

## DEBT SERVICE FUND 31

The City's Debt Service Fund manages the payment of debt service on all general obligation debt issued for City purposes. Debt service for Tax Increment Financing Districts (TID) and Utility funds is accounted for separately.

Although TID debt is tracked separately, it remains a general obligation borrowing, meaning the City is ultimately responsible for repayment if a TID's revenues, such as TID increment or other related sources, are insufficient. While a TID is active, overlapping taxing authorities forgo their share of taxes to support TID projects. However, if a TID's statutory life expires with outstanding debt and insufficient revenue, the City's debt service tax levy becomes responsible for covering the remaining obligations.

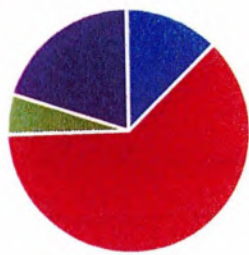
The primary funding sources for general obligation debt issued for government purposes include:

- Property Tax Levy
- Special Assessments: Collections for public improvements, excluding water and sewer, where property owners are assessed a pro-rata share of the project cost financed through general obligation debt.
- Impact Fees

The City's net general debt can fluctuate significantly. The net general debt supported by the Debt Service Levy, excluding TID and Utility debt, is expected to decline to \$8.475 million by December 31, 2024, from a high of \$13.1 million in 2017. However, the City borrowed \$1.88 million in General Obligation Debt in 2024 and anticipates borrowing an additional \$2 million for capital projects in 2025.

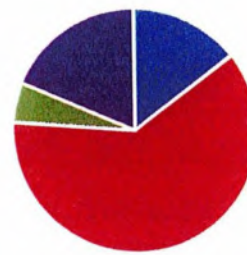
### Outstanding General Obligation Debt (as of December 2024 and December 2025):

Amount Outstanding 2024  
\$67,311,834 - By Purpose



■ General ■ TID ■ Water ■ Sewer

Amount Outstanding 2025  
\$64,237,553 - By Purpose



■ General ■ TID ■ Water ■ Sewer

As noted, TID debt represents the most significant component of the City's general obligation debt capacity. Over the past five years, TID debt has increased significantly due to several new TID projects, including Ballpark Commons (TID #5), Velo Village (TID #7), Bear Development (TID #6), the new Corporate Park (TID #8), and the development surrounding

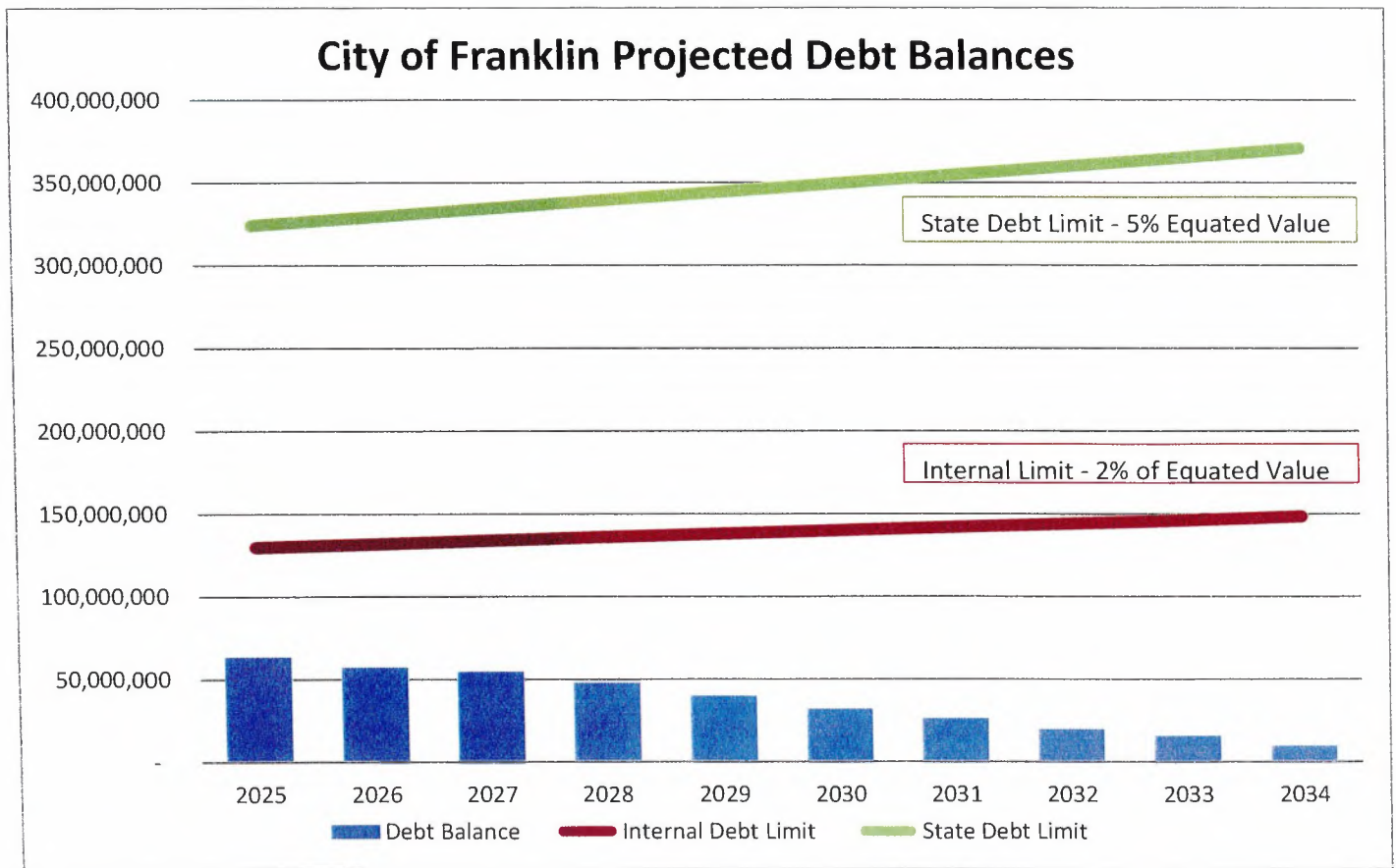
City of Franklin, WI  
2025 Debt Service

Carma Labs (TID #9). By December 31, 2025, the total TID general obligation debt is expected to reach \$39.5 million.

Based on the schedule of debt maturities, the total general obligation debt for City purposes as of December 31, 2024, stands at \$67.3 million, which includes TID and Utility debt. The breakdowns are as follows:

- \$41.695 million in TID debt
- \$13.5 million in Sewer Utility debt
- \$8.475 million in general government debt
- \$3.579 million in Water Utility debt

As of December 31, 2024, the City's total outstanding debt represents 22.03% of its legal debt limit, defined by Wisconsin Statutes, which set the legal debt capacity at 5% of its equalized property value. At the end of 2024, the total debt-to-equalized-value ratio is projected to be 1.08%.



The City amended its debt policy through Resolution 2019-7532 in August 2019, establishing a self-imposed limit on the amount of outstanding debt the City can carry at any given time. This policy restricts outstanding debt to 40% of the legal debt limit defined by Wisconsin Statutes. As of December 31, 2024, this self-imposed limit was \$122.8 million, projected to rise to \$125.0 million by the end of 2025.

City of Franklin, WI  
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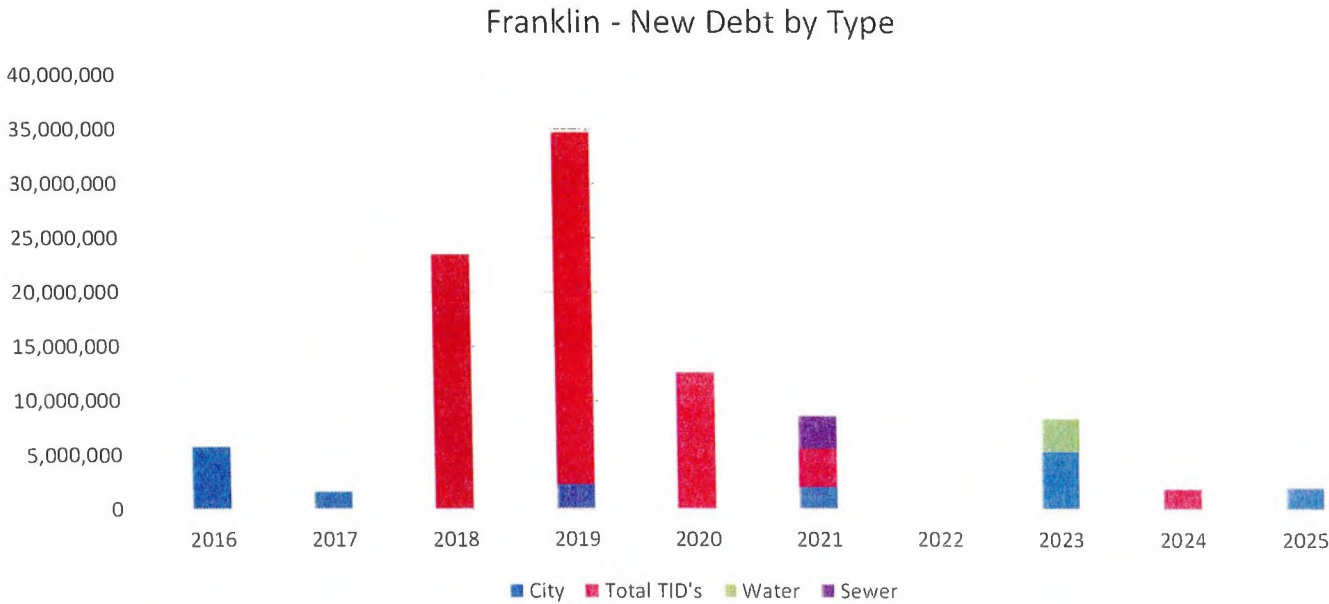
The City's debt policy also outlines key financial targets related to its outstanding debt. As of December 31, 2024, the City's performance against these targets is as follows:

- **At least 70% of the outstanding debt due within ten years:** The City exceeded this target, with 76% due within ten years.
- **Maintain an Aa2 credit rating:** The City maintained its Aa2 credit rating, reflecting its strong creditworthiness.
- **No more than 20% of the total tax levy for debt service:** The City kept debt service to 5.13%, well within the policy limit.

**Recent Debt Issues (by year of issuance):** The City has issued several debt instruments in recent years to finance capital projects and support the City's infrastructure and development needs. Each issuance is described below:

- **2016:** Refinanced a 2007 debt issue with a \$5.77 million obligation, realizing \$389,894 in future savings.
- **2017:** Issued \$1.63 million in new debt (Issue 2017B) to fund 2018 Capital Improvement Fund projects.
- **2018:** Issued \$23.48 million in Taxable Anticipation Notes (Issue 2018A) to support TID #5 projects.
- **2019-2020:** Issued various bonds to refinance debt and fund infrastructure for multiple TIDs.
- **2021:** Issued \$6.51 million to finance capital projects and sewer lift station replacements.
- **2023:** Issued \$5.33 million in tax-exempt notes for capital and water tower projects.
- **2024:** Issued \$1.88 million for public utility and infrastructure in TID #9.

Recent debt issues by year of issuance are illustrated described below:



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In 2016, the City refinanced a 2007 debt issue with a new \$5.77 million obligation (Issue 2016A), resulting in future savings of \$389,894. The final due date for this refinancing was March 1, 2021.

In 2017, the City issued \$1.63 million in new debt (Issue 2017B) to fund 2018 Capital Improvement Fund projects.

In May 2018, the City issued \$23.48 million in taxable Anticipation Notes (Issue 2018A) to support TID #5 projects, with the entire note due by March 2023. In February 2019, \$10 million was refinanced, followed by an additional \$4 million in March 2020, with the final piece of permanent financing for TID #5 completed in 2020.

In February 2019, the City issued \$13.685 million in taxable bonds (Issue 2019A), which refunded \$10 million of the 2018 Anticipation Note with a new 13-year bond for TID #5. Additionally, \$3.005 million was allocated for a developer's grant in TID #3, payable over four years.

Also, in February 2019, the City issued \$6.35 million in tax-exempt 15-year bonds (Issue 2019B) to finance infrastructure in TID #6, a new industrial park established in October 2018. An additional \$3 million was financed to cover the remaining infrastructure costs in TID #6.

In December 2019, the City issued \$12.47 million in Taxable General Obligation Bonds (Issue 2019C), which included \$3.225 million for infrastructure in TID #5, \$4.045 million to refinance a portion of the 2018 Anticipation Notes, \$2.06 million for infrastructure in TID #7, and \$3 million to provide a ten-year mortgage in TID #7.

In December 2019, the City also issued \$2.285 million in tax-exempt General Obligation Notes (Issue 2019D) to finance 2019 Capital Improvement Fund projects.

In December 2020, the City issued \$9.5 million in taxable bonds (Issue 2020A) to refinance the balance of the 2018 Anticipation Notes and \$3 million in tax-exempt bonds (Issue 2020B) to finance the remaining infrastructure commitment in TID #6.

In 2021, the City issued \$2.045 million in tax-exempt notes (Issue 2021A) for capital projects and a \$6.51 million bond (Issue 2021B) to finance a replacement sewer lift station in the industrial park, along with \$3.505 million for infrastructure in TID #8.

In 2023, the City issued \$5.33 million in tax-exempt notes (Issues 2023A & 2023B) to finance capital projects and a \$2.995 million bond (Issue 2023A) for a water tower project.

In August 2024, the City issued \$1.88 million in tax-exempt notes (Issue 2024A) to finance public utilities and infrastructure in TID #9.

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The City traditionally issues debt every other year, a practice that will continue. However, starting in 2025, additional borrowing is recommended to address capital needs, including existing deficiencies and growth. Future debt will be partially offset by repayment of outstanding debt scheduled during this period. The increased level of development, especially involving the Water Utility and TIDs, may cause debt levels to rise and necessitate reconsidering the internal debt limit. The City may also consider utilizing revenue bonds instead of general obligation debt for significant utility improvements.

**BUDGET REPORT FOR CITY OF FRANKLIN**  
**Fund: 31 DEBT SERVICE FUND**

GL NUMBER	DESCRIPTION	2025 MAYOR RECOMMEND BUDGET	2025 DEPT REQUEST BUDGET	2024 PROJECTED ACTIVITY	2024 ORIGINAL BUDGET	2023 ACTIVITY	2022 ACTIVITY
<b>ESTIMATED REVENUES</b>							
<b>Dept 0000 - GENERAL</b>							
<b>REAL ESTATE TAXES</b>							
31-0000-4011	GENERAL PROPERTY TAX	1,240,000	1,240,000	1,100,000	1,100,000	1,100,000	1,100,000
	REAL ESTATE TAXES	1,240,000	1,240,000	1,100,000	1,100,000	1,100,000	1,100,000
<b>INVESTMENT EARNINGS</b>							
31-0000-4711 *	INTEREST ON INVESTMENTS	30,000	30,000	34,330	24,400	37,794	4,335
	INVESTMENT EARNINGS	30,000	30,000	34,330	24,400	37,794	4,335
<b>FUND TRANSFERS</b>							
31-0000-4839 *	TSFR FR DEVELPMT-IMPACT FD27	307,919	307,919	234,308	234,308		288,578
	FUND TRANSFERS	307,919	307,919	234,308	234,308		288,578
<b>DEBT PROCEEDS</b>							
31-0000-4913	BOND & NOTE PREMIUM					208,286	
	DEBT PROCEEDS					208,286	
Totals for dept 0000 - GENERAL		1,577,919	1,577,919	1,368,638	1,358,708	1,346,080	1,392,913
TOTAL ESTIMATED REVENUES		1,577,919	1,577,919	1,368,638	1,358,708	1,346,080	1,392,913
<b>APPROPRIATIONS</b>							
<b>Dept 0000 - GENERAL</b>							
<b>PRINCIPAL</b>							
31-0000-5611 8015	PRINCIPAL - 2017 GO Bond	250,000	250,000	240,000	240,000	235,000	225,000
31-0000-5611 8018	PRINCIPAL 2014 GO NOTES 12/2014			325,000	325,000	330,000	335,000
31-0000-5611 8024	PRINCIPAL 2019D	470,000	470,000	235,000	235,000	370,000	360,000
31-0000-5611 8030	PRINCIPAL 2021A NOTES	150,000	150,000	150,000	150,000	100,000	50,000
31-0000-5611 8034	PRINCIPAL - 2023A DPW STORAGE	95,000	95,000	165,000	130,000		
31-0000-5611 8035	PRINCIPAL - 2023B CAP PROJECTS	215,000	215,000	280,000	220,000		
	PRINCIPAL	1,180,000	1,180,000	1,395,000	1,300,000	1,035,000	970,000
<b>INTEREST</b>							
31-0000-5621 8015	INTEREST - 2017 GO Bonds	16,625	16,625	23,975	23,975	31,101	38,000
31-0000-5621 8018	INTEREST -2014 GO NOTES 12/2014			4,063	4,063	11,838	19,319
31-0000-5621 8024	INTEREST 2019D	19,350	19,350	29,925	29,925	39,000	49,950
31-0000-5621 8030	INTEREST - 2021A NOTES	33,300	33,300	36,300	36,300	38,800	31,687
31-0000-5621 8034	INTEREST - 2023A DPW	126,938	126,938	100,193	89,105		
31-0000-5621 8035	INTEREST - 2023B CAP PROJECTS	98,125	98,125	82,104	62,674		
	INTEREST	294,338	294,338	276,560	246,042	120,739	138,956
<b>DEBT SERVICE</b>							
31-0000-5691 8015	BANK FEES - 2017	400	400	400	400	400	400
31-0000-5691 8018	BANK FEES - 2014 GO NOTES			400	400	400	400
31-0000-5691 8024	BANK FEES - 2019D	400	400	400	400	400	400
31-0000-5691 8030	BANK FEES - 2021A GO NOTES	400	400	400	400	400	400
31-0000-5691 8034	BANK FEES - 2023A DPW	200	200	200	400		
31-0000-5691 8035	BANK FEES - 2023B CAP PROJECTS	400	400	400	400		



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GL NUMBER	DESCRIPTION	2025 MAYOR RECOMMEND BUDGET	2025 DEPT REQUEST BUDGET	2024 PROJECTED ACTIVITY	2024 ORIGINAL BUDGET	2023 ACTIVITY	2022 ACTIVITY
<b>APPROPRIATIONS</b>							
<b>Dept 0000 - GENERAL</b>							
<b>DEBT SERVICE</b>							
	DEBT SERVICE	1,800	1,800	2,200	2,400	1,600	1,600
	Totals for dept 0000 - GENERAL	1,476,138	1,476,138	1,673,760	1,548,442	1,157,339	1,110,556
	<b>TOTAL APPROPRIATIONS</b>	<b>1,476,138</b>	<b>1,476,138</b>	<b>1,673,760</b>	<b>1,548,442</b>	<b>1,157,339</b>	<b>1,110,556</b>
	<b>NET OF REVENUES/APPROPRIATIONS - FUND 31</b>	<b>101,781</b>	<b>101,781</b>	<b>(305,122)</b>	<b>(189,734)</b>	<b>188,741</b>	<b>282,357</b>
	BEGINNING FUND BALANCE	486,807	486,807	791,929	791,929	603,187	320,829
	FUND BALANCE ADJUSTMENTS					1	
	ENDING FUND BALANCE	588,588	588,588	486,807	602,195	791,929	603,186
<b>DEPARTMENT 0000 GENERAL</b>							
4711	INTEREST ON INVESTMENTS						
	FOOTNOTE AMOUNTS	30,000	30,000	34,330			
	Calculating rates at 3.5%						
4839	TSFR FR DEVELPMT-IMPACT FD27						
	FOOTNOTE AMOUNTS	96,700	96,700	65,700			
	Transportation Impact Fee Debt						
	FOOTNOTE AMOUNTS	88,800	88,800				
	Library Impact Fee Debt						
	FOOTNOTE AMOUNTS	32,419	32,419	43,008			
	Fire Impact Fee Debt						
	FOOTNOTE AMOUNTS	90,000	90,000	125,600			
	Police Impact Fee Debt						
	ACCOUNT '4839' TOTAL	307,919	307,919	234,308			
	DEPT '0000' TOTAL	337,919	337,919	268,638			