (on a Budgetary Basis)**  
**Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
<b>TAXES</b>				
General property taxes	\$ 16,330,000	\$ 16,330,000	\$ 16,355,009	\$ 25,009
Water Utility - tax equivalent	1,070,000	1,070,000	1,130,375	60,375
Cable TV franchise fees	515,000	515,000	507,018	(7,982)
Mobile home assessments	27,000	27,000	25,370	(1,630)
Motel room tax	190,000	190,000	191,597	1,597
	<u>18,132,000</u>	<u>18,132,000</u>	<u>18,209,369</u>	<u>77,369</u>
<b>INTERGOVERNMENTAL REVENUE</b>				
State shared revenue	475,000	475,000	480,167	5,167
State expenditure restraint revenue	217,100	217,100	217,114	14
Fire insurance - dues	115,000	115,000	119,949	4,949
Local, state and federal grants and aids				
Computer aid	307,000	307,000	348,818	41,818
Transportation aids	1,363,000	1,363,000	1,362,631	(369)
Other	65,500	65,500	42,695	(22,805)
	<u>2,542,600</u>	<u>2,542,600</u>	<u>2,571,374</u>	<u>28,774</u>
<b>LICENSES, FEES AND PERMITS</b>				
Licenses:				
Beer and liquor	30,000	30,000	30,940	940
Bartenders	16,600	16,600	16,759	159
Amusement and related	11,500	11,500	11,630	130
Peddlers	2,000	2,000	1,177	(823)
Food and related	42,400	42,400	43,713	1,313
Electrical contractors	2,000	2,000	1,856	(144)
Dog and cat	9,000	9,000	6,832	(2,168)
Health	13,100	13,100	15,395	2,295
Other	13,900	13,900	18,664	4,764
Permits:				
Building	422,000	436,000	553,012	117,012
Electrical	74,000	74,000	83,097	9,097
Plumbing	63,500	63,500	84,078	20,578
Sign	10,000	10,000	8,860	(1,140)
Park	12,000	12,000	12,864	864
Fire	6,000	6,000	4,895	(1,105)
Other	11,000	11,000	18,585	7,585
	<u>739,000</u>	<u>753,000</u>	<u>912,357</u>	<u>159,357</u>
<b>FINES, FORFEITURES AND PENALTIES</b>	<u>450,000</u>	<u>450,000</u>	<u>411,795</u>	<u>(38,205)</u>

(Continued)

**CITY OF FRANKLIN, WISCONSIN**  
**General Fund**  
**Schedule of Revenue - Budget and Actual (on a Budgetary Basis)**  
**Year Ended December 31, 2013**

	<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	\$ 21,083	\$ 11,583
<b>Public safety</b>				
Police Department and related	6,000	6,000	10,411	4,411
Ambulance service	937,000	937,000	1,061,592	124,592
Fire Department and related	92,000	92,000	98,288	6,288
Quarry reimbursement	42,000	42,000	23,517	(18,483)
Weights and measures	6,800	6,800	14,512	7,712
<b>Public works</b>				
Weed cutting	15,050	15,050	14,299	(751)
Street lighting	3,000	3,000	15,443	12,443
Engineering and DPW fees	37,650	37,650	20,019	(17,631)
Landfill tippage fees	59,500	59,500	42,894	(16,606)
<b>Health and human services</b>				
Health clinics and other health fees	56,000	56,000	96,475	40,475
<b>Conservation and development</b>				
Zoning, subdivision and other filing fees	59,000	59,000	54,506	(4,494)
	<u>1,323,500</u>	<u>1,323,500</u>	<u>1,473,039</u>	<u>149,539</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>	<u>125,000</u>	<u>125,000</u>	<u>162,308</u>	<u>37,308</u>
<b>INVESTMENT EARNINGS (LOSS)</b>	<u>142,000</u>	<u>142,000</u>	<u>(11,514)</u>	<u>(153,514)</u>
<b>MISCELLANEOUS REVENUE</b>				
Municipal property rental	34,000	34,000	41,492	7,492
Property sales	7,600	7,600	11,984	4,384
Refunds and reimbursements	30,000	30,000	39,399	9,399
Insurance dividend	15,000	15,000	58,192	43,192
Other revenue	4,400	4,400	5,347	947
	<u>91,000</u>	<u>91,000</u>	<u>156,414</u>	<u>65,414</u>
<b>TOTAL REVENUE</b>	<u>\$ 23,545,100</u>	<u>\$ 23,559,100</u>	<u>\$ 23,885,142</u>	<u>\$ 326,042</u>

**CITY OF FRANKLIN, WISCONSIN**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual (on a Budgetary Basis)**  
**Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>CURRENT</b>				
<b>General Government</b>				
Mayor	\$ 26,600	\$ 26,600	\$ 23,367	\$ 3,233
Aldermen	71,350	71,750	69,228	2,522
Municipal court	226,543	226,543	223,628	2,915
City clerk	318,482	318,482	294,029	24,453
Elections	30,805	90,805	40,007	50,798
Information services	332,300	332,300	312,346	19,954
Administration	431,057	431,057	379,221	51,836
Finance	539,908	539,908	543,288	(3,380)
Audit	34,500	34,500	33,265	1,235
Assessor	253,469	253,469	212,856	40,613
Legal counsel	324,920	324,920	287,647	37,273
Municipal buildings	194,379	194,379	193,100	1,279
Property and liability insurance	81,050	81,050	96,800	(15,750)
Other	2,500	2,500	400	2,100
Contingency	723,000	662,075	-	662,075
Total General Government	<u>3,590,863</u>	<u>3,590,338</u>	<u>2,709,182</u>	<u>881,156</u>
<b>Public Safety</b>				
Police:				
Police	8,263,002	8,256,227	7,826,450	429,777
Dispatchers	1,001,344	1,001,344	921,856	79,488
Fire	5,999,105	5,999,105	5,796,116	202,989
Fire protection service charge	244,300	244,300	245,320	(1,020)
Building inspection	653,714	667,714	654,917	12,797
Sealer of weights and measures	6,800	6,800	6,800	-
Total Public Safety	<u>16,168,265</u>	<u>16,175,490</u>	<u>15,451,459</u>	<u>724,031</u>
<b>Public Works</b>				
Engineering	606,905	606,905	574,351	32,554
Highway	2,551,374	2,558,674	2,464,847	93,827
Street lighting	323,730	323,730	323,512	218
Weed control	15,050	15,050	11,709	3,341
Total Public Works	<u>3,497,059</u>	<u>3,504,359</u>	<u>3,374,419</u>	<u>129,940</u>
<b>Health and Human Services</b>				
Public health	609,952	609,952	598,591	11,361
Animal control	49,050	49,050	37,368	11,682
Total Health and Human Services	<u>659,002</u>	<u>659,002</u>	<u>635,959</u>	<u>23,043</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	13,400	1,600
Parks	132,901	132,901	137,487	(4,586)
Total Culture and Recreation	<u>171,901</u>	<u>171,901</u>	<u>174,887</u>	<u>(2,986)</u>
<b>Conservation and Development</b>				
Planning	393,710	393,710	347,180	46,530
Economic development	14,300	14,300	13,469	831
Total Conservation and Development	<u>408,010</u>	<u>408,010</u>	<u>360,649</u>	<u>47,361</u>
<b>TOTAL EXPENDITURES</b>	<u>\$24,495,100</u>	<u>\$24,509,100</u>	<u>\$22,706,555</u>	<u>\$ 1,802,545</u>

**CITY OF FRANKLIN, WISCONSIN  
Debt Service Fund**

**Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
<b>REVENUE</b>			
Taxes	\$ 1,650,000	\$ 1,650,000	\$ -
Special assessments	-	65,706	65,706
Investment earnings	-	7,899	7,899
Total revenue	<u>1,650,000</u>	<u>1,723,605</u>	<u>73,605</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	620,000	620,000	-
Interest	<u>409,380</u>	<u>409,381</u>	<u>(1)</u>
Total expenditures	<u>1,029,380</u>	<u>1,029,381</u>	<u>(1)</u>
Excess of revenue over expenditures	620,620	694,224	73,604
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>354,380</u>	<u>366,276</u>	<u>11,896</u>
Net change in fund balances	<u>\$ 975,000</u>	1,060,500	<u>\$ 85,500</u>
Fund balances (deficit) - beginning		<u>(2,553,267)</u>	
<b>Fund balances (deficit) - ending</b>		<u>\$ (1,492,767)</u>	

**CITY OF FRANKLIN, WISCONSIN**  
**Library Operating Fund**  
**Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with final budget - Favorable (Unfavorable)</b>
<b>REVENUE</b>				
Taxes	\$ 1,240,000	\$ 1,240,000	\$ 1,240,000	\$ -
Intergovernmental revenue	50,000	50,000	119,179	69,179
Investment earnings (loss)	16,000	16,000	(8,319)	(24,319)
Total revenue	<u>1,306,000</u>	<u>1,306,000</u>	<u>1,350,860</u>	<u>44,860</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	1,236,856	1,236,856	1,199,520	37,336
Capital outlay	115,500	146,500	125,424	21,076
Total expenditures	<u>1,352,356</u>	<u>1,383,356</u>	<u>1,324,944</u>	<u>58,412</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(46,356)</u>	<u>(77,356)</u>	<u>25,916</u>	<u>103,272</u>
Net change in fund balances	<u>\$ (46,356)</u>	<u>\$ (77,356)</u>	25,916	<u>\$ 103,272</u>
Adjustments to generally accepted accounting principles basis				
2012 encumbrances			(21,000)	
2013 encumbrances			10,000	
Fund balances - beginning			<u>424,754</u>	
<b>Fund balances - ending</b>			<u>\$ 439,670</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, 2013**

	<u>Original and final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
<b>REVENUE</b>			
User fees	\$ 1,187,000	\$ 1,153,672	\$ (33,328)
Intergovernmental revenue	69,000	69,267	267
Public charges for services - Landfill siting	350,000	331,537	(18,463)
Sales of recycling bins	5,000	9,461	4,461
Investment earnings (loss)	<u>4,000</u>	<u>(7,043)</u>	<u>(11,043)</u>
 Total revenue	 <u>1,615,000</u>	 <u>1,556,894</u>	 <u>(58,106)</u>
<b>EXPENDITURES</b>			
Current:			
Public works	<u>1,547,934</u>	<u>1,469,133</u>	<u>78,801</u>
Total expenditures	<u>1,547,934</u>	<u>1,469,133</u>	<u>78,801</u>
 Net change in fund balances	 <u>\$ 67,066</u>	 87,761	 <u>\$ 20,695</u>
 Fund balances - beginning		 <u>100,546</u>	
 <b>Fund balances - ending</b>		 <u>\$ 188,307</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, 2013**

	<u>Capital Outlay Fund</u>				<u>Equipment Replacement Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>	<u>Original and final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
<b>REVENUE</b>								
Taxes	\$ 394,000	\$ 394,000	\$ 394,000	\$ -	\$ 285,000	\$ 285,000	\$ 285,000	\$ -
Intergovernmental revenue	25,000	25,000	6,651	(18,349)	-	-	-	-
Public charges for services - Landfill siting	100,000	100,000	100,952	952	150,000	150,000	150,000	-
Investment earnings (loss)	10,000	10,000	(5,085)	(15,085)	13,000	13,000	(18,426)	(31,426)
Miscellaneous revenue	-	-	2,082	2,082	3,000	-	-	-
Total revenue	<u>529,000</u>	<u>529,000</u>	<u>498,600</u>	<u>(30,400)</u>	<u>451,000</u>	<u>448,000</u>	<u>416,574</u>	<u>(31,426)</u>
<b>EXPENDITURES</b>								
Capital outlay	<u>735,622</u>	<u>745,622</u>	<u>594,529</u>	<u>151,093</u>	<u>403,000</u>	<u>420,000</u>	<u>417,128</u>	<u>2,872</u>
Total expenditures	<u>735,622</u>	<u>745,622</u>	<u>594,529</u>	<u>151,093</u>	<u>403,000</u>	<u>420,000</u>	<u>417,128</u>	<u>2,872</u>
Excess (deficiency) of revenue over expenditures	(206,622)	(216,622)	(95,929)	120,693	48,000	28,000	(554)	(28,554)
<b>OTHER FINANCING SOURCES (USES)</b>								
Sale of capital assets	30,000	30,000	50,767	20,767	-	13,000	24,792	24,792
Transfers in	-	-	2,500	2,500	-	-	114,512	114,512
Transfers out	-	-	-	-	-	-	-	-
Net changes in fund balances	<u>\$ (176,622)</u>	<u>\$ (186,622)</u>	<u>(42,662)</u>	<u>\$ 143,960</u>	<u>\$ 48,000</u>	<u>\$ 41,000</u>	<u>138,750</u>	<u>\$ 110,750</u>
Adjustments to generally accepted accounting principles basis								
2012 encumbrances			(10,000)				-	
2013 encumbrances			55,104				10,600	
Fund balances - beginning			<u>335,133</u>				<u>1,766,695</u>	
<b>Fund balances - ending</b>			<u>\$ 337,575</u>				<u>\$ 1,916,045</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, 2013**

	<u>Capital Improvement Fund</u>				<u>Street Improvement Fund</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>	<u>Original and final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Favorable (Unfavorable)</u>
<b>REVENUE</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 610,000	\$ 610,000	\$ -
Intergovernmental revenue	96,720	171,564	96,720	(74,844)	-	-	-
Public charges for services - Landfill siting	215,500	215,500	281,726	66,226	200,000	200,000	-
Investment earnings (loss)	-	-	(1,447)	(1,447)	23,000	(7,277)	(30,277)
Miscellaneous revenue	-	-	2,500	2,500	-	15,572	15,572
Total revenue	<u>312,220</u>	<u>387,064</u>	<u>379,499</u>	<u>(7,565)</u>	<u>833,000</u>	<u>818,295</u>	<u>(14,705)</u>
<b>EXPENDITURES</b>							
Capital outlay	<u>1,129,600</u>	<u>1,410,307</u>	<u>1,183,602</u>	<u>226,705</u>	<u>778,450</u>	<u>741,549</u>	<u>36,901</u>
Total expenditures	<u>1,129,600</u>	<u>1,410,307</u>	<u>1,183,602</u>	<u>226,705</u>	<u>778,450</u>	<u>741,549</u>	<u>36,901</u>
Excess (deficiency) of revenue over expenditures	(817,380)	(1,023,243)	(804,103)	219,140	54,550	76,746	22,196
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	1,273,360	1,408,062	936,649	(471,413)	-	-	-
Transfers out	-	-	(80,630)	(80,630)	-	(207,507)	(207,507)
General obligation debt issued	<u>200,000</u>	<u>200,000</u>	-	<u>(200,000)</u>	-	-	-
Net changes in fund balances	<u>\$ 655,980</u>	<u>\$ 584,819</u>	51,916	<u>\$ (532,903)</u>	<u>\$ 54,550</u>	(130,761)	<u>\$ (185,311)</u>
Adjustments to generally accepted accounting principles basis							
2012 encumbrances			(6,600)			-	
2013 encumbrances						-	
Fund balances - beginning			<u>273,612</u>			<u>349,324</u>	
<b>Fund balances - ending</b>			<u>\$ 318,928</u>			<u>\$ 218,563</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, 2013**

	<b>Development Fund</b>			<b>Variance with final budget - Favorable (Unfavorable)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>REVENUE</b>				
Special assessments	\$ 550,000	\$ 550,000	\$ 987,905	\$ 437,905
Investment earnings	111,570	111,570	106,079	(5,491)
Total revenue	<u>661,570</u>	<u>661,570</u>	<u>1,093,984</u>	<u>432,414</u>
<b>EXPENDITURES</b>				
General Government	-	18,600	5,759	12,841
Total expenditures	<u>-</u>	<u>18,600</u>	<u>5,759</u>	<u>12,841</u>
Excess of revenue over expenditures	661,570	642,970	1,088,225	445,255
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(503,536)	(570,856)	(641,188)	(70,332)
General obligation debt issued	-	-	-	-
Net changes in fund balances	<u>\$ 158,034</u>	<u>\$ 72,114</u>	<u>447,037</u>	<u>\$ 374,923</u>
Adjustments to generally accepted accounting principles basis				
2012 encumbrances			(9,600)	
2013 encumbrances				
Fund balances - beginning			<u>4,614,731</u>	
<b>Fund balances - ending</b>			<u>\$ 5,052,168</u>	

**CITY OF FRANKLIN, WISCONSIN**  
**Fiduciary Funds**  
**Combining Schedule of Changes in Assets and Liabilities - Agency Funds**  
**Year Ended December 31, 2013**

<b>PROPERTY TAX AGENCY FUND</b>	<u>12/31/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/13</u>
<b>ASSETS</b>				
Cash and investments	\$ 45,982,478	\$ 98,778,959	\$ 95,139,261	\$ 49,622,176
Receivables				
Taxes receivable	24,433,316	70,494,468	73,722,296	21,205,488
Accounts receivable	<u>5,046</u>	<u>11,689</u>	<u>5,046</u>	<u>11,689</u>
<b>Total assets</b>	<u>\$ 70,420,840</u>	<u>\$ 169,285,116</u>	<u>\$ 168,866,603</u>	<u>\$ 70,839,353</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 86,951	\$ 344,885	\$ 86,951	\$ 344,885
Due to other governments	<u>70,333,889</u>	<u>70,494,468</u>	<u>70,333,889</u>	<u>70,494,468</u>
<b>Total liabilities</b>	<u>\$ 70,420,840</u>	<u>\$ 70,839,353</u>	<u>\$ 70,420,840</u>	<u>\$ 70,839,353</u>
<b>OTHER AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and investments	\$ 156,736	\$ 35,951	\$ 28,801	\$ 163,886
Accounts receivable	<u>8,974</u>	<u>-</u>	<u>8,974</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 165,710</u>	<u>\$ 35,951</u>	<u>\$ 37,774</u>	<u>\$ 163,886</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,808	\$ 6,651	\$ 5,898	\$ 2,560
Special deposits	<u>163,902</u>	<u>27,058</u>	<u>29,633</u>	<u>161,326</u>
<b>Total liabilities</b>	<u>\$ 165,710</u>	<u>\$ 33,708</u>	<u>\$ 35,532</u>	<u>\$ 163,886</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 46,139,214	\$ 98,814,910	\$ 95,168,062	\$ 49,786,062
Receivables				
Taxes receivable	24,433,316	70,494,468	73,722,296	21,205,488
Accounts receivable	<u>14,020</u>	<u>11,689</u>	<u>14,020</u>	<u>11,689</u>
<b>Total assets</b>	<u>\$ 70,586,550</u>	<u>\$ 169,321,067</u>	<u>\$ 168,904,377</u>	<u>\$ 71,003,239</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 88,759	\$ 351,536	\$ 92,849	\$ 347,445
Due to other governments	70,333,889	70,494,468	70,333,889	70,494,468
Special deposits	<u>163,902</u>	<u>27,058</u>	<u>29,633</u>	<u>161,326</u>
<b>Total liabilities</b>	<u>\$ 70,586,550</u>	<u>\$ 70,873,061</u>	<u>\$ 70,456,372</u>	<u>\$ 71,003,239</u>

**CITY OF FRANKLIN, WISCONSIN**  
**TIF Districts Fund**  
**Combining Balance Sheet**  
**December 31, 2013**

	<u>District #3</u>	<u>District #4</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 128,647	\$ 103,072	\$ 231,719
Accounts receivable	-	-	-
Interest receivable	40,268	-	40,268
Taxes receivable	1,572,197	954,727	2,526,924
Note receivable	6,195,000	-	6,195,000
Due from other governments	-	1,200	1,200
<b>Total assets</b>	<u>\$ 7,936,112</u>	<u>\$ 1,058,999</u>	<u>\$ 8,995,111</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 149	\$ 149	\$ 298
Long term advances	1,150,000	2,163,000	3,313,000
<b>Total liabilities</b>	<u>1,150,149</u>	<u>2,163,149</u>	<u>3,313,298</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue	1,612,465	954,727	2,567,192
<b>FUND BALANCES (DEFICIT)</b>			
Restricted:			
Note receivable	6,195,000	-	6,195,000
Unassigned (deficit)	(1,021,502)	(2,058,877)	(3,080,379)
<b>Total fund balances (deficit)</b>	<u>5,173,498</u>	<u>(2,058,877)</u>	<u>3,114,621</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 7,936,112</u>	<u>\$ 1,058,999</u>	<u>\$ 8,995,111</u>

**CITY OF FRANKLIN, WISCONSIN**  
**TIF Districts Fund**  
**Schedule of TIF Districts Revenue, Expenditures**  
**and Changes in Fund Balances**  
**Year Ended December 31, 2013**

	<u>District #3</u>	<u>District #4</u>	<u>Total</u>
<b>REVENUE</b>			
Taxes	\$ 1,547,835	\$ 862,296	\$ 2,410,131
Intergovernmental revenue	361,741	46,504	408,245
Investment earnings (loss)	<u>125,731</u>	<u>(3,255)</u>	<u>122,476</u>
Total revenue	<u>2,035,307</u>	<u>905,545</u>	<u>2,940,852</u>
<b>EXPENDITURES</b>			
Current:			
Conservation and development	28,634	12,123	40,757
Capital outlay	3,196	-	3,196
Debt service			
Principal	3,170,000	-	3,170,000
Interest and fiscal charges	<u>522,341</u>	<u>101,797</u>	<u>624,138</u>
Total expenditures	<u>3,724,171</u>	<u>113,920</u>	<u>3,838,091</u>
Net change in fund balances	(1,688,864)	791,625	(897,239)
Fund balances (deficit) - beginning	<u>6,862,362</u>	<u>(2,850,502)</u>	<u>4,011,860</u>
<b>Fund balances (deficit) - ending</b>	<u><b>\$ 5,173,498</b></u>	<u><b>\$ (2,058,877)</b></u>	<u><b>\$ 3,114,621</b></u>

**CITY OF FRANKLIN, WISCONSIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**December 31, 2013**

**Governmental funds capital assets:**

Land	\$ 24,958,327
Buildings and improvements	24,225,492
Machinery and equipment	17,571,157
Infrastructure improvements	92,173,188
Construction in process	<u>152,923</u>

**Total governmental funds capital assets** \$ 159,081,087

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

General Fund	\$ 2,172,622
Special Revenue Funds	3,263,853
Capital Projects Funds	83,932,768
Donations	<u>69,711,844</u>

**Total governmental funds capital assets** \$ 159,081,087

**CITY OF FRANKLIN, WISCONSIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**Year Ended December 31, 2013**

<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	-	-	36,340	-	-	36,340
City clerk	-	-	10,042	-	-	10,042
Elections	-	-	36,352	-	-	36,352
Information services	-	-	483,348	-	-	483,348
Administration	-	-	253,471	-	-	253,471
Human resources	-	-	1,295	-	-	1,295
Finance	-	-	163,117	-	-	163,117
Assessor	-	-	46,080	-	-	46,080
Attorney	-	-	906	-	-	906
Municipal buildings	803,111	3,213,944	499,539	-	-	4,516,594
Total General Government	<u>803,111</u>	<u>3,213,944</u>	<u>1,542,276</u>	<u>-</u>	<u>-</u>	<u>5,559,331</u>
<b>Public Safety:</b>						
Police	1,201,829	8,418,912	3,055,493	-	-	12,676,234
Fire	112,013	4,189,590	3,614,736	-	-	7,916,339
Building inspection	-	-	256,567	-	-	256,567
Total Public Safety	<u>1,313,842</u>	<u>12,608,502</u>	<u>6,926,796</u>	<u>-</u>	<u>-</u>	<u>20,849,140</u>
<b>Public Works:</b>						
Engineering	-	-	344,847	-	-	344,847
Highway	357,407	2,663,251	5,369,360	-	-	8,390,018
Street Lighting	-	-	1,097	-	-	1,097
Infrastructure	18,024,566	-	-	92,173,188	-	110,197,754
Construction in process	-	-	-	-	152,923	152,923
Total Public Works	<u>18,381,973</u>	<u>2,663,251</u>	<u>5,715,304</u>	<u>92,173,188</u>	<u>152,923</u>	<u>119,086,639</u>
<b>Health &amp; Human Services:</b>						
Health	-	-	137,200	-	-	137,200
<b>Culture and Recreation:</b>						
Library	16,769	4,927,456	2,878,262	-	-	7,822,487
Parks	4,442,632	812,339	286,852	-	-	5,541,823
Total Culture and Recreation	<u>4,459,401</u>	<u>5,739,795</u>	<u>3,165,114</u>	<u>-</u>	<u>-</u>	<u>13,364,310</u>
<b>Conservation and Development:</b>						
Community development	-	-	-	-	-	-
Planning	-	-	84,467	-	-	84,467
Total Conservation and Development	<u>-</u>	<u>-</u>	<u>84,467</u>	<u>-</u>	<u>-</u>	<u>84,467</u>
<b>Total governmental funds capital assets</b>	<u>\$ 24,958,327</u>	<u>\$ 24,225,492</u>	<u>\$ 17,571,157</u>	<u>\$ 92,173,188</u>	<u>\$ 152,923</u>	<u>\$ 159,081,087</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, 2013**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets</b>			
	<b>01/01/13</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/13</b>
<b>General Government:</b>				
Mayor	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	9,584	-	-	9,584
Municipal court	33,065	3,275	-	36,340
City clerk	10,042	-	-	10,042
Elections	36,352	-	-	36,352
Information services	471,834	11,514	-	483,348
Administration	253,471	-	-	253,471
Human resources	1,295	-	-	1,295
Finance	60,167	102,950	-	163,117
Assessor	46,080	-	-	46,080
Attorney	906	-	-	906
Municipal buildings	4,531,528	20,784	35,718	4,516,594
Total General Government	<u>5,456,526</u>	<u>138,523</u>	<u>35,718</u>	<u>5,559,331</u>
<b>Public Safety:</b>				
Police	12,581,806	94,428	-	12,676,234
Fire	7,708,467	207,872	-	7,916,339
Building inspection	316,378	-	59,811	256,567
Total Public Safety	<u>20,606,651</u>	<u>302,300</u>	<u>59,811</u>	<u>20,849,140</u>
<b>Public Works:</b>				
Engineering	344,847	-	-	344,847
Highway	8,291,649	293,844	195,475	8,390,018
Street lighting	1,097	-	-	1,097
Infrastructure	108,930,413	1,267,341	-	110,197,754
Construction in process	487,587	154,499	489,163	152,923
Total Public Works	<u>118,055,593</u>	<u>1,715,684</u>	<u>684,638</u>	<u>119,086,639</u>
<b>Health &amp; Human Services:</b>				
Health	133,494	3,706	-	137,200
<b>Culture and Recreation:</b>				
Library	7,680,846	141,641	-	7,822,487
Parks	5,541,071	4,697	3,945	5,541,823
Total Culture and Recreation	<u>13,221,917</u>	<u>146,338</u>	<u>3,945</u>	<u>13,364,310</u>
<b>Conservation and Development:</b>				
Community development	-	-	-	-
City development	84,467	-	-	84,467
Total Conservation and Development	<u>84,467</u>	<u>-</u>	<u>-</u>	<u>84,467</u>
<b>Total governmental funds capital assets</b>	<u>\$ 157,558,648</u>	<u>\$ 2,306,551</u>	<u>\$ 784,112</u>	<u>\$ 159,081,087</u>

# **STATISTICAL SECTION**

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## Statistical Section

This part of the City of Franklin's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures and required supplementary information says about the City's overall financial health.

### Financial Trends

**Table 1**

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

### Revenue Capacity

**Table 5**

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

### Debt Capacity

**Table 11**

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

### Demographic and Economic Information

**Table 14**

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

### Operating Information

**Table 17**

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Governmental activities</b>										
Net Investment in capital assets	\$ 104,721,982	\$ 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)
Restricted										
Debt service	722,710	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
Utility improvements	1,523,989	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
Development	5,052,168	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
Library	582,292	541,825	492,473	488,302	442,509	414,428	357,875	259,824	-	-
Donations and other	507,955	541,755	300,582	311,101	279,730	286,114	263,198	243,331	236,147	147,544
Unrestricted (deficit)	4,889,704	1,487,025	2,582,464	2,311,078	(2,085,981)	(791,175)	(11,099,755)	10,880,166	10,490,237	9,143,413
<b>Total governmental activities net position</b>	<b>\$ 118,000,800</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>Business-type activities</b>										
Net Investment in capital assets	\$ 89,095,184	\$ 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
Restricted										
Sewer equipment replacement	277,230	334,508	293,844	261,852	227,388	231,384	225,177	215,267	178,274	132,035
Unrestricted	3,017,842	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
<b>Total business-type activities net position</b>	<b>\$ 92,390,256</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>Total</b>										
Net Investment in capital assets	\$ 193,817,166	\$ 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
Restricted										
Debt service	722,710	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
Utility improvements	1,523,989	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
Development	5,052,168	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
TIF Districts	582,292	541,825	492,473	488,302	442,509	414,428	357,875	259,824	-	-
Donations and grants	507,955	541,755	300,582	311,101	279,730	286,114	263,198	243,331	236,147	147,544
Sewer replacement	277,230	334,508	293,844	261,852	227,388	231,384	225,177	215,267	178,274	132,035
Unrestricted	7,907,546	4,005,859	5,753,587	5,074,688	789,741	1,518,061	(8,757,406)	13,135,743	12,870,666	11,164,211
<b>Total net position</b>	<b>\$ 210,391,056</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>

## Notes:

\* 2012 and prior years 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									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 2,915,267	\$ 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
Public safety	16,484,847	17,228,769	16,622,386	16,003,898	15,526,031	15,598,642	14,387,891	13,987,313	13,533,975	13,054,488
Public works	6,550,808	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
Health and human services	698,088	730,499	649,656	698,944	708,084	663,262	630,002	572,091	510,520	538,850
Culture and recreation	1,838,700	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
Conservation and development	422,095	412,066	957,877	529,833	600,099	718,032	6,591,661	634,983	666,277	498,096
Interest on long term debt	802,562	1,272,721	1,553,257	1,920,023	2,253,215	2,654,969	2,705,294	2,574,761	2,204,881	2,345,610
Total governmental activities expenses	<u>29,712,367</u>	<u>30,491,161</u>	<u>31,019,049</u>	<u>30,178,269</u>	<u>29,824,001</u>	<u>31,367,371</u>	<u>35,650,930</u>	<u>27,083,151</u>	<u>25,738,437</u>	<u>24,553,938</u>
<b>Business-type activities</b>										
Water	5,051,835	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
Sewer	4,133,632	3,640,106	3,373,459	3,376,505	3,226,261	3,069,523	2,640,092	2,603,652	2,349,419	2,143,916
Total business-type activities expenses	<u>9,185,467</u>	<u>8,704,255</u>	<u>7,624,646</u>	<u>7,452,914</u>	<u>7,442,714</u>	<u>6,998,101</u>	<u>6,260,616</u>	<u>5,946,577</u>	<u>5,656,476</u>	<u>4,716,236</u>
Total expenses	<u>\$ 38,897,834</u>	<u>\$ 39,195,416</u>	<u>\$ 38,643,695</u>	<u>\$ 37,631,183</u>	<u>\$ 37,266,715</u>	<u>\$ 38,365,472</u>	<u>\$ 41,911,546</u>	<u>\$ 33,029,728</u>	<u>\$ 31,394,913</u>	<u>\$ 29,270,174</u>
<b>Program Revenue</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 251,573	\$ 163,947	\$ 217,360	\$ 270,412	\$ 305,232	\$ 210,433	\$ 226,496	\$ 145,072	\$ 148,803	\$ 195,401
Public safety	2,459,946	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
Public works	1,234,601	1,271,133	1,490,348	1,230,437	660,670	739,948	1,071,513	1,497,290	1,543,476	1,473,029
Health and human services	118,702	126,516	105,686	54,385	69,855	86,439	89,853	62,339	91,767	61,273
Culture and recreation	113,217	45,992	181,414	311,757	146,256	143,797	138,793	237,278	212,301	201,129
Conservation and development	63,366	73,530	78,667	64,168	67,051	305,299	127,711	138,411	72,864	116,390
Operating grants and contributions	1,838,950	2,144,164	2,136,106	1,921,805	2,080,213	2,285,275	2,957,937	2,015,885	1,838,699	1,886,800
Capital grants and contributions	1,659,859	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
Total governmental activities program revenue	<u>7,740,214</u>	<u>7,291,930</u>	<u>7,716,926</u>	<u>8,578,146</u>	<u>6,587,780</u>	<u>7,774,104</u>	<u>9,839,745</u>	<u>11,770,753</u>	<u>13,351,570</u>	<u>16,461,173</u>
<b>Business-type activities</b>										
Charges for services:										
Water	5,403,994	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
Sewer	3,243,737	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
Capital grants and contributions	-	-	-	210,668	337,667	734,367	1,629,536	1,477,041	3,181,334	13,431,131
Total business-type activities program revenue	<u>8,647,731</u>	<u>8,503,708</u>	<u>7,663,852</u>	<u>7,668,423</u>	<u>7,786,186</u>	<u>7,659,603</u>	<u>7,585,609</u>	<u>6,929,405</u>	<u>8,729,266</u>	<u>17,756,945</u>
Total program revenue	<u>\$ 16,387,945</u>	<u>\$ 15,795,638</u>	<u>\$ 15,380,778</u>	<u>\$ 16,246,569</u>	<u>\$ 14,373,966</u>	<u>\$ 15,433,707</u>	<u>\$ 17,425,354</u>	<u>\$ 18,700,158</u>	<u>\$ 22,080,836</u>	<u>\$ 34,218,118</u>

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

	Fiscal Year									
	<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>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (21,972,153)	\$ (23,199,231)	\$ (23,302,123)	\$ (21,600,123)	\$ (23,236,221)	\$ (23,593,267)	\$ (25,811,185)	\$ (15,312,398)	\$ (12,386,867)	\$ (8,092,765)
Business-type activities	(537,736)	(200,547)	39,206	215,509	343,472	661,502	1,324,993	982,828	3,072,790	13,040,709
Total net expense	<u>\$ (22,509,889)</u>	<u>\$ (23,399,778)</u>	<u>\$ (23,262,917)</u>	<u>\$ (21,384,614)</u>	<u>\$ (22,892,749)</u>	<u>\$ (22,931,765)</u>	<u>\$ (24,486,192)</u>	<u>\$ (14,329,570)</u>	<u>\$ (9,314,077)</u>	<u>\$ 4,947,944</u>
<b>General Revenue and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes	\$ 20,037,681	\$ 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
Property taxes levied for debt service	1,650,000	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
Property taxes levied for TIF Districts	2,410,131	2,560,324	5,645,805	7,457,955	4,829,216	4,685,811	3,127,116	2,860,368	2,919,738	2,729,979
Other taxes	723,985	708,832	673,736	699,431	666,767	472,575	429,674	419,168	381,116	376,038
Intergovernmental revenue										
not restricted to specific programs	1,620,331	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
Investment earnings	87,278	784,932	973,349	907,723	1,401,560	1,862,688	2,547,179	2,531,912	1,111,774	516,683
Miscellaneous revenue	66,191	394,032	40,091	58,885	43,566	14,451	452,613	77,294	119,276	164,526
Gain on sale of capital assets	2,024	32,129	58,871	64,070	-	-	-	-	-	-
Transfers	(66,726)	1,009,126	348,101	1,011,149	(100,726)	424,212	(560,258)	(1,970,735)	(934,281)	(1,633,645)
Total governmental activities	<u>26,530,895</u>	<u>28,671,467</u>	<u>30,990,764</u>	<u>32,108,765</u>	<u>28,358,176</u>	<u>28,314,173</u>	<u>25,972,421</u>	<u>22,812,991</u>	<u>21,755,470</u>	<u>19,297,313</u>
<b>Business-type activities:</b>										
Investment earnings	569,444	318,669	32,320	41,393	46,738	67,617	113,197	112,453	44,096	18,455
Miscellaneous revenue	40,398	126,867	64,550	50,164	57,627	267,819	41,436	46,840	51,510	65,558
Transfers	66,726	(1,009,126)	(348,101)	(1,011,149)	100,726	(424,212)	560,258	1,970,735	934,281	1,633,645
Total business-type activities	<u>676,568</u>	<u>(563,590)</u>	<u>(251,231)</u>	<u>(919,592)</u>	<u>205,091</u>	<u>(88,776)</u>	<u>714,891</u>	<u>2,130,028</u>	<u>1,029,887</u>	<u>1,717,658</u>
Total	<u>\$ 27,207,463</u>	<u>\$ 28,107,877</u>	<u>\$ 30,739,533</u>	<u>\$ 31,189,173</u>	<u>\$ 28,563,267</u>	<u>\$ 28,225,397</u>	<u>\$ 26,687,312</u>	<u>\$ 24,943,019</u>	<u>\$ 22,785,357</u>	<u>\$ 21,014,971</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 4,558,742	\$ 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
Business-type activities:	138,832	(764,137)	(212,025)	(704,083)	548,563	572,726	2,039,884	3,112,856	4,102,677	14,758,367
Total	<u>\$ 4,697,574</u>	<u>\$ 4,708,099</u>	<u>\$ 7,476,616</u>	<u>\$ 9,804,559</u>	<u>\$ 5,670,518</u>	<u>\$ 5,293,632</u>	<u>\$ 2,201,120</u>	<u>\$ 10,613,449</u>	<u>\$ 13,471,280</u>	<u>\$ 25,962,915</u>

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

	Fiscal Year									
	<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 Fund										
Nonspendable:										
Inventories and prepaid items	\$ 45,866	\$ 62,936	\$ 55,820	\$ 75,673	\$ 24,927	\$ 25,109	\$ 24,990	\$ 31,870	\$ 38,391	\$ 28,928
Advances to other funds	505,040	-	-	-	-	-	1,000,000	700,000	-	-
Unassigned	<u>7,230,661</u>	<u>6,439,199</u>	<u>6,065,053</u>	<u>5,400,912</u>	<u>5,079,711</u>	<u>5,519,932</u>	<u>4,910,492</u>	<u>6,289,964</u>	<u>6,430,669</u>	<u>6,253,910</u>
Total general fund	<u>7,781,567</u>	<u>6,502,135</u>	<u>6,120,873</u>	<u>5,476,585</u>	<u>5,104,638</u>	<u>5,545,041</u>	<u>5,935,482</u>	<u>7,021,834</u>	<u>6,469,060</u>	<u>6,282,838</u>
All other governmental funds:										
Nonspendable:										
Prepays	2,475	21,800	10,313	10,181	15,707	-	-	4,100	10,032	-
TIF District Note Receivable	-	-	-	-	-	-	-	-	-	-
Restricted:										
Debt service	6,801,945	7,423,733	7,876,755	8,393,278	8,845,900	12,091,660	12,240,785	3,466,738	2,001,554	126,566
Utility improvements	443,438	543,408	640,787	356,798	147,317	12,640	380,961	478,801	1,129,596	765,805
Development	5,052,168	4,614,731	7,633,040	6,408,826	5,869,562	9,383,708	14,100,000	10,413,660	9,571,316	2,743,066
TIF Districts	-	-	552,904	1,804,838	536,476	184,257	-	-	-	-
Donations	102,326	105,238	299,982	311,101	279,730	286,114	263,198	243,331	184,458	147,544
Health services	165,846	179,239	-	-	-	-	-	-	-	-
Library services	579,817	520,775	492,473	488,302	442,509	414,428	357,875	259,824	-	-
Solid waste	188,307	100,546	-	-	-	-	-	-	-	-
Recreational services	51,476	52,244	72,857	179,224	165,348	132,206	1,206,529	294,820	218,770	184,079
Assigned:										
Capital projects	2,791,111	2,724,764	2,372,072	2,710,245	1,378,971	3,640,970	1,777,308	6,121,828	7,276,473	3,904,562
Unassigned	<u>(5,180,799)</u>	<u>(5,965,890)</u>	<u>(3,663,211)</u>	<u>(4,009,430)</u>	<u>(5,904,216)</u>	<u>(5,891,813)</u>	<u>(14,651,138)</u>	<u>(4,569,471)</u>	<u>(1,294,109)</u>	<u>-</u>
Total all other government funds	<u>10,998,110</u>	<u>10,320,588</u>	<u>16,287,972</u>	<u>16,653,363</u>	<u>11,777,304</u>	<u>20,254,170</u>	<u>15,675,518</u>	<u>16,713,631</u>	<u>19,098,090</u>	<u>7,871,622</u>
Total fund balances	<u>\$ 18,779,677</u>	<u>\$ 16,822,723</u>	<u>\$ 22,408,845</u>	<u>\$ 22,129,948</u>	<u>\$ 16,881,942</u>	<u>\$ 25,799,211</u>	<u>\$ 21,611,000</u>	<u>\$ 23,735,465</u>	<u>\$ 25,567,150</u>	<u>\$ 14,154,460</u>

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

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenue</b>										
Taxes	\$ 24,821,797	\$ 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
Intergovernmental revenue	3,438,041	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
Licenses and permits	912,357	755,027	702,674	729,432	609,278	723,225	978,942	1,386,588	1,486,966	1,258,457
Fines, forfeitures and penalties	411,795	457,499	433,106	422,506	385,427	362,928	392,451	332,090	361,656	397,169
Public charges for services	2,637,607	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
Special assessments	1,483,350	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
Intergovernmental charges for services	162,308	103,615	245,000	237,319	291,584	206,156	426,387	574,835	591,834	575,009
Investment earnings	223,806	661,976	938,226	878,978	1,276,600	1,797,738	2,513,703	2,504,185	1,127,163	495,190
Miscellaneous revenue	288,465	674,305	365,129	597,611	635,424	723,724	934,141	752,207	806,105	447,992
<b>Total revenue</b>	<b>34,379,526</b>	<b>34,973,793</b>	<b>38,238,172</b>	<b>38,481,310</b>	<b>34,549,368</b>	<b>35,065,913</b>	<b>35,167,298</b>	<b>35,327,535</b>	<b>33,186,828</b>	<b>28,275,082</b>
<b>Expenditures</b>										
Current										
General government	2,710,650	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
Public safety	15,465,617	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
Public works	4,855,870	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
Health and human services	668,711	719,447	681,984	629,499	701,821	666,364	631,887	572,918	499,496	531,422
Culture, recreation and education	1,514,668	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
Conservation and development	416,765	409,996	964,610	524,705	603,961	729,274	6,587,035	628,634	654,928	378,216
Capital outlay	3,172,706	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
Debt service										
Principal	3,790,000	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
Interest	1,033,519	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
Debt issuance costs	-	-	-	-	-	65,650	130,602	35,700	46,250	-
<b>Total expenditures</b>	<b>33,628,506</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>
Excess of revenue over (under) expenditures	751,020	(6,679,290)	(755,676)	4,170,570	(9,840,549)	(6,752,392)	(12,881,105)	(3,015,547)	1,902,563	717,994
<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	-	-	-	-	-	83,583	34,970	176,524	204,561	-
Payment to refunding escrow agent	-	-	-	-	-	-	(10,040,675)	-	-	-
Principal payment on current refunding	-	-	-	-	-	-	-	(9,770,000)	-	-
Sale of capital assets	75,559	32,129	58,871	64,070	-	-	-	-	-	-
Transfers in	2,769,157	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
Transfers out	(1,638,782)	(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)
<b>Net change in fund balances</b>	<b>\$ 1,956,954</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>
Debt service as a percentage of non capital expenditures *	15.1%	30.9%	24.6%	22.2%	33.4%	24.0%	19.7%	21.0%	22.6%	20.5%

**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				
2013 #	\$ 3,265,704,200	\$ 3,314,653,800	\$ 94,023,900	\$ 99,622,800	\$ 3,359,728,100	\$ 6.29	\$ 3,414,276,600	98.40%
2012	3,557,806,088	3,436,681,800	95,404,700	87,424,100	3,653,210,788	5.78	3,524,105,900	103.66%
2011 *	3,555,065,388	3,587,535,800	90,644,700	88,843,900	3,645,710,088	5.79	3,676,379,700	99.17%
2010	3,550,822,488	3,573,233,300	93,921,500	97,275,400	3,644,743,988	6.22	3,670,508,700	99.30%
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%

\* Reassessment year

# Revaluation year

**Assessed Valuation by School District - 2012**

	Franklin School District	Oak Creek/ Franklin School District	Whitnall School District	Total
<b>Total</b>	<u>\$ 2,473,019,700</u>	<u>\$ 682,775,300</u>	<u>\$ 203,933,100</u>	<u>\$ 3,359,728,100</u>

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
2013	\$ 2,418,991,400	73.0%	\$ 871,715,000	\$ 23,947,400	\$ 3,314,653,800	65	\$ 19,942,795	17	\$ 2,902,692
2012	2,498,514,100	72.7%	914,654,100	23,513,600	3,436,681,800	55	19,322,659	44	27,991,474
2011	2,619,125,600	73.0%	948,708,000	19,702,200	3,587,535,800	30	9,995,820	41	17,794,034
2010	2,637,514,100	73.8%	917,720,700	17,998,500	3,573,233,300	27	6,559,696	40	22,533,497
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

(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		State		
								Franklin	Oak Creek	Whitnall	School Credits	Technical College	Milwaukee County	Sewerage District			
2014 #	\$ 4.98	\$ 0.38	\$ 0.49	\$ 0.13	\$ 0.10	\$ 0.21	\$ 6.29	\$ 13.26	\$ 9.10	\$ 10.67	\$ (1.86)	\$ 2.16	\$ 5.21	\$ 1.73	\$ 0.17	\$ 26.97	
2013	4.60	0.35	0.47	0.11	0.08	0.17	5.78	11.72	9.09	9.72	(1.69)	2.04	4.87	1.57	0.16	24.45	
2012	4.59	0.35	0.49	0.11	0.08	0.17	5.79	11.62	8.83	9.56	(1.70)	1.96	4.76	1.52	0.17	24.12	
2011 *	5.04	0.35	0.56	0.11	0.04	0.12	6.22	12.22	8.69	10.40	(1.72)	1.93	4.49	1.45	0.17	24.76	
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	

Note: \* Reassessment impact  
# Revaluation year

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

The Budget year is the year following the fiscal year in which the taxes are levied.

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	2013			2004		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Northwestern Mutual	Insurance Services	\$ 122,725,300	1	3.65%	\$ 47,326,600	1	1.86%
Wal-Mart	Retailer	27,617,000	2	0.82%	16,543,670	4	0.65%
Wheaton Health Care System	Medical facilities	26,214,300	3	0.78%	10,071,890	9	0.40%
Whitnall Pointe Apartments	Apartments	20,239,200	4	0.60%	20,709,900	2	0.82%
Manchester Oaks	Apartments	19,361,200	5	0.58%	18,628,030	3	0.73%
VTLC Development	Packaging manufacturing	17,208,000	6	0.51%			
5C Investments	Manufacturing	15,876,700	7	0.47%			
Menard Inc	Retail - Home Improvement	14,074,800	8	0.42%			
All Glass Aquarium	Aquariums and fluorescent lights	12,813,500	9	0.38%	11,721,400	8	0.46%
Waste Management	Landfill and refuse collection	10,664,900	10	0.32%	14,962,380	5	0.59%
Harley Davidson	Motorcycle manufacturing				14,432,600	6	0.57%
Mission Hills Apts	Apartments				13,612,100	7	0.54%
Krones, Incorporated	High Speed labeling machines				8,599,600	10	0.34%
		<u>\$ 286,794,900</u>		<u>8.53%</u>	<u>\$ 176,608,170</u>		<u>6.96%</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			
2013	\$ 2,363,758	\$ 20,509,000	\$ 22,872,758	\$ 22,851,675	99.91%	\$ 52,481
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					City of Franklin			Total
			Franklin	Whitnall	Oak Creek-Franklin	MATC	MMSD	Local	Tax increment	Special Charges	
2013	\$ 579,423	\$ 16,986,670	\$ 32,784,606	\$ 2,174,991	\$ 5,254,726	\$ 7,043,487	\$ 5,638,269	\$ 20,509,000	\$ 2,526,924	\$ 1,796,214	\$ 95,294,310
2012	598,062	17,287,141	31,787,042	2,237,434	5,553,401	7,258,001	5,582,906	20,509,000	2,363,758	1,799,510	94,976,255
2011	623,904	16,812,497	31,435,718	2,208,503	5,268,377	6,934,559	5,188,886	20,467,000	2,560,324	1,900,389	93,400,157
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

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) Percent of Estimated Actual Property Value	(2) Percent of Personal Income	(2) Per Capita
	Governmental			Business-type									
	General Obligation Bonds	General Obligation Notes	Lease Revenue Bonds	Sewer General Obligation Notes									
2013	\$ 8,185,000	\$ 9,695,000	\$ -	\$ 24,565,423	\$ 42,445,423	\$ 1,491,385	\$ (9,695,000)	\$ (24,565,423)	\$ (4,355,130)	\$ 5,321,255	0.16%	N/A	\$ 149
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%	0.56%	\$ 191
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%	230
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%	285
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%	347
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%	404
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%	395
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%	506
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%	597
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%	620

- (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 levys restricted to the payment of debt service.  
 Amounts due from future development represent future impact fees collected under a 2002 ordinance from residents and restricted for the purpose of retiring debt on a portion of the police station, fire station, library and a eligible road project.  
 In 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**  
 Schedule of Direct and Overlapping Debt  
 December 31, 2013

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to City	Amount applicable to City
Milwaukee County <sup>1</sup>	\$ 721,728,545	6.0629%	\$ 43,757,820
Whitnall School District	335,000	13.7354%	46,013
Oak Creek - Franklin School District	46,520,000	16.5111%	7,680,950
Franklin School District	36,275,000	100.0000%	36,275,000
Milwaukee Area Technical College	115,370,000	4.9051%	5,659,039
Milwaukee Metropolitan Sewerage District	970,256,497	6.1808%	59,969,813
<b>Total Overlapping Debt</b>	<b>1,890,485,042</b>		<b>153,388,635</b>
City of Franklin	17,880,000	100.0000%	17,880,000
<b>Total</b>	<b>\$ 1,908,365,042</b>		<b>\$ 171,268,635</b>

History	Milwaukee County	School Districts			MATC	MMSD	Overlapping Debt Total	City of Franklin	Total
	Franklin	Whitnall	Oak Creek/Franklin						
2013	\$ 43,757,820	\$ 36,275,000	\$ 46,013	\$ 7,680,950	\$ 5,659,039	\$ 59,969,813	\$ 153,388,635	\$ 17,880,000	\$ 171,268,635
2012	46,023,745	5,105,000	56,142	8,444,593	5,929,102	63,513,083	129,071,665	21,670,000	150,741,665
2011	49,686,048	6,885,000	1,175,097	8,483,031	5,266,621	58,187,207	129,683,004	32,495,000	162,178,004
2010	49,485,672	8,590,000	366,516	8,804,319	4,624,047	53,906,419	125,776,973	39,890,000	165,666,973
2009	48,685,158	9,860,000	398,980	9,860,000	2,930,822	49,520,701	121,255,661	45,165,000	166,420,661
2008	24,814,695	13,335,000	498,112	8,825,309	2,930,822	50,315,201	100,719,139	56,080,000	156,799,139
2007	24,417,746	16,615,000	584,345	9,317,100	2,693,188	40,872,492	94,499,871	49,705,000	144,204,871
2006	25,056,911	19,545,000	997,479	5,652,024	2,894,865	39,475,550	93,621,829	41,600,000	135,221,829
2005	24,889,812	22,100,000	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	24,505,000	984,609	4,397,036	3,067,016	34,910,053	92,106,686	24,800,000	116,906,686
2003	23,590,876	26,800,000	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
2013	\$ 3,414,276,600	\$ 170,713,830	\$ 42,445,423	\$ 128,268,407	24.86%
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%

(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	State of Wisconsin	City of Franklin	Milwaukee County	State of Wisconsin
2013	35,810	N/A	N/A	N/A	N/A	4.8%	7.2%	6.2%
2012	35,520	\$1,218,584,060	\$ 34,307	\$ 21,433	\$ 26,271	5.6%	7.8%	6.6%
2011	35,504	1,098,257,160	30,933	20,681	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%

(1) Bureau of Census, State of Wisconsin

(2) Wisconsin Department of Revenue, Division of Research and Analysis

(3) US Bureau of Labor Statistics

N/A Not Available

## CITY OF FRANKLIN, WISCONSIN

Principal Employers  
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2013</u>			<u>2004</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Northwestern Mutual	Insurance/Investment Services	2,882	1	15.70%	-		-
Wheaton Franciscan Healthcare	Medical & surgical hospital	756	2	4.12%	-		-
Franklin Public Schools	K-12 Education	562	3	3.06%	550	2	3.25%
Krones, Incorporated	High speed labeling/filler machines	429	4	2.34%	700	1	4.14%
Milwaukee County							
County Corrections South	Government	392	5	2.14%	540	3	3.19%
Baptista's Bakery	Commercial Bakery	350	6				
General Automotive Mfg LLC	Off-road engine components mfg.	323	7	1.76%	350	5	2.07%
Wal-Mart	Retailer	271	8	1.48%	417	4	2.46%
Carlisle Interconnect Technologies	Wire harnesses	259	9	1.41%	250	7	1.48%
Strauss Veal & Lamb Int'l Inc	Animal Processing	250	10	1.36%	-		-
Central Aquatics	Aquariums and fluorescent lights	-		-	300	6	1.77%
City of Franklin	Government	-		-	232	8	1.37%
Vesta Inc	Silicone rubber molded products	-		-	200	9	1.18%
General Thermodynamics	Heat Exchangers	-		-	150	10	0.89%
		<u>6,474</u>		<u>35.26%</u>	<u>3,689</u>		<u>21.81%</u>

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>2014</u>	<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>
General government										
Common council	-	-	-	-	-	-	0.48	0.48	0.48	
Municipal buildings	2.50	2.50	2.50	2.00	2.00	2.00	2.00	2.00	2.00	0.50
Clerk	4.14	4.14	4.14	4.00	4.00	4.00	3.53	3.53	3.50	3.50
Information services	-	-	-	-	-	-	-	-	-	-
Administration	4.00	3.00	3.00	3.60	3.60	3.60	3.80	3.80	3.80	3.75
Finance	6.60	7.10	7.10	7.03	7.10	7.10	7.10	7.30	7.30	7.45
Assessor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal buildings	2.78	3.74	3.74	3.92	4.74	4.74	4.83	4.83	4.90	4.68
Total general government	21.02	21.48	21.48	21.55	22.44	22.44	22.74	22.94	22.98	20.88
Public safety										
Police	75.75	75.75	76.75	77.25	77.25	77.25	77.25	77.25	77.25	78.75
Fire	46.50	46.50	46.45	46.48	46.45	46.45	46.45	45.45	44.00	44.00
Building inspection	7.00	7.00	7.00	8.00	8.00	8.00	10.00	10.00	10.00	12.00
Total public safety	129.25	129.25	130.20	131.73	131.70	131.70	133.70	132.70	131.25	134.75
Public works										
Engineering	8.25	8.25	8.25	8.25	8.80	8.80	9.80	9.80	9.80	9.80
Highway	22.48	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00
Parks	2.00	2.00	2.00	2.00	2.00	2.00	2.27	1.79	1.25	1.25
Total public works	32.73	32.25	32.25	32.25	32.80	32.80	34.07	33.59	33.05	33.05
Public health	6.75	6.15	6.25	6.25	6.15	6.15	6.50	6.63	6.50	6.50
Planning	4.00	4.00	4.60	5.60	5.60	5.60	7.60	7.60	6.60	6.60
Economic Development	0.58	-	-	-	-	-	-	-	-	-
Total general fund	194.33	193.13	194.78	197.38	198.69	198.69	204.61	203.46	200.38	201.78
Public health - grant	-	-	-	-	-	-	-	-	-	0.25
Library	17.19	17.70	16.82	17.12	17.11	17.11	17.20	17.22	16.92	16.10
Sewer & water	10.80	11.55	11.53	11.53	12.55	12.55	12.85	12.85	12.85	11.10
<b>Total</b>	<b>222.32</b>	<b>222.38</b>	<b>223.13</b>	<b>226.03</b>	<b>228.35</b>	<b>228.35</b>	<b>234.66</b>	<b>233.53</b>	<b>230.15</b>	<b>229.23</b>

Source: City of Franklin Budget Document

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

	<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>
<b>Police</b>										
Part 1 Major crimes	738	852	689	629	804	994	1,066	764	775	765
Arrests	2240	1,550	1,554	1,606	1,235	1,467	1,492	2,021	1,954	1,754
Traffic & parking citations	7240	9,449	11,093	9,125	7,793	6,880	8,449	6,730	8,021	8,632
Calls for service	37508	39,550	38,714	37,273	28,267	27,107	28,169	-	-	-
Call to dispatch	-	-	-	-	-	-	-	81,500	77,146	81,790
Number of sworn officers	58	58	58	58	58	59	59	59	59	59
<b>Fire</b>										
Fire responses	610	594	540	574	496	704	573	588	514	557
EMS responses	2763	2,688	2,605	2,546	2,515	2,790	2,767	2,526	2,451	2,225
Fire inspections	2475	2,485	2,765	2,463	2,611	2,578	2,364	2,267	2,056	1,800
Number of full-time firefighters	46	46	46	46	46	46	46	45	43	43
Number of paid on call firefighters	-	-	-	-	-	-	-	-	-	-
<b>Highway</b>										
Miles of crack sealing	30	30	30	28	31	34	31	21	19	17
Tress pruned	1000	1,000	1,427	2,176	927	378	558	1,640	823	988
Vehicles maintained	167	165	165	165	165	165	159	150	150	150
<b>Solid waste</b>										
Non-recyclable refuse collected (tons)	7600	8,205	8,353	8,320	7,762	8,519	8,381	8,368	8,296	8,372
Recyclables collected (tons)	3000	2,737	2,313	2,693	2,676	2,825	3,008	3,108	3,132	3,097
Yard waste (tons)	310	335	274	295	375	214	205	208	193	246
<b>Health</b>										
Home visits	1262	1,435	1,213	1,383	1,616	1,280	1,401	1,602	1,440	946
Immunization clinic visits	1963	2,488	2,653	3,660	8,658	3,407	3,015	3,004	3,140	2,550
Sanitarian inspections	381	438	298	366	380	274	196	393	420	454
<b>Animal control</b>										
Animal control pickups	110	92	120	167	126	165	223	194	208	214
<b>Library</b>										
Circulation	520,000	502,989	514,163	519,580	519,054	490,843	471,442	465,468	452,382	434,568
Collection size	140,000	144,000	142,000	140,000	135,688	130,000	127,000	120,724	117,804	110,376
Internet use	40,000	39,976	49,638	50,369	50,222	55,000	54,000	51,187	46,364	39,059
<b>Sanitary sewer</b>										
Number of customers	10,060	10,010	9,970	9,775	9,883	9,853	9,779	9,567	9,216	8,769
Feet of sewer cleaned	250,000	250,000	217,000	218,000	250,000	264,000	92,010	119,200	317,042	222,461
<b>Water</b>										
Number of customers -average	7,930	7,931	7,850	7,807	7,756	7,683	7,561	7,288	6,930	5,311
Average daily consumption	2,400,000	2,615,000	2,370,000	2,298,000	2,461,276	2,474,000	2,521,000	2,269,000	2,519,000	1,929,000
Peak daily consumption	4,969,000	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

Source: City Budget Document

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

	<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>
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)	14,889	14,804	15,474	15,550	15,549	15,550	15,634	15,642	17,700	17,700
Acres developed (approximate)	9,540	9,410	11,336	11,329	11,287	11,233	10,878	10,210	6,200	6,200
Acres in park and open space	4,928	4,854	3,873	3,873	3,873	3,873	3,851	3,684	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	166.51	165.97	165.97	165.97	166.51	165.31	164.74	162.78	159.85
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	185	182	181	180	176	163
Miles of watermain	167	167	167	166	166	164	163	157	154	124
Number of fire hydrants	2,130	2,120	2,115	2,111	2,106	2,081	2,058	1,956	1,890	1,726
Recreation and culture:										
Number of trails	5	4	4	4	4	4	4	3	3	2
Number of city parks	12	12	12	12	12	12	12	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	37,750	32,392	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

Source: City of Franklin records