

**General Fund Revenues
Fund 01**

PROGRAM DESCRIPTION:

City general fund revenues are typically relatively predictable. Most general fund revenue is obtained from property taxes, state-shared revenue, and transportation aides, which are known by the time the budget year begins. Revenues have historically not been dependent on changes in economic factors. However, varying factors, including the local economy, can cause fluctuations yearly in certain revenue items.

Property Taxes

Property taxes are levied upon all real property and business personal property owners at a calculated rate per \$1,000 assessed value. As is typical for most Wisconsin municipalities, the property tax is the primary revenue for city government operations. The trend for property taxes, as a percentage of General Fund Revenue, is as follows:

Budget Year	2020	2021	2022	2023	2024	2025
Tax Levy	\$19,005,700	\$19,184,900	\$19,931,500	\$20,455,400	\$23,450,500	\$24,222,700
Revenue	\$27,129,330	\$27,369,168	\$28,213,729	\$28,931,075	\$31,494,313	\$31,606,425
Levy to Revenue	70.1%	70.1%	70.6%	70.7%	74.5%	76.6%

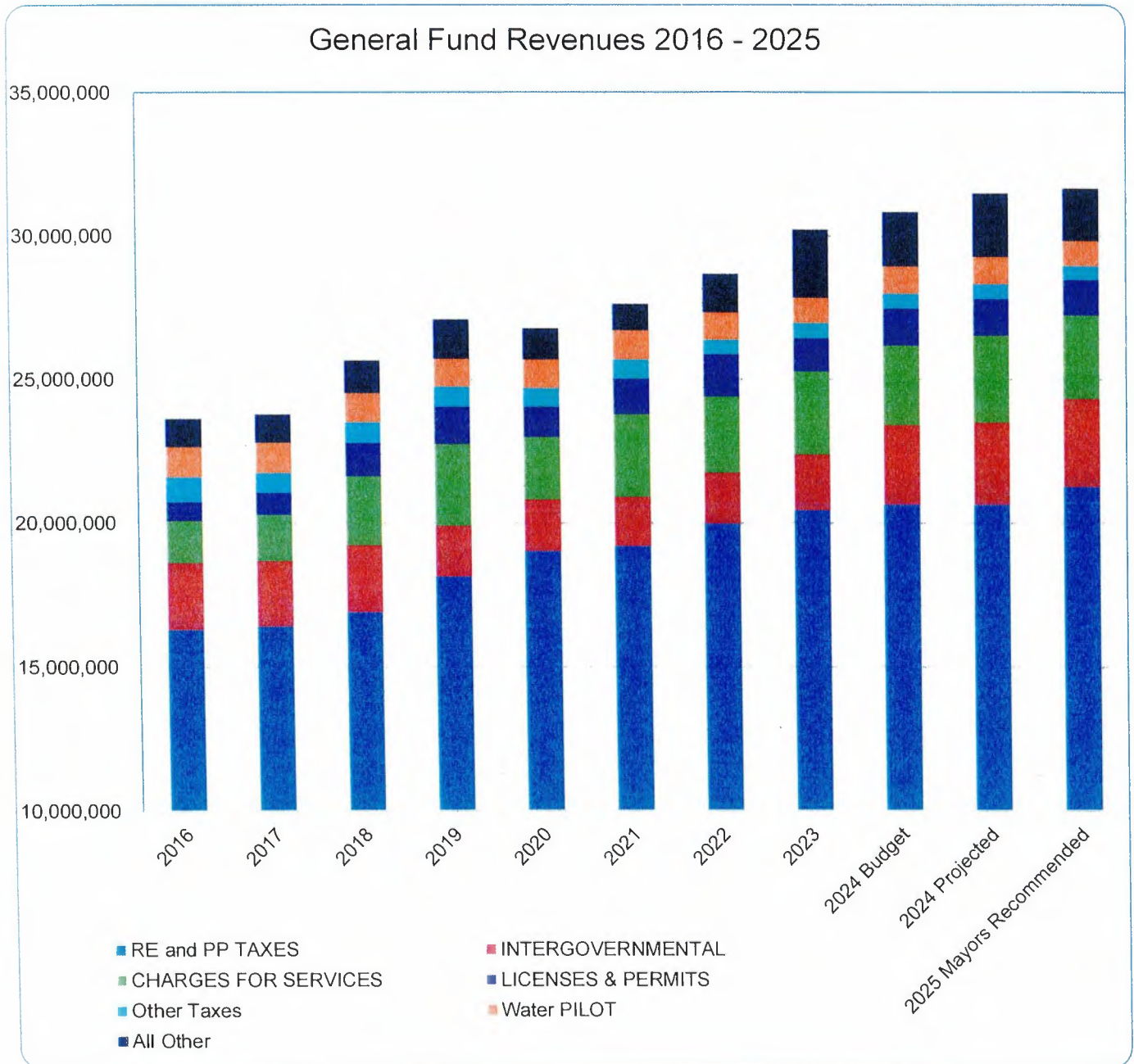
Property taxes as a percentage of general fund revenues will increase or decrease depending on fluctuations in other revenues, the amount of growth in net new construction, and whether increases in expenditures are needed to meet the city's service needs.

The Chart below shows the tax levy by purpose and the amount of levy per capita for each purpose.

	2020	2021	2022	2023	2024	2025
Population (for prior year)	35,996	36,514	36,646	35,895	36,417	36,600
Tax Levy	Actual	Actual	Actual	Budget	Budget	Budget
General Fund	\$19,005,700	\$19,184,900	\$19,931,500	\$20,455,400	20,616,100	21,240,000
Library	\$1,340,500	\$1,337,200	\$1,347,200	\$1,374,000	1,442,700	1,442,700
Capital	\$295,700	\$296,000	\$53,300	\$0	\$291,700	\$300,000
Debt Service	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,240,000
Total Tax Levy	\$21,741,900	\$21,918,100	\$22,432,000	\$22,929,400	\$23,450,500	\$24,222,700
Per Capita						
General Fund	\$527.99	\$525.41	\$543.89	\$569.87	\$566.11	\$580.33
Library	\$37.24	\$36.62	\$36.76	\$38.28	\$39.62	\$39.42
Capital	\$8.22	\$8.11	\$1.46	\$0	\$8.01	\$8.20
Debt Service	\$30.56	\$30.13	\$30.02	\$30.65	\$30.21	\$33.88
Total Tax Levy	\$604.01	\$600.27	\$612.13	\$638.80	\$646.75	\$661.83

City of Franklin, WI
2025 General Fund Revenue

Note that the population used in the chart is for the year before the budget year.



The chart above demonstrates the change in revenue mix from 2016 through the 2025 Budget. The Taxes, Intergovernmental Revenues, Charges for Services, Licenses & Permit Fees, and Miscellaneous Revenue have increased over this period, while the Water Utility Pilot, Other Taxes, and All Other Categories have declined.

In 2019, General Transportation Aids (GTAs) were mostly shifted to the Street Improvement Fund. GTAs have grown substantially related to street work done in the Tax Incremental Financing Districts in recent years. Landfill sitting revenues, included in Charges for Services,

City of Franklin, WI
2025 General Fund Revenue

aid the General Fund in that up to 18% of these revenues go into the General Fund, with the majority, 82%, going to the Capital Funds.

Utility Tax Equivalent

The Franklin Water Utility makes a payment instead of property taxes, as the Public Service Commission requires, by applying the local municipal and school tax rates against the total value of the Utility plant in service and infrastructure. As the plant in service has grown due to the continued development in the City, this revenue has also increased. Much of the plant value added has been contributed by developers, Tax Incremental Financing Districts, and projects at least partially funded by special assessments. For 2025, that payment is estimated at \$877,200. The Water Utility is currently working on the new water tower project located on S. Lovers Lane, which will raise this payment to the City.

Hotel/Motel Room Tax

Hotels and motels charge a room tax that benefits the City of Franklin. The development of a hotel on South 27th Street resulted in the City receiving increased room taxes starting in 2009. A second hotel opened in July 2015 near S. 76th Street and W. Rawson Avenue. The 2015-16 state budget included a provision that directs a portion of this revenue to tourism beginning in 2017. In 2016, before the new restriction, this revenue provided \$327,191. In 2021, the City raised the tax rate from 6% to 8%, effectively increasing the rate by 33%. For 2025, the General Fund revenue is capped at \$153,180, with the balance directed to the Franklin Tourism Commission. The addition of hotels has allowed the General Fund portion of the Hotel/Motel Tax to increase slightly and could see further increases in the future.

Cable Franchise Fees

The City charges a franchise fee on cable television services which has decreased recently. Declining trends in the number of cable subscribers have impacted this revenue. For 2025, that fee is estimated at \$300,000.

In the 2019-20 State Budget, the legislature lowered the cable tax rate from 5% to 4%, beginning in January 2020. A new state aid was created to replace the impact of the tax rate reduction. The combined effect is zero, while the fees appear to decline and Intergovernmental Revenues increase. That revenue is expected to be \$90,880 in 2025, which is slightly lower than the previous year (98,500).

State Shared Revenue

State Shared Revenue is based on a formula that considers per capita and aidable revenue factors, including the City's relative property value and local revenue generated. During recent years the State has either not increased or has decreased the amount received. In 2023, the City received \$398,460; in 2024, shared revenue increased due to legislature implementing Act 12. Municipalities will now receive additional supplemental municipal aid as long as they maintain specific levels of service within the public safety departments. In 2024, the City received an additional \$858,380 in shared revenue, totaling \$1,291,730. In 2025, shared revenue is estimated to be \$443,285 in municipal aid and \$878,125 in supplemental municipal aid, totaling \$1,321,410 (2.3% increase).

City of Franklin, WI
2025 General Fund Revenue

The State provides Expenditure Restraint payments to communities that limit their General Fund spending to a specified percentage increase over the prior year. The percentage limit considers inflation and growth in new construction in the City. Communities are only eligible for their equalized tax rate over 5 mills, at least \$5.00 per 1,000 assessed value. In 2015, the City of Franklin received more than \$284,000; however, it ceased receiving this aid beginning in 2022, when its equalized tax rate dipped below \$5.00 per thousand of value.

The State provides General Transportation Aids to local communities. These aids are based on a formula established by the State that considers the cost of maintaining the City's transportation system, including maintenance, traffic enforcement, and capital street construction costs. This formula uses Franklin's highway expenditures over a rolling 6-year period in determining the aid amount. In 2019, the City of Franklin received \$1,220,846. For 2024, transportation aids are set at \$2,020,966 – a 65% increase. GTA funding is released in mid-October each year (with final numbers released in December), so the 2025 amount will be determined at that time, and the budget will be adjusted if needed. Street improvements in several of the City's Tax Incremental Financing Districts will impact transportation aids for several years. Beginning in 2019, only a portion of this Aid funds the General Fund operations, with the balance supporting the Street Improvement Fund.

A 1997 legislative change exempted business computers from being subject to property tax. It also provided for a state aid payment to municipalities to offset the loss of this income. The Legislature froze the program in the 2017-18 budget, with a 1.47% increase in 2019 from 2018 levels. In the same budget, a new class of personal property was exempted, with a new Personal Property Aid payment. However, the new aid payment reduces the allowable levy increase dollar for dollar. For 2022, the exempt computer aids are \$4350,802, an increase of approximately \$4,130 due to the closure of TID #4 (which terminated in 2023), and the exempt personal property aid is approximately \$95,630. The 2023 Wisconsin Act 12 legislative change repealed the remaining personal property tax and created a state aid program designed to reimburse municipalities for the lost personal property tax revenue. This change increased the amount of Personal Property Aid by adding an additional aid payment annually, beginning in 2025. The 2025 payment is estimated to be \$210,947. This legislative change does include an aid payment to any Tax Incremental District that had personal property in it.

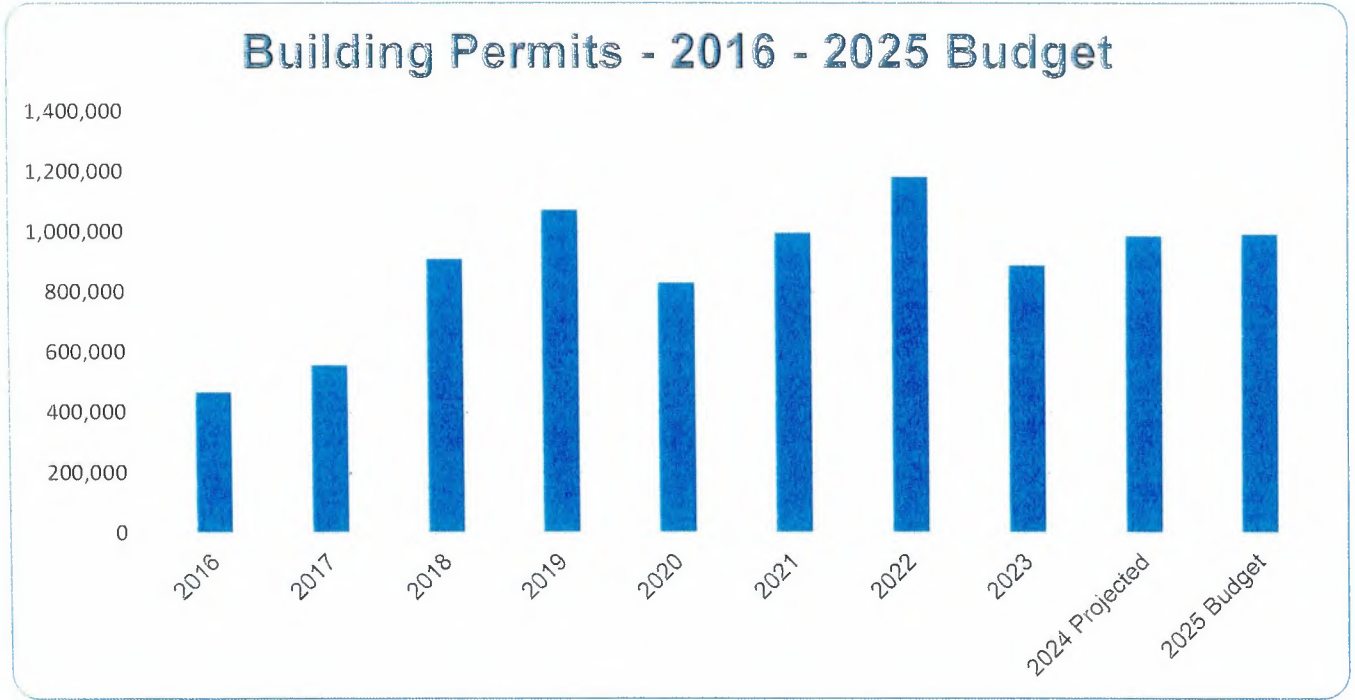
Overall, support from the Intergovernmental Revenues has remained fairly stable over the last few years, however, the City saw a generous increase in 2024 mainly coming from the increase in supplemental shared revenue, as noted above. Additionally, the City will now see an additional intergovernmental revenue supported through legislative change Act 12. Generally, Franklin's shared revenue per capita is near the very bottom for cities of a similar size in the State, which relates to the higher per capita income and lack of utility property in the City.

Licenses and Permits

The City issues numerous licenses and permits in performing its regulatory functions, such as building, electrical, plumbing, liquor, bartender, peddler, food, pet, contractor, and others. Most such revenue items do not fluctuate greatly from year to year, and in some cases, change is limited by state statutes. The primary revenue in the permit category, making up approximately 80% of the category, is building, plumbing, and electrical permits. The 2025 budget anticipates \$990,000 in Building, Plumbing, and Electrical permit revenues. That compares to \$985,000

City of Franklin, WI
2025 General Fund Revenue

budgeted, as well as expected, in 2024. The Tax Increment Districts provide the prospect of increased building permit revenue.



Penalties and Forfeitures

This category represents the City's share of fines from violation of City ordinances, state statutes, and parking ticket revenue. The 2024 projection is \$460,000. The COVID-19 Pandemic adversely impacted 2021 Penalties and Forfeitures, as residents did not travel as much. Offsetting this reduction was the addition of the Tax Intercept collection process. That state-wide collection effort has advanced the time that fines and penalties have been receipted.



City of Franklin, WI
2025 General Fund Revenue

Charges for Services

This revenue includes charges for the use of City services. The primary revenue in this category is generated from ambulance services (55%); planning, engineering, and administrative fees; and charges to developers in connection with development agreements.

2025 ambulance fees are estimated at \$1,600,000; this is budgeted as an increase compared to the 2023 revenue based on the revenues booked to date in 2024. Additional senior housing projects, if built, are expected to impact future ambulance revenues.

In 2024, Landfill siting revenues dedicated to the General Fund increased slightly from the 2024 budgeted \$445,000 and will be estimated at \$477,000. This is a conservative estimate as actual landfill siting revenues have been favorable to the 2024 budgeted amount. The Common Council directed that up to 20% of expected Landfill Siting revenues be dedicated to operating activities. See below for further discussion of Landfill Siting revenues.

Landfill Siting Revenues

The granting of a landfill license to Waste Management, in 2010, by the Wisconsin Department of Natural Resources saw the beginning of new revenue for the City and surrounding communities. A Landfill Siting Agreement was completed, requiring a payment for each ton of fill going into the site, which is shared as 75% to the City of Franklin, as the home City, and the remaining 25% to six other communities. The initial license was for 1.2 million tons. In 2018 the first expansion license was obtained, expanding the landfill by 9 million tons. With that expansion, the fee increased by 25%. Waste Management controlled the material accepted until the expansion permit was obtained. Revenues in recent years are listed here:

2019 - \$2,593,804
2020 - \$2,321,287
2021 - \$2,515,603
2022 - \$2,580,935
2023 - \$2,547,823
2024 - \$2,550,000 – Budget
2025 - \$2,650,000 – Budget

This revenue will end when the landfill license is exhausted, so limiting the funding of current operations to 20% of revenue is a prudent way to ensure that City operations do not become too reliant on the revenues. As noted earlier, the City uses the other 80% of the funding for capital projects. The site has the potential for 19 million tons of waste, assuming one additional 9-million-ton license renewal, so it is expected that these revenues will be available for quite a number of years into the future.

Intergovernmental Charges for Services

In addition to the Emergency Medical Services revenue included in charges for services above, a Milwaukee County subsidy is received toward providing the service. In 2012, the County negotiated a three-year agreement that has Franklin receiving \$125,000 per year in Emergency Medical Service aids. For 2025, revenues are expected to be \$220,000. As noted, this revenue

City of Franklin, WI
2025 General Fund Revenue

is subject to adjustment and reductions, and should be monitored for its impact on the General Fund in the future.

In 2015, the Franklin School District resumed a program of a School Liaison Officer and contributes the majority of the cost of an officer who primarily works at the School District. This program is expected to continue in 2025.

Interest Revenue

Investment earnings is one, of two, main revenues in this category. Short-term investment returns rose rapidly in 2018 and 2019. Economic pressures related to the COVID-19 pandemic pushed rates back toward zero; however, 2022 has brought increases to the interest rates. This revenue will follow market interest rate movements.

Another component of investment result is realized and unrealized gains/losses on fixed income investments. The City's investment policy limits the term of investments to a maximum of seven years. That provides downside protection from investment losses related to longer duration securities. Investments are reflected at market values generating unrealized gains and losses. However, as investments are anticipated to be held to maturity, unrealized losses are not expected to be realized, barring any premature forced sale for an emergency.

The last major component is interest charged at the statutory rate of 12% per annum on delinquent property taxes. The City retains any interest collected before it turns over uncollected Real Estate Tax Bills to Milwaukee County in August of each year. Personal Property Tax Bills are retained and pursued for collections by the City due to a 2011 State law change.

Miscellaneous Revenue

Water Tower rentals to cell phone companies and insurance dividends are the main components of miscellaneous revenue. This category is budgeted conservatively as the revenues collected vary more than other revenue categories.

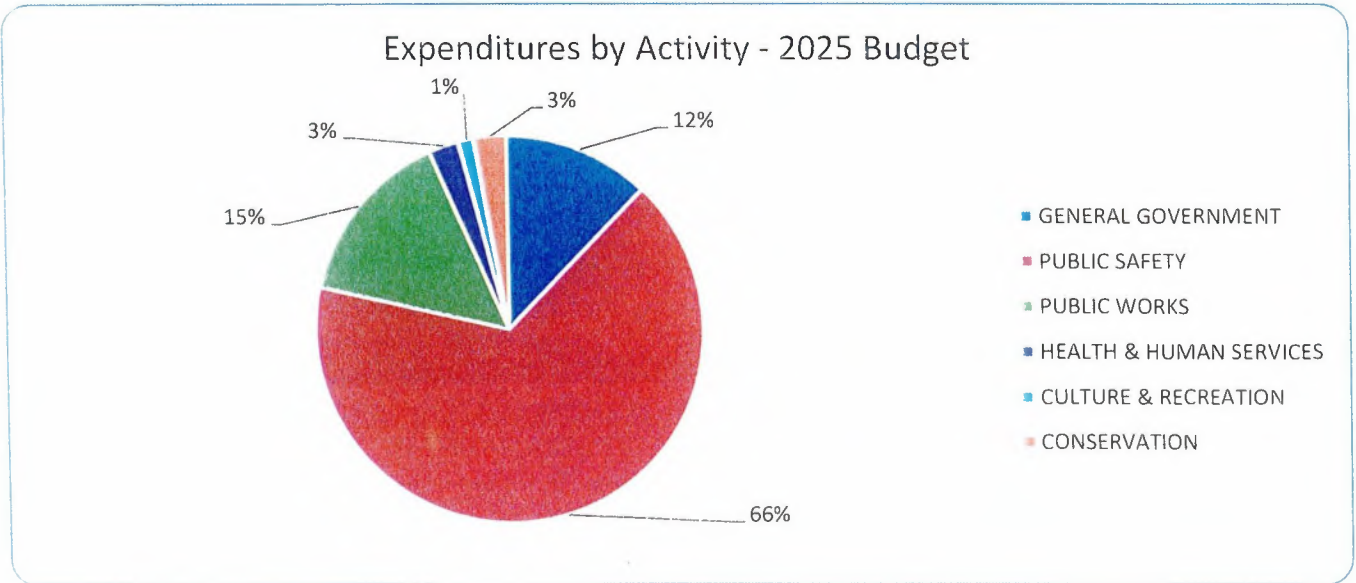
General Fund Expenditures

PROGRAM DESCRIPTION:

City General Fund expenditures are divided into Activities and further reported by Category/Department. The Activities include General Government, Public Safety, Public Works, Health and Human Services, Culture and Recreation, and Conservation and Development.

A summary of the expenditures by Activity, in thousands, without the restricted contingency, as this is only able to be utilized with additional available revenues and a super-majority vote of the Common Council, is as follows:

	2020	2021	2022	2023	2024 Budget	2024 Projected	2025 Budget
General Gov't.	3,080	2,946	3,201	3,253	3,667	4,063	3,790
Public Safety	17,471	17,870	18,214	18,961	20,483	20,346	20,942
Public Works	4,066	4,199	4,201	4,389	4,687	4,676	4,708
Health/Human	664	706	702	723	785	800	809
Culture & Rec	288	329	308	324	419	339	402
Conservation	598	531	512	671	831	713	858
Transfers	48	374	24	24	71	71	71
Total	26,215	26,955	27,162	28,345	30,943	31,008	31,580



General Government

General government comprises 12 departments that provide specific services for the City or internal services to or on behalf of the departments providing services. General Government Expenditures are approximately 12.2% of the General Fund Expenditure Budget. General government expenditures are a disproportionate component of contract services as several functions have been contracted out, including Assessing and Legal Services. Certain General Government Services provide services for other funds, such as financial services to the Utilities and TIDs; those funds then reimburse the General Fund for those services.

Public Safety

Public Safety includes Police, Fire, Public Fire Protection, Inspection Services, and Weights and Measures. Its expenditures comprise approximately 66.3% of the General Fund Expenditure Budget.

Public Works

Public Works include Engineering, Highway, Street Lighting, and Weed Control. Public Works Expenditures comprise approximately 14.9% of the General Fund Expenditure Budget. Substantial expenditures in these budgets include the cost of road salt and fuel and the labor cost to provide the services.

Health and Human Services

Health and Human Services is comprised of Health and Animal Control Expenditures, which equate to approximately 2.6% of the General Fund Expenditure Budget. The pandemic emergency in 2020 demonstrated the impact of these services on the community.

Culture and Recreation

Culture and Recreation expenses are comprised of the Parks and Recreation expenses. These include amounts paid for St. Martin's Fair and Civic Celebrations. Culture and Recreation Expenses amount to approximately 1.3% of the General Fund Expenditure Budget.

Note: The Parks Budget is included in the Annual Budget under Public Works due to reporting authority.

Conservation and Development

Conservation and Development are comprised of economic development and Planning functions. Conservation and Development expenditures comprise approximately 2.7% of the General Fund Expenditure Budget. In 2016, the City added a full-time economic development director to foster greater development.

Transfers and Contingency

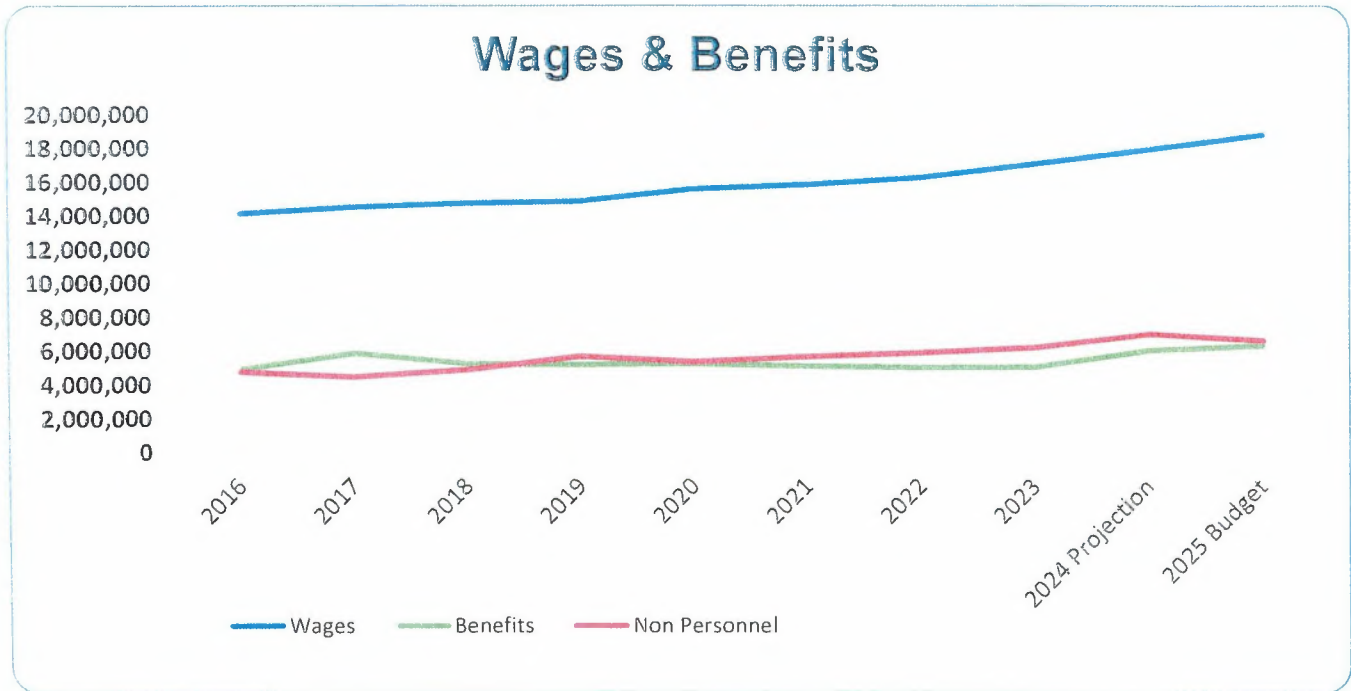
Transfers relate to the General Fund's contributions to Recreation Departments and periodic one-time uses of excess General Fund monies for capital expenditures.

Contingency includes a provision for unexpected expenditures and to provide Restricted reserves for emergencies, such as the 2020 Pandemic.

General Fund Expenditures by Functional Category

The 2025 General Fund Expenditure Budget is presented by functional categories on the following page. Salaries, wages, and benefits comprise approximately 73.6% of the General Fund Budget.

Wages and benefits have grown from \$19.03 million in 2016 to \$25.11 million in 2025, or 32%, which equates to 3.2% per year on average. There are no additional FTE increases in the 2025 Mayor's Recommended Budget.



Employee benefits, which consist of Group Health and Dental, Retirement, Retiree Health, Life Insurance, and Employment Taxes, will increase slightly in 2025. This may decrease in future years based on claims and usage.

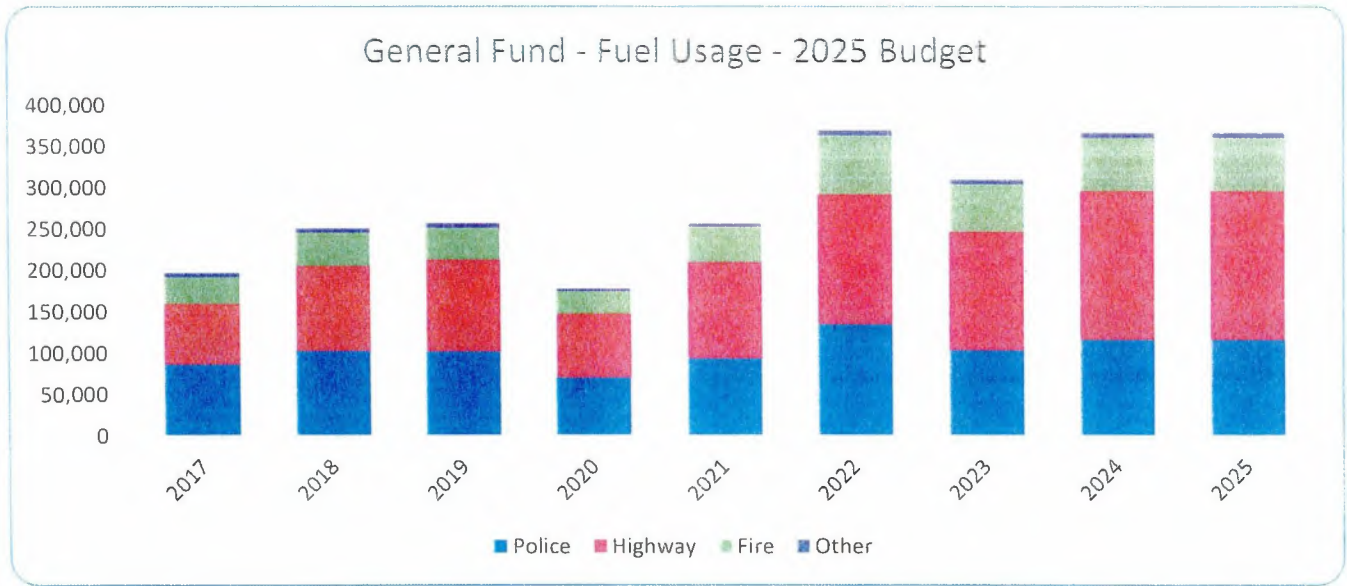
In 2019, the City elected the Wisconsin Retirement System pension plan for all new employees. Those employees in the old plans were provided the option of remaining in the old plans. In the short term, Public Works retirement costs will be elevated as the unpaid benefit costs of the old Public Works plan work through the system. In 2020, the City made a \$325,000 special contribution to the Retiree Health Plan. Also, in 2020, the City General Fund made a \$200,000 contribution to the Public Works Pension plan. In 2025, the plan will be funded enough to decrease contributions back down to the Actuarial Determined Contribution amount.

Non-personnel costs include Property Insurance, Contracted Services, Utilities, Operating Supplies, Services and Charges, Facility Charges, Other Costs, and Contingency.

In 2018, engineering contract services included inspection services for new development activities.

Fuel costs are another major expenditure and vary with the price of oil. In 2020, the City spent \$184,000 on fuel and will spend roughly \$356,800 in 2024. Fuel costs vary closely with the price of oil, demonstrating the impact of volatile fuel prices on the City's operating costs. The City engaged in a fleet program with Enterprise Fleet in 2024 and hope to see a decrease in fuel costs due to newer vehicles being used.

City of Franklin, WI
2025 General Fund Expenditures



The steadily rising facility charges indicate that the City's aging municipal building inventory will require more maintenance costs.

