

FINAL OFFICIAL STATEMENT DATED NOVEMBER 3, 2021

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Notes is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Notes. The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating: Moody's Investors Service, Inc. "Aa2"

CITY OF FRANKLIN, WISCONSIN (Milwaukee County)

\$2,040,000 GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2021A

PURPOSE/AUTHORITY/SECURITY: The \$2,040,000 General Obligation Promissory Notes, Series 2021A (the "Notes") of the City of Franklin, Wisconsin (the "City") are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of projects listed in the City's Capital Improvement Program and the acquisition of vehicles and equipment. The Notes are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Notes as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF NOTES: November 17, 2021

DATE OF DELIVERY: November 17, 2021

SERIAL MATURITIES: March 1 as follows:

		Interest			CUSIP	Interest			CUSIP
<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	Base 355185	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	Base 355185
2022	\$50,000	2.000%	0.250%	SM2	2027	\$250,000	2.000%	0.880%	SS9
2023	\$100,000	2.000%	0.350%	SN0	2028	\$300,000	2.000%	1.050%	ST7
2024	\$150,000	2.000%	0.450%	SP5	2029	\$400,000	2.000%	1.200%*	SU4
2025	\$150,000	2.000%	0.600%	SQ3	2030	\$440,000	2.000%	1.300%*	SV2
2026	\$200,000	2.000%	0.750%	SR1					

*Priced to call

OPTIONAL REDEMPTION: Notes maturing on March 1, 2029 and thereafter are subject to call for prior optional redemption on March 1, 2028 or any date thereafter, at a price of par plus accrued interest.

INTEREST: March 1, 2022 and semiannually thereafter.

PAYING AGENT: Bond Trust Services Corporation.

BOND COUNSEL &

DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR: Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein.

The Notes are offered, subject to prior sale, when, as and if accepted by the Underwriter named below and subject to an opinion as to the validity and tax exemption by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, and certain other conditions. Quarles & Brady LLP will also act as Disclosure Counsel to the City. It is expected that delivery of the Notes will be made on or about November 17, 2021 against payment therefor. Subject to applicable securities laws and prevailing market conditions, the Underwriter intends, but is not obligated, to effect secondary market trading in the Notes. For information with respect to the Underwriter, see "Underwriting" herein.

NORTHLAND SECURITIES, INC.
Minneapolis, Minnesota

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in the Final Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Final Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Final Official Statement is not to be construed as a contract with the Underwriter. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact.

Ehlers and Associates, Inc. ("Ehlers") prepared this Final Official Statement relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Notes. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Notes.

The Underwriter has reviewed the information in this Final Official Statement in accordance with, and as a part of, the Underwriter's responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Final Official Statement: Copies of the Final Official Statement will be delivered to the Underwriter within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Final Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Notes, the Underwriter will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Notes and all times subsequent thereto up to and including the time of the delivery of the Notes, this Final Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Notes; (3) a certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Notes, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Notes in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY OF FRANKLIN COMMON COUNCIL

		<u>Term Expires</u>
Stephen R. Olson	Mayor	April 2023
Mike Barber	Alderman	April 2022
Shari Hanneman	Alderman	April 2023
Ed Holpfer	Aldermen	April 2022
Daniel Mayer	Alderman	April 2022
John Nelson	Alderman	April 2023
Kristen Wilhelm	Alderman	April 2023

ADMINISTRATION

Peggy Steeno, Director of Administration

Paul Rotzenberg, Director of Finance & Treasurer¹

Sandra L. Wesolowski, Director of Clerk Services/City Clerk

PROFESSIONAL SERVICES

Jesse A. Wesolowski, City Attorney, Franklin, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other offices located in Roseville, Minnesota and Denver, Colorado)

¹ Paul Rotzenberg is retiring November 24, 2021. The City is in the process of determining a successor to fill the position.

INTRODUCTORY STATEMENT

This Final Official Statement contains certain information regarding the City of Franklin, Wisconsin (the "City") and the issuance of its \$2,040,000 General Obligation Promissory Notes, Series 2021A (the "Notes"). Any descriptions or summaries of the Notes, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Notes included in the resolution authorizing the issuance and sale of the Notes (the "Authorizing Resolution") adopted by the Common Council on November 2, 2021.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's Municipal Advisor. A copy of this Final Official Statement is available at emma.msrb.org.

THE NOTES

GENERAL

The Notes will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of November 17, 2021. The Notes will mature on March 1 in the years and amounts set forth on the cover of this Final Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2022, to the registered owners of the Notes appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB").

Unless otherwise specified by the purchaser, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Notes are held under the book-entry system, beneficial ownership interests in the Notes may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Notes shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Notes shall be payable as provided in the Authorizing Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Notes maturing on or after March 1, 2029 shall be subject to optional redemption prior to maturity on March 1, 2028 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Notes subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Notes to be redeemed shall be at the discretion of the City. If only part of the Notes having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Notes are being issued pursuant to Section 67.12(12), Wisconsin Statutes, for public purposes, including paying the cost of projects listed in the City's Capital Improvement Program and the acquisition of vehicles and equipment.

SOURCES AND USES

Sources	
Par Amount of Notes	\$2,040,000
Estimated Interest Earnings	500
Reoffering Premium	<u>94,611</u>
Total Sources	\$2,135,111
Uses	
Total Underwriter's Discount	\$13,729
Cost of Issuance	35,724
Deposit to Project Construction Fund	2,000,000
Premium Deposit to Debt Service	80,882
Rounding Amount	<u>4,776</u>
Total Uses	\$2,135,111

SECURITY

For the prompt payment of the Notes with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Notes when it becomes due and also to pay and discharge the principal on the Notes at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

The City received a rating of "Aa2" on the Notes by Moody's Investors Service, Inc. ("Moody's"), and bidders were notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Notes, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Notes any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Notes, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Notes. However, such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

An opinion as to the validity of the Notes and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Notes. The legal opinion will be issued on the basis of existing law and will state that the Notes are valid and binding general obligations of the City; provided that the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding) (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Notes. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Notes for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Notes under existing law substantially in the following form:

"The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes

in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes."

The interest on the Notes is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Notes should be aware that ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Notes should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Notes. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Notes may be enacted. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

BOND PREMIUM

To the extent that the initial offering price of certain of the Notes is more than the principal amount payable at maturity, such Notes ("Premium Notes") will be considered to have bond premium.

Any Premium Note purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Note is calculated on a daily basis from the issue date of such Premium Note until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Note that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Notes. During each taxable year, such an owner must reduce his or her tax basis in such Premium Note by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Note. The adjusted tax basis in a Premium Note will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Note.

Owners of Premium Notes who did not purchase such Premium Notes in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Notes. Owners of Premium Notes should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Notes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Notes. The Municipal Advisor cannot participate in the underwriting of the Notes. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

UNDERWRITING

The Underwriter named on the cover page hereof (the "Underwriter") has agreed to purchase the Notes from the City for a purchase price of \$2,120,881.50 plus accrued interest to the date of closing. The Underwriter will be obligated to purchase all such Notes if any such Notes are purchased. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at prices lower than the offering prices derived from the coupons and yields for each maturity set forth on the cover page.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2020, have been audited by Baker Tilly US, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should review this Official Statement, including the appendices, in its entirety.

Taxes: The Notes are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Notes. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Notes for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Notes may fall for purposes of resale. Noncompliance by the City with the covenants in the Authorizing Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Notes in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Notes. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Notes in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Notes and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Notes to the accounts of the Beneficial Owners of the Notes may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Notes.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Notes in the secondary market.

Secondary Market for the Notes: No assurance can be given that a secondary market will develop for the purchase and sale of the Notes or, if a secondary market exists, that such Notes can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Notes at the request of the owners thereof. Prices of the Notes as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Notes. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Notes will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the City and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the City, including the duration of the outbreak and future measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$585,206. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. In addition, the City received approximately \$400,000 in additional grants through the CARES Act for costs related to the pandemic, including for contact tracing, election expenses, testing and health and human services. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half to be received in 2022. The City's allocation is \$3,748,286.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the City. The City cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the City may materially adversely affect the financial condition of the City (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$4,887,373,400
2021 Equalized Value Reduced by Tax Increment Valuation	\$4,660,476,700
2021 Assessed Value	\$4,877,836,200

2021 EQUALIZED VALUE BY CLASSIFICATION

	2021 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 3,620,709,200	74.083%
Commercial	1,027,883,800	21.031%
Manufacturing	159,210,400	3.258%
Agricultural	900,800	0.018%
Undeveloped	2,396,700	0.049%
Ag Forest	209,000	0.004%
Forest	789,600	0.016%
Other	23,702,500	0.485%
Personal Property	51,571,400	1.055%
Total	<u>\$ 4,887,373,400</u>	<u>100.000%</u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2017	\$3,854,766,200	\$3,888,926,200	4.29%
2018	4,035,310,280	4,022,941,400	3.45%
2019	4,229,425,745	4,360,269,000	8.39%
2020	4,511,874,000	4,587,752,500	5.22%
2021	4,877,836,200	4,887,373,400	6.53%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2021 Equalized Value¹	Percent of City's Total Equalized Value
Northwestern Mutual	Insurance Services	\$ 89,230,707	1.83%
Ascension Wisconsin	Medical Services	45,562,420	0.93%
Aurora Healthcare	Medical Services	34,179,534	0.70%
TI Investors of Franklin, LLC	Multi Family Housing	33,996,376	0.70%
Whitnall Pointe Apartments	Multi Family Housing	32,646,921	0.67%
Foresthil Highlands LLC	Multi Family Housing	27,223,720	0.56%
Velo Village Apartments LLC	Multi Family Housing	27,161,269	0.56%
Manchester Oaks	Multi Family Housing	25,614,566	0.52%
VTLC Development	Packaging Manufacturing	23,122,996	0.47%
BPC County Land LLC ²	Land Held for Development	22,515,066	0.46%
Total		\$ 361,253,575	7.39%
City's Total 2021 Equalized Value ³		\$4,887,373,400	

Source: The City.

¹ Calculated by dividing the 2021 Assessed Values by the 2021 Aggregate Ratio of assessment for the City.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Notes)	<u>\$ 65,788,400</u>
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MUNICIPAL REVENUE OBLIGATIONS

The City has issued municipal revenue obligations ("MROs") as part of development agreements, which are payable solely from tax increment revenues to the extent those revenues are available. Such obligations are special limited obligations of the City payable solely from tax increment revenues of the related tax increment district. If such tax increment revenues are not generated and available, no payment is due on the related MRO. For more information on such MROs, see Note 3.H. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

¹ Outstanding debt is as of the dated date of the Notes.

City of Franklin, Wisconsin
 Schedule of Bonded Indebtedness
 General Obligation Debt Secured by Taxes
 (As of 12/2/2021)

Calendar Year Ending	Sewerage System Revenue Bonds (CWFL) (1) Series 2012		Promissory Notes Series 2014A		Water System Bonds Series 2014B		Promissory Notes Series 2017B		Taxable Corporate Purpose Bonds Series 2019A (2)	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	1,338,839	01/25/2012	352,164	19,319	60,000	26,488	225,000	38,000	1,495,000	354,350
2023	1,371,802	01/25/2012	318,796	11,838	60,000	24,688	235,000	31,100	940,000	317,825
2024	1,405,575	01/25/2012	284,606	4,063	60,000	22,888	240,000	23,975	1,000,000	288,725
2025	1,440,181	01/25/2012	249,575		65,000	21,013	250,000	16,625	1,000,000	258,725
2026	1,475,638	01/25/2012	213,682		65,000	19,063	255,000	9,688	1,020,000	228,425
2027	1,511,968	01/25/2012	176,904		65,000	17,113	260,000	3,250	1,100,000	196,625
2028	1,549,193	01/25/2012	139,221		70,000	15,088			1,100,000	162,938
2029	1,587,334	01/25/2012	100,611		70,000	12,988			1,100,000	128,563
2030	1,626,414	01/25/2012	61,049		75,000	10,813			1,100,000	93,500
2031	1,666,456	01/25/2012	20,514		75,000	8,516			1,100,000	57,063
2032					80,000	3,750			1,100,000	19,250
2033						1,250				
2034										
2035										
2036										
2037										
			14,973,400	1,917,122	990,000	35,219	1,465,000	122,638	12,055,000	2,105,988

(1) Debt supported by intergovernmental Agreement with another entity that has agreed to pay all principal and interest on the issue.

(2) Debt service is expected to pay with tax increment revenues from the City's TID #5. The major development in TID #5 is Ball Park Commons, which is a mixed-use development consisting of a baseball stadium, sports village, restaurants, apartments, retail buildings, a hotel and offices. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available. Property in TID #5 has not increased in value at the rate anticipated by the City, and the City expects that tax increment revenues may not be realized in amounts sufficient to cover the full debt service payments in future year. While the developer of Ball Park Commons agreed in its development agreement to make shortfall payments to make up for any deficiency in tax increment revenues for payment of debt service, no guarantee can be given that the developer will timely make any required shortfall payments.

To the extent tax increment revenues are not available to pay debt service and the developer fails to timely make shortfall payments, the City would be required to levy to pay debt service. In addition, the City may use interfund advances from its general fund to support the TID #5 fund.

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**City of Franklin, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/2/2021)**

Dated Amount	Community Development Bonds Series 2019B		Taxable Corporate Purpose Bonds Series 2019C (1)		Promissory Notes Series 2019D		Taxable Refunding Bonds Series 2020A (1)		Community Development Bonds Series 2020B	
	02/20/2019 \$6,365,000	03/01	12/04/2019 \$12,360,000	03/01	12/04/2019 \$2,285,000	03/01	12/10/2020 \$9,545,000	03/01	12/10/2020 \$3,045,000	03/01
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	160,000	216,500	200,000	307,860	360,000	49,950	0	180,335	0	45,753
2023	215,000	209,000	200,000	304,260	370,000	39,000	0	180,335	75,000	45,003
2024	270,000	199,300	450,000	298,023	235,000	29,925	200,000	178,335	100,000	43,253
2025	370,000	186,500	450,000	289,023	470,000	19,350	200,000	174,335	150,000	40,753
2026	515,000	168,800	625,000	277,691	295,000	9,350	300,000	169,335	150,000	37,753
2027	535,000	147,800	660,000	263,548	320,000	3,200	400,000	162,335	200,000	34,253
2028	560,000	125,900	685,000	248,245			500,000	153,335	250,000	29,753
2029	575,000	106,075	3,345,000	200,228			600,000	142,335	300,000	24,253
2030	595,000	88,525	630,000	152,213			675,000	129,585	325,000	19,628
2031	615,000	70,375	630,000	136,148			750,000	116,835	350,000	16,165
2032	630,000	51,700	655,000	119,115			925,000	102,973	375,000	12,171
2033	650,000	32,094	775,000	99,616			950,000	86,798	380,000	7,640
2034	675,000	10,969	875,000	76,710			970,000	69,755	390,000	2,633
2035			850,000	52,348			1,000,000	51,525		
2036			660,000	30,335			1,025,000	31,775		
2037			670,000	10,218			1,050,000	10,763		
	6,365,000	1,613,538	12,360,000	2,865,578	2,050,000	150,775	9,545,000	1,940,688	3,045,000	359,006

(1) Debt service is expected to pay with tax increment revenues from the City's TID #5. The major development in TID #5 is Ball Park Commons, which is a mixed-use development consisting of a baseball stadium, sports village, restaurants, apartments, retail buildings, a hotel and offices. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available. Property in TID #5 has not increased in value at the rate anticipated by the City, and the City expects that tax increment revenues may not be realized in amounts sufficient to cover the full debt service payments in future year. While the developer of Ball Park Commons agreed in its development agreement to make shortfall payments to make up for any deficiency in tax increment revenues for payment of debt service, no guarantee can be given that the developer will timely make any required shortfall payments.

To the extent tax increment revenues are not available to pay debt service and the developer fails to timely make shortfall payments, the City would be required to levy to pay debt service. In addition, the City may use interfund advances from its general fund to support the TID #5 fund.

City of Franklin, Wisconsin
 Schedule of Bonded Indebtedness continued
 General Obligation Debt Secured by Taxes
 (As of 12/2/2021)

Promissory Notes
 Series 2021A

Dated Amount	11/17/2021 \$2,040,000	
Maturity	03/01	
Calendar Year-Ending	Principal	Interest
2022	50,000	31,687
2023	100,000	38,800
2024	150,000	36,300
2025	150,000	33,300
2026	200,000	29,800
2027	250,000	25,300
2028	300,000	19,800
2029	400,000	12,800
2030	440,000	4,400
2031		
2032		
2033		
2034		
2035		
2036		
2037		
	2,040,000	232,187

Calendar Year-Ending	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid
2022	4,223,839	1,622,404	5,846,244	61,564,560	6.42%
2023	3,896,802	1,520,644	5,417,445	57,667,759	12.34%
2024	4,435,575	1,409,391	5,844,967	53,232,183	19.09%
2025	4,545,181	1,289,198	5,834,378	48,687,003	25.99%
2026	4,900,638	1,163,585	6,064,223	43,786,365	33.44%
2027	5,301,968	1,030,327	6,332,295	38,484,397	41.50%
2028	5,014,193	894,279	5,908,471	33,470,204	49.12%
2029	7,977,334	727,851	8,705,184	25,492,870	61.25%
2030	5,466,414	559,712	6,026,126	20,026,456	69.56%
2031	5,186,456	425,615	5,612,071	14,840,000	77.44%
2032	3,760,000	311,381	4,071,381	11,080,000	83.16%
2033	2,835,000	229,898	3,064,898	8,245,000	87.47%
2034	2,990,000	161,316	3,151,316	5,255,000	92.01%
2035	1,850,000	103,873	1,953,873	3,405,000	94.82%
2036	1,685,000	62,110	1,747,110	1,720,000	97.39%
2037	1,720,000	20,980	1,740,980	0	100.00%
	65,788,400	11,532,562	77,320,961		

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 4,887,373,400
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 244,368,670
Less: General Obligation Debt	<u>(65,788,400)¹</u>
Unused Debt Limit	<u>\$ 178,580,270</u>

OVERLAPPING DEBT²

Taxing District	2021 Equalized Value ³	% In City	Total G.O. Debt ⁴	City's Proportionate Share
Milwaukee County	\$77,290,319,100	6.32%	\$503,118,105 ⁵	\$31,797,064
Milwaukee Area Technical College District	95,747,521,031	5.10%	96,875,000	4,940,625
Franklin Public School District	3,745,055,009	100.00%	54,715,000	54,715,000
Oak Creek-Franklin Joint School District	5,474,136,071	15.63%	147,650,000	23,077,695
Whitnall School District	1,993,307,781	14.37%	13,605,000	1,955,039
Milwaukee Metro Sewer District	75,898,364,800	6.44%	716,803,335	<u>46,162,135</u>
City's Share of Total Overlapping Debt				<u>\$162,647,558</u>

¹ The City has adopted a policy which further limits its ability to issue general obligation debt. Under the City's current policy, the City shall not issue general obligation debt in such an amount which would cause their outstanding debt to be in excess of 40% of the statutory debt limit. However, the City may amend such policy at any time.

² Overlapping debt is as of the dated date of the Notes. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

³ Includes tax increment valuation.

⁴ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

⁵ Includes the \$95,540,000 Taxable General Obligation Pension Promissory Notes, Series 2021A, \$4,110,000 General Obligation Promissory Notes, Series 2021B, \$10,360,000 General Obligation Transit Promissory Notes, Series 2021C, \$27,000,000 General Obligation Corporate Purpose Bonds, Series 2021D and \$2,795,000 Taxable General Obligation Promissory Notes, Series 2021E expected to close on November 23, 2021.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$4,887,373,400	Debt/ Per Capita 36,646¹
Total General Obligation Debt	\$ 65,788,400	1.35%	\$ 1,795.24
City's Share of Total Overlapping Debt	<u>162,647,558</u>	<u>3.33%</u>	<u>4,438.34</u>
Total	\$ 228,435,958	4.67%	\$ 6,233.59

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City plans to issue \$6,710,000* General Obligation Corporate Purpose Bonds, Series 2021B on December 2, 2021. The City also expects to issue approximately \$7,650,000 in general obligation debt in 2022 for its capital borrowing, including for water projects, community development projects in TIDs and other capital projects and an additional \$4,300,000 in water revenue bonds or general obligation debt for a new water tower. Pursuant to a development agreement with a developer, the City expects to issue a \$3,100,000 MRO to said developer sometime in the next 12 months, when infrastructure improvements are accepted by the City in the related TID. In addition, the City is working on development agreements and MRO's totaling \$3,700,000 with three developers in an existing TID and anticipates entering into said agreements within the next 12 month period. Under the development agreements, such MRO will be special, limited revenue obligations of the City payable solely from certain tax increment revenues that are appropriated by the Common Council. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

*Preliminary, subject to change.

¹ Estimated 2021 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes	Levy for TID Purposes	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000	Net Levy/Equalized Value in Dollars per \$1,000
2016/17	\$20,509,000	\$2,267,467	100%	\$5.65	\$5.86
2017/18	21,027,849	2,471,104	100%	5.57	5.84
2018/19	21,389,375	2,156,858	100%	5.45	5.40
2019/20	21,741,900	3,261,911	100%	5.16	5.45
2020/21	21,918,100	3,718,985	100%	4.97	5.25

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on September 20, 2020. Milwaukee County and the City adopted such resolutions. The City cannot predict whether any

similar legislation may be adopted in the future or whether and how much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Notes.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2016/17	\$12.66	\$5.10	\$5.65	\$1.93	\$25.34
2017/18	12.26	5.05	5.57	1.73	24.61
2018/19	11.95	4.90	5.45	1.69	23.99
2019/20	11.41	4.79	5.16	1.65	23.01
2020/21	10.93	4.61	4.97	1.58	22.09

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by Wisconsin Department of Revenue ("DOR") staff call into question the availability of this exception, including by limiting its availability depending on the circumstances surrounding the pertinent revenue shortfall. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Notes were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Notes.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1956 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to three-year terms. The appointed City Clerk, Director of Administration, Director of Finance & Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 203 full-time and 46 part-time employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,119,560, \$1,380,924 and \$ 1,273,388, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2020, the City reported an asset of \$3,338,448 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2019 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.10353524% of the aggregate WRS net pension asset as of December 31, 2019.

The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4.A. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

The City provides other pension benefits to public works employees who have satisfied specified eligibility standards through a single-employer defined benefit plan. The amount of such benefits are based on years of service and average compensation. Membership of the plan consisted of 26 retirees receiving benefits, 9 terminated vested retirees and 27 active plan members as of January 1, 2020, the date of the latest actuarial valuation. The plan is closed to new members as of January 1, 2019.

Pension benefit calculations are required to be updated every two years and prepared in accordance with Governmental Accounting Standards Board Statement No. 68 ("GASB 68"). An actuarial study for the plan was most recently completed by The Principal Financial Group in April 2020 with an actuarial valuation date of January 1, 2020 (the "Pension Actuarial Report").

Under GASB 68, an actuarially determined contribution ("ADC") is calculated as a target or recommended contribution to the plan for the reporting period, determined in conformity with actuarial standards based on the most recent measurement available. As shown in the Pension Actuarial Report, the City's ADC for Fiscal Year 2020 was \$256,855. For Fiscal Year 2020, contributions to the plan totaled \$256,000. The City's current funding practice is to at least fully fund ADC. In Fiscal Year 2020, the City also made a one-time special contribution of \$325,000 to the plan.

For Fiscal Year 2020, the total pension liability was \$10,538,273 and the fiduciary net position was \$10,596,169, resulting in net pension asset of \$57,896.

Under the Service and Expense Agreement (the "Agreement") for the supplemental pension benefits plan, the plan administrator guarantees payments to certain plan participants under a group annuity contract. In the event the value of the group annuity contract drops below a threshold amount, the plan administrator may require the City to make a payment for the difference in value. The spread of COVID-19 severely impacted investment markets in March 2020, which resulted in the plan administrator making a payment request of approximately \$1,100,000 from the City. The Common Council approved a payment of \$1,000,000 but shortly thereafter the investment markets improved and the custodian withdrew its payment request. No guarantee can be given that the investment markets will not experience significant declines in the future resulting in similar payment requests. See "RISK FACTORS - Impact of the Spread of COVID-19" herein.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note 4.A. in "Appendix A - Financial Statements" attached hereto. The Pension Actuarial Report is available from the City upon request.

The City also provides a defined contribution pension plan benefit to eligible non-protective employees (other than public works employees). Eligibility begins after six months of employment with the City. The plan is closed to new members as of January 1, 2019. Employees are required to make contributions of 5% of wages. For Fiscal Year 2020, the City contributed \$42,049 and employees contributed \$42,049 to the plan. For more information, see Note 4.B. in "Appendix A - Financial Statements."

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Police	December 31, 2021
Fire	December 31, 2023

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to former employees and their dependents through a single employer defined benefit plan. Eligible retirees may continue to participate in the City's group health plan. The City contributes a fixed portion of the premiums determined at retirement based on the employment category of retiree, and the retiree is responsible for paying the balance of the premiums. Membership of the plan consisted of 26 retirees receiving benefits and 174 active plan members as of January 1, 2020, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was most recently completed by Actuarial & Health Care Solutions, LLC in January 2020, with an actuarial valuation date of January 1, 2020 (the "OPEB Actuarial Report").

Under GASB 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As shown in the OPEB Actuarial Report, the ADC for Fiscal Year 2020 was \$394,788. For Fiscal Year 2020, contributions to the plan totaled \$469,392. The City's current funding practice is to at least fully fund the ADC. The City also made a one-time special contribution of \$325,000 to the plan in Fiscal Year 2020.

As of December 31, 2020 the total OPEB liability of the plan was \$8,671,008 and the plan fiduciary net position was \$7,794,914, resulting in a net OPEB liability of \$876,094.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding actuarial assumptions, see Note 4.C. in "Appendix A - Financial Statements." The OPEB Actuarial Report is available from the City upon request.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Notes or otherwise questioning the validity of the Notes.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Notes are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Notes could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Notes, and there could ultimately be no assurance that holders of the Notes would be paid in full or in part on the Notes. Further, under such circumstances, there could be no assurance that the Notes would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Notes could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Notes.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Notes would not occur.

FUNDS ON HAND (as of September 30, 2021)

Fund	Total Cash and Investments
General	\$ 14,800,567
TIF Districts	3,505,197
Debt Service	421,640
Capital Projects	19,609,994
Enterprise Funds	4,561,288
Internal Service Funds	3,604,194
Total Funds on Hand	<u><u>\$ 46,502,880</u></u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2018	2019	2020
Water			
Total Operating Revenues	\$ 5,961,350	\$ 5,822,259	\$ 6,196,559
Less: Operating Expenses	<u>(5,476,438)</u>	<u>(5,357,060)</u>	<u>(5,640,953)</u>
Operating Income	\$ 484,912	\$ 465,199	\$ 555,606
Plus: Depreciation	1,204,485	1,245,739	1,304,891
Interest Income	<u>43,412</u>	<u>66,996</u>	<u>25,473</u>
Revenues Available for Debt Service	\$ 1,732,809	\$ 1,777,934	\$ 1,885,970
Less: PILOT Payment	<u>(1,008,038)</u>	<u>(965,358)</u>	<u>(1,000,377)</u>
Net Revenues	<u><u>\$ 724,771</u></u>	<u><u>\$ 812,576</u></u>	<u><u>\$ 885,593</u></u>
Sewer			
Total Operating Revenues	\$ 3,704,852	\$ 3,802,127	\$ 3,972,298
Less: Operating Expenses	<u>(5,476,724)</u>	<u>(5,725,563)</u>	<u>(5,972,752)</u>
Operating Income	\$ (1,771,872)	\$ (1,923,436)	\$ (2,000,454)
Plus: Depreciation	2,135,076	2,172,379	2,205,203
Interest Income	<u>31,810</u>	<u>45,120</u>	<u>81,541</u>
Revenues Available for Debt Service	<u><u>\$ 395,014</u></u>	<u><u>\$ 294,063</u></u>	<u><u>\$ 286,290</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Projected ¹	2022 Proposed Budget ²
Revenues					
Taxes	\$17,611,739	\$18,829,930	\$19,650,840	\$19,811,100	\$20,558,400
Intergovernmental revenues	2,317,488	1,757,347	1,790,134	1,733,400	1,758,500
Licenses and permits	1,166,156	1,314,918	1,061,488	1,168,400	1,202,275
Penalties and forfeitures	475,840	451,062	390,124	420,000	450,000
Public charges for services	2,405,406	2,829,033	2,172,980	2,448,250	2,503,750
Intergovernmental charges for services	192,542	226,178	183,423	203,000	261,200
Investment earnings	241,398	510,943	317,064	112,438	196,138
Miscellaneous general revenues	244,136	189,606	210,975	154,550	219,866
Total Revenues	\$24,654,705	\$26,109,017	\$25,777,028	\$26,051,138	\$27,150,129
Expenditures					
Current:					
General government	\$ 2,944,482	\$ 2,953,923	\$ 3,080,025	\$ 3,317,680	\$ 3,395,975
Public safety	17,077,275	17,157,353	17,471,370	17,715,717	18,966,374
Public works	3,388,370	4,140,073	4,065,611	4,342,475	4,270,598
Health and social services	670,131	646,760	663,974	705,050	751,686
Culture, recreation and education	240,916	223,360	288,387	209,900	451,848
Conservation and development	512,157	606,419	597,411	563,350	618,248
Contingency	0	0	0	0	2,235,000
Total Expenditures	\$24,833,331	\$25,727,888	\$26,166,778	\$26,854,172	\$30,689,729
Excess of revenues over (under) expenditures	\$ (178,626)	\$ 381,129	\$ (389,750)	\$ (803,034)	\$ (3,539,600)
Other Financing Sources (Uses)					
Transfers in	1,011,392	968,448	1,003,388	1,050,000	1,063,600
Transfers out	(84,000)	(52,100)	(48,379)	(574,000)	(24,000)
Total Other Financing Sources (Uses)	\$ 927,392	\$ 916,348	\$ 955,009	\$ 476,000	\$ 1,039,600
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 748,766	\$ 1,297,477	\$ 565,259	\$ (327,034)	\$ (2,500,000)
General Fund Balance January 1	6,587,511	7,336,277	8,633,754	9,199,013	8,871,979
General Fund Balance December 31	\$ 7,336,277	\$ 8,633,754	\$ 9,199,013	\$ 8,871,979	\$ 6,371,979
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 180,623	\$ 155,690	\$ 245,134		
Restricted	0	0	0		
Committed	0	0			
Assigned	271,970	132,393	315,823		
Unassigned	6,883,684	8,345,671	8,638,056		
Total	\$ 7,336,277	\$ 8,633,754	\$ 9,199,013		

¹ Projected amounts are based on actual data through July 2021 and the City's estimates of year-end results.

² The 2022 budget will be adopted on November 16, 2021.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 35,451 and a current estimated population of 36,646 comprises an area of 34.5 square miles and is located in the southwest corner of Milwaukee County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Northwestern Mutual	Insurance/Investment Services	2,402
Krones, Inc.	High Speed Labeling/Filler Machines	659
Franklin Public Schools	K-12 Education	621
Ascension Health Care	Medical and surgical hospital	482
Baptista's Bakery	Commercial Bakery	425
Milwaukee County Corrections South	Government	400
Vesta Inc.	Medical device contract manufacturer	360
Wal-Mart	Retailer	300
Strauss Veal & Lamb Int'l Inc.	Animal Processing	270
The City	Municipality	249

Source: The City

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2017	2018	2019	2020	2021 ¹
<u>New Single Family Homes</u>					
No. of building permits	18	30	53	74	52
Valuation	\$8,991,610	\$13,357,904	\$24,005,422	\$33,364,703	\$24,128,407
<u>New Multiple Family Buildings</u>					
No. of building permits	0	7	19	3	2
Valuation	\$0	\$27,972,154	\$36,975,000	\$2,430,000	\$700,000
<u>New Commercial/Industrial</u>					
No. of building permits	13	9	15	8	6
Valuation	\$28,861,659	\$8,677,160	\$16,739,561	\$5,783,920	\$16,437,771
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	251	267	714	313	427
Valuation	\$49,403,073	\$62,150,023	\$98,318,744	\$56,901,104	\$53,173,431

Source: The City.

¹ As of September 30, 2021.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	29,494
2010 U.S. Census	35,451
2021 Estimated Population	36,646
Percent of Change 2000 - 2010	20.20%

Income and Age Statistics

	The City	Milwaukee County	State of Wisconsin	United States
2019 per capita income	\$42,332	\$29,270	\$33,375	\$34,103
2019 median household income	\$82,569	\$50,606	\$61,747	\$62,843
2019 median family income	\$109,208	\$65,002	\$78,679	\$77,263
2019 median gross rent	\$1,066	\$880	\$856	\$1,062
2019 median value owner occupied units	\$251,400	\$158,300	\$180,600	\$217,500
2019 median age	43.4 yrs.	34.9 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	126.84%	124.13%
City % of 2019 median family income	138.80%	141.35%

Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	14,356	14,282	-0.52%

Source: 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>			<u>Average Unemployment</u>		
	City	Milwaukee County	City	Milwaukee County	State of Wisconsin	
2017	17,820	454,446	3.3%	4.0%	3.3%	
2018	17,573	449,692	3.0%	3.7%	3.0%	
2019	17,425	445,487	3.2%	3.9%	3.3%	
2020	16,642	425,483	5.9%	8.2%	6.3% ¹	
2021, August	17,565	449,071	3.5%	6.1%	4.0%	

Source: Wisconsin Department of Workforce Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Notes, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

CITY OF FRANKLIN, WISCONSIN

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PREPARED BY THE
DEPARTMENT OF FINANCE

DIRECTOR OF FINANCE & TREASURER
PAUL ROTZENBERG, CPA

CITY OF FRANKLIN, WISCONSIN

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CITY OF FRANKLIN, WISCONSIN

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INTRODUCTORY SECTION

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April 28, 2021

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, 2020, 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 Baker Tilly US, 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, 2020, 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. Baker Tilly US, LLP 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, 2020, 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.

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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 36,514. Over the last ten years the City has experienced approximately 0.4% growth in population. The city is a residential community (75%) with a commercial and industrial component (25%). Median Family Income of \$106,300 is 143% of the national average. Approximately one third of the acreage in the City is undeveloped, which demands attention to growth issues. 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 management. 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. The Water Utility also has a Board of Water Commissioners which oversees water utility operations. In 2015, the State mandated that a portion of hotel taxes be dedicated to tourism, as such the City formed a separate Tourism Commission which utilizes those tax resources to promote the City in the area. These 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). This authority has been inactive since 2012. 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 expenditures and determines by mid-August the personnel and capital 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. A Finance Committee, composed of three aldermen and four citizens then reviews the budget and makes recommendations to the Common Council.

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 with adopted budgets other than the General Fund, 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. New construction was elevated in 2020 compared to 2019 as evidenced by increased construction permit revenues. The Ballpark Commons project, estimated to add \$160 million in new development, saw several commercial projects initiated in 2019 and continue construction in 2020. In addition, the Bear Development project in the southwest portion of the City has substantially completed infrastructure for a new industrial park. Several new residential subdivisions are in various stages of completion.

Estimated actual property values have grown at an average annual rate of 2.5% since 2011. The new growth was \$32.5 million in 2020, \$64.6 million in 2019, and \$34.6 million in 2018. 2021 growth is expected to be larger still reflecting the impact of Commercial activity. New growth has averaged less than 1% the last ten years, with eight of the ten years having less than 1% growth. Limits on levy increases are currently restricted to new growth, and this has meaningfully dampened tax levy increases, the largest resource to the City. With the City over \$4.5 billion in market value, it become harder and harder to generate growth levels that support tax levy increases for operating cost increases.

The City has been successful in restricting tax levy increases by utilizing tools the State provided regarding growth of employee benefits and shifting tax levy from debt service to operating needs. This is a non-sustainable process.

A landfill in the southwestern portion of the City received an expansion of its license in 2019 (from the State). The landfill has provided approximately \$1 million in revenues to the City in prior years. With the license expansion, the per ton rate increased 25% and volumes substantially increased, generating over \$2.2 million in resources. What this resource funds should be carefully considered, because while it will likely last more than a few years, it will eventually terminate. Utilizing this resource for recurring expenditures will challenge future budget decisions when it eventually ends.

Residential Growth

Over the past ten years, residential valuation have increased at a 2.5% compounded rate. However, new housing starts have still not recovered the pace prior to the recession of 2008. The development activity has increased in recent years, with several large developments in various stages of approval. Longer range, the City has the most developable land in the County and anticipates new subdivisions as economic activity increases again.

Commercial and Industrial Growth

Over the past ten years, commercial and industrial valuation has increased at an average annual rate of 2.4%.

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 \$64.8 and \$52.8 million, respectively. In 2016, a new District #5 was established to aid the Ballpark Commons project. A Developers agreement was signed in Q1 2018. The project estimates \$125 million in new taxable development. In Q4 2018, TID6 was formed to aid the development of an industrial park on the southwest portion of the City. That project could generate \$54 million in new development. In Q4 of 2019, TID7 was created to aid the multi-family portion of Ballpark Commons development, with estimated development of \$47 million. In May, 2020, TID8 was created to replace TID4 to continue the development of the business park in the southeast corner of the City.

Expansion of the commercial and industrial tax base is a goal of the City with respect to the overall tax rate. New TID creation in the last few years will aid in that Commercial development. Currently 74.9% of the City's property value is residential compared to 73.0% ten years ago. However, many of the multi-family projects are classified as Commercial, but could be considered residential. Thus Franklin is clearly a bedroom community. Future tax relief will need to come from industrial and commercial tax base expansion.

Organizational and Service Growth

2020 was a year where overall revenue of \$56.7 million barely changed from last year. The Pandemic reduced some charges for services, while landfill siting revenues made up for some of those decreases. In the near term, TID tax resources will rise as the development in Ballpark Commons, Bear Development and Velo Village come on line and replace the expiring TID 3 & 4.

2020 and 2019 were revaluation years. The last reassessment was done in 2018. Performing revaluations on a regular basis is in line with the Common Council policy to schedule more frequent revaluations to keep property values in line with current market values. The State determined that the local assessment, after reassessment, was 98% of fair value. The estimated actual value of City properties was approximately \$4.5 billion. The City has risen to the third largest city in Milwaukee County based upon equalized value.

2020's operating challenge centered upon addressing the Pandemic. Operating departments met that challenge with no real interruption of services. Longer term the caps on levy increases will challenge the City to provide the same or better service levels with fewer resources. The largest revenue resource – tax levy – is limited to this growth factor. Controlling expenditures at this level has challenged many Wisconsin cities, Franklin is no exemption.

One threat the City faces is the challenge by larger retail property owners of assessed values. Several large Commercial property owners have successfully challenged their assessed values in recent years, at a minimum this shifts the property tax burden to the residential tax base.

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, 2020 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 \$750,000, a single audit of grants is required. The City was required to have a single audit of grants in 2020 for the first time since 2010. Pandemic related grants pushed the City over the audit threshold.

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, 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 levels and term, investment policies, budget forecasting policy and a capitalization policy. The City also takes advantage of policies that has new development to finance infrastructure needs caused by the new development via special assessments and impact fees. Conservative management and the enumerated policies above have served the City well. The existence of a fund balance enabled the fund balance to be utilized during the 2009 revenue decline and replenished in 2010 and 2011 when revenue stabilized. Again, in 2020, the City tapped reserves to address the Pandemic.

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, 2019. 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 27th consecutive year that the City has received this award.

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. 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 2020 Certificate.

Acknowledgments

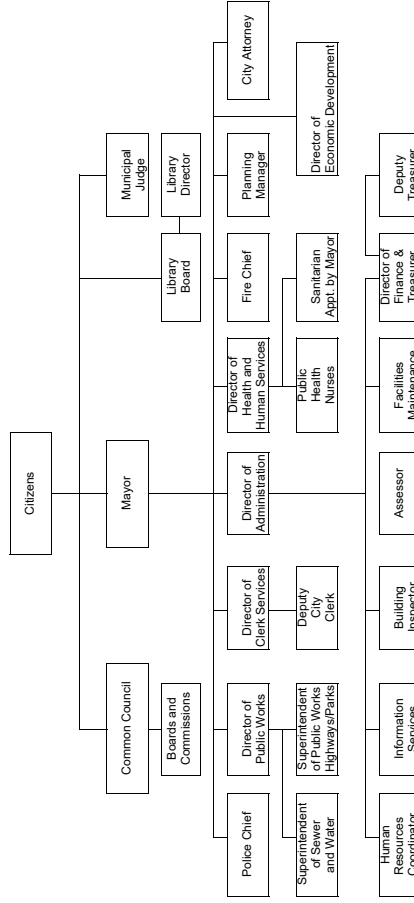
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff. Appreciation is also extended to all other City employees who contributed to its preparation. Thanks are also extended to the Mayor, Common Council,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

Respectfully submitted,



Paul Rotzenberg, CPA
Director of Finance & Treasurer

CITY OF FRANKLIN, WISCONSIN
Organization Chart



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



Elected Officials

<u>Title</u>	<u>Name</u>	<u>First Elected</u>
Mayor	Stephen R Olson	2014
Aldermen:		
District No. 1	Mark Dandrea	2013
District No. 2	Daniel M Mayer	2013
District No. 3	Kristen Wilhelm	2008
District No. 4	Shari Hanneman	2020
District No. 5	Mike Barber	2016
District No. 6	John Nelson	2017
Municipal Judge	Fred F Klimetz	2006

Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Franklin
Wisconsin**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morill
Executive Director/CEO

Non-elected Officials

Assessor	Mark Link
Building Inspector	Scott Satula
City Attorney	Jesse Wesolowski
City Clerk	Sandi Wesolowski
City Engineer/Public Works Director	Glen Morrow
Director of Administration	Peggy Steeno
Director of Economic Development	Calli Berg
Director of Finance & Treasurer	Paul Roitzenberg
Director of Health & Human Services	Courtney Day
Fire Chief	Adam Remington
Human Resources Coordinator	Dana Zahn
Information Services Manager	James Matelski
Library Director	Jennifer Loeffel
Planning Manager	Heath Eddy
Police Chief	Rick Oliva
Superintendent of Public Works	Kevin Schlueter
Superintendent of Sewer & Water	Mike Roberts

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council
City of Franklin
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, 2020, and the related notes to the financial statements, which collectively comprise the City of Franklin'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 over financial reporting relevant to the City of Franklin's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Franklin's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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To the Mayor and Common Council
City of Franklin

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, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Mayor and Common Council
City of Franklin

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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 it.

Prior-Year Comparative Information

We have previously audited the City of Franklin's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated May 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the City of Franklin'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Franklin's 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 the City of Franklin's internal control over financial reporting and compliance.

Baker Tilly US, LLP
Milwaukee, Wisconsin
April 28, 2021

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

As management of the City of Franklin (the "City"), the following offers readers of the City's financial statements an overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. Readers are encouraged to consider this information in conjunction with additional information contained in the letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2020, by \$249.0 million (**net position**). The City now has a \$895,974 deficit (**in Unrestricted Net Position**), putting pressure on its ability to meet creditor obligations.
- The City's total net position increased by \$6.3 million. Net investment in capital assets increased by \$2.4 million, while unrestricted net position increased by \$6.3 million and restricted net position decreased by \$2.7 million. 2020 saw the City fund a \$4.5 million second mortgage for the Velo Village multi-family development, significant progress on the infrastructure in TID6 as well as Sanitary Sewer and water infrastructure in TID4.
- The City's governmental funds reported, as of December 31, 2020, combined ending fund balances of \$27.2 million, a decrease of \$18.4 million from the prior year. TID project costs accounted for nearly all of the decrease.
- The Non-spendable fund balance of \$245,134 increased with an Advance for organizational costs for TID8.
- The restricted fund balances totaling \$15.2 million, (a decrease of \$16.3 million), resulted from the TID infrastructure project expenditures and developer grants.
- The assigned fund balances in total of \$6.0 million increased \$353,000 with additional landfill siting resources in the Capital Funds.
- The unassigned fund balance as of December 31, 2020 for the General Fund was \$8.6 million. This represents approximately 33.0% of total 2020 General Fund expenditures. The 2020 increase in unassigned fund balance resulted from vacancies in various departments.
- The City's Business type activities generated a \$8.5 million surplus, including \$10.8 million of capital contributions (\$8.3 million from the City and \$2.5 million from developers). Depreciation on contributed assets reduced the surplus.

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

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City of Franklin, Wisconsin
For the Year Ended December 31, 2020

deteriorating. Table 1 (page 137) provides a ten-year history of Net Position.

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). Table 2 (page 138 & 139) provides a ten-year history of the statement of activities.

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 (page 33 & 34) 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 17 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 all considered to be major funds. Data from the remaining 14 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.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

The basic governmental fund financial statements can be found on Exhibits C, D, E and F (page 35 – 39) of this report. These statements include a budgetary comparison of the General Fund.

The City adopts an annual budget for its General Fund, Debt Service Fund, TIF District, Library Operating Fund, Library Auxiliary Fund, Solid Waste Fund, Tourism, Donations, Grant, Civic Celebrations, St Martin's Fair, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Development Fund, Utility 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 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 (page 40 – 44) of this report.

Custodial/Fiduciary funds

Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial 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 custodial 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 and other agency funds. Fiduciary funds include a post-employment benefits trust to hold funds until needed to pay designated health benefits for eligible current and future retirees as well as a Defined Benefit Retirement Income plan for certain Public Works employees.

The basic custodial fund financial statements can be found on Exhibit J & K (page 45 & 46) 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 47 – 96 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 retiree health obligations to eligible full time employees and its participation in the Wisconsin Retirement System and City of Franklin Defined Benefit Retirement Income Plans. Required supplementary information can be found on pages 99 - 104 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, Special Revenue, Capital Projects and TIF Funds 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

City of Franklin, Wisconsin
 For the Year Ended December 31, 2020

In 2020, major infrastructure projects for Bear Development (TID6) and the S 27th Street Business Park (TID4) are progressing, but not completed. On the Development side, the City provided a \$4.5 million second mortgage for the Velo Village multi-family development.

In 2019, the Ballpark Commons \$28 million infrastructure project was substantially completed. In addition, the Statesman development was completed, as well as portions of three other developments. Other significant projects included a City Hall \$1.8 million roof replacement, Heating Ventilating and Air conditioning replacement, a \$1.4 million roundabout at S 51st and Drexel Ave installed and a \$634,000 fire engine replacement.

An additional portion of the City's net position (14% in 2020 and 13% in 2019) represent resources that are subject to external restrictions on how they may be used. There were \$34.8 million and \$34.2 million respectively in those net positions that were restricted to specific purposes.

The unrestricted total deficit of \$896,000 and \$4.2 million in 2020 and 2019, respectively, may be used to meet the City's ongoing obligations to citizens and creditors. The significant 2019 reduction in unrestricted net position relates to developer grants. A \$5 million incentive was for a 180-unit apartment complex completed late in the year, and another \$5.9 million in site preparation costs at the Ballpark Commons project on an old landfill.

City of Franklin, Wisconsin
 For the Year Ended December 31, 2020

following the required supplementary information. Schedules 1 to 14.2 can be found on pages 108 - 133 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 and deferred outflows exceeded liabilities and deferred inflows by \$249 million and \$242 million at the end of 2020 and 2019, respectively.

**CITY OF FRANKLIN NET POSITION
 December 31, 2020 and 2019**

	Governmental Activities		Business-type Activities		Total
	2020	2019	2020	2019	
Current and other assets	\$ 68,677,767	\$ 83,521,920	\$ 8,552,289	\$ 7,775,752	\$ 77,230,056
Long term Note Rec	4,500,000	-	14,973,399	16,280,068	19,473,399
Capital assets	143,572,718	135,590,157	118,634,388	111,083,188	262,207,106
Total assets	216,750,485	219,112,077	142,160,076	35,149,008	358,910,561
Deferred Outflows	9,198,609	11,127,908	465,088	803,624	9,663,697
Current liabilities	7,222,296	7,883,909	1,644,833	1,726,984	8,867,129
Long-term liabilities	54,128,432	62,395,660	17,427,165	19,449,699	71,555,597
Total liabilities	61,350,728	70,279,569	19,071,998	21,176,683	80,422,726
Deferred inflows	38,484,808	31,660,624	642,732	212,008	39,127,540
Net position:					
Net investment in capital assets	122,636,518	123,769,857	101,401,639	92,371,165	215,006,957
Restricted	18,086,031	16,185,146	16,826,978	18,035,340	34,913,009
Unrestricted	(14,608,991)	(11,675,211)	4,681,817	3,987,436	(695,974)
Total net position	\$ 126,113,558	\$ 128,279,792	\$ 122,910,434	\$ 114,403,941	\$ 249,023,982
					\$ 242,683,634

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities. Amounts will not cross-foot as a result.

The largest portion of the City's net position (approximately 86 and 88 percent, in 2020 and 2019, 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, net position is 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 \$215 million and \$213 million in 2020 and 2019, respectively of the year end net position.

Government-wide activities

The details of changes in net position follow:

**City of Franklin Changes in Net Position
For the Years Ending December 31, 2020 and 2019**

Revenue	Governmental Activities		Business-type Activities		Total
	2020	2019	2020	2019	
Program revenue:					
Charges for services	\$ 8,045,930	\$ 9,135,953	\$ 10,168,857	\$ 9,624,386	\$ 18,214,787
Operating grants & contributions	3,816,957	1,991,081	-	-	3,816,957
Capital grants & contributions	3,632,379	4,158,787	-	-	6,123,980
General revenue:					
Property taxes	24,989,978	23,543,330	-	-	24,989,978
Other taxes	658,315	1,394,469	-	-	658,315
Intergovernmental	1,169,376	2,437,929	-	-	1,169,376
Investment earnings	1,081,055	1,575,432	513,188	554,542	1,574,243
Other	34,295	41,373	101,722	95,217	136,590
Total revenue	43,420,285	44,278,354	13,275,388	12,167,324	56,695,653
Expenses:					
General government	3,499,585	3,979,782	-	-	3,499,585
Public safety	18,489,506	18,695,104	-	-	18,489,506
Public works	10,307,739	5,952,372	-	-	10,307,739
Health & human services	893,155	849,373	-	-	893,155
Culture & recreation	2,310,199	2,331,957	-	-	2,310,199
Conservation & development	1,478,889	12,222,229	-	-	1,478,889
Interest on long-term debt	1,223,360	1,416,597	-	-	1,223,360
Water	-	-	5,674,035	5,393,192	5,674,035
Sewer	-	-	6,378,926	6,167,989	6,378,926
Total expenses	38,302,433	45,447,414	12,052,961	11,561,181	50,355,394
Increase in net position before transfers	5,117,852	(1,169,060)	1,222,407	606,143	6,340,259
Transfers	(7,284,088)	(4,966,506)	7,284,086	4,966,506	-
Change in net position	(2,166,236)	(6,135,566)	8,506,493	5,572,649	(6,340,259)
Net position - beginning	128,278,792	134,415,358	114,403,941	108,831,292	242,663,733
Net position - ending	\$ 126,112,556	\$ 128,279,792	\$ 122,910,434	\$ 114,403,941	\$ 242,663,733

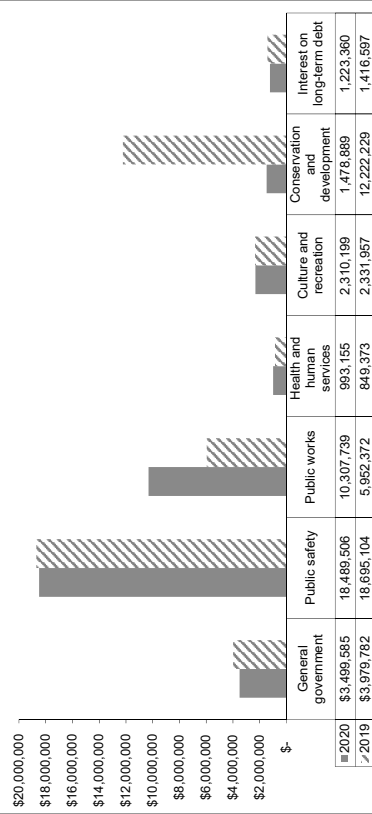
Governmental Activities

The 2020 statements include grant revenues and expenses related to addressing the Pandemic that hit the United States beginning in March 2020. The City received grants of over \$1 million from other governments to address the Pandemic. Precipitous and rapidly declining interest rates depressed investment earnings while also providing the opportunity to refund \$9.5 million of City debt. TID infrastructure projects resulted in significant contributions to the Water and Sewer Utilities.

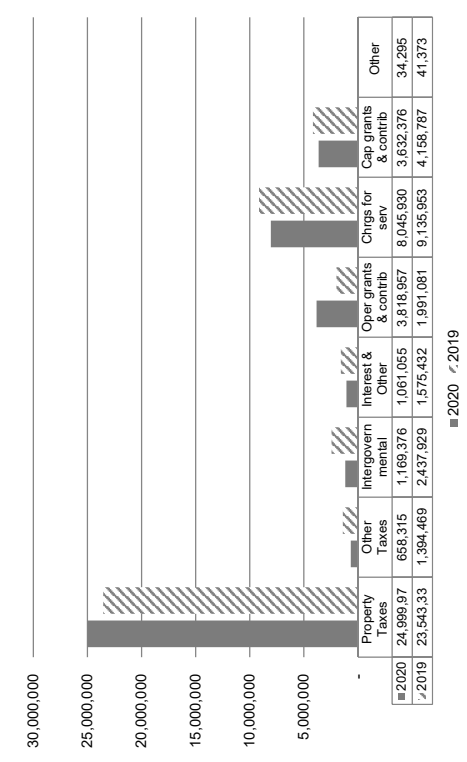
2019 saw development activity increase further, with a \$5.3 million grant to an apartment developer, over \$1 million of subdivision infrastructure contributions and the Ballpark Commons project winding up including \$5.9 of developer grants for site preparation along with significant infrastructure investment. The intergovernmental revenue increase relates to a storm sewer project at Rawson Homes. \$3 million of developer impact fees added to total revenues. These developer grants will be

recovered in the future when TID tax collections are realized. Interest costs are rising on the increased debt levels.

Expenses by Function - Governmental Activities



Revenue by Source - Governmental Activities



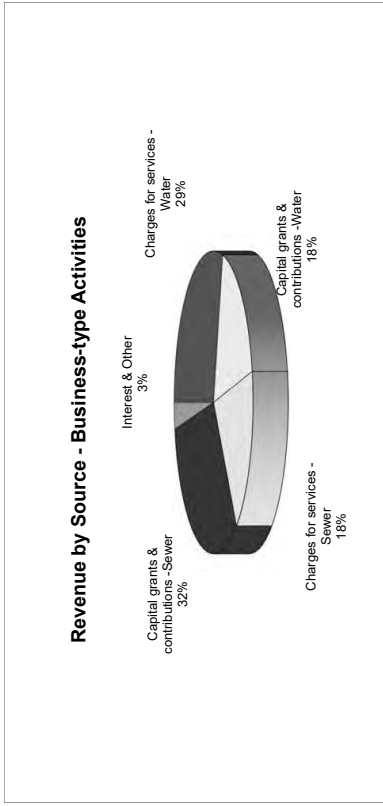
City of Franklin, Wisconsin
For the Year Ended December 31, 2020
Business-type activities

2020 saw additional TID activities contributing infrastructure to the Business-type funds. Bear Development in TID6 for a new industrial park completed significant infrastructure as well as a Business Park on S 27th Street utilizing increment prior to TID4's expenditure period closing. In total there were over \$8 million on capital contributions in 2020. \$3 million of new GO Debt in TID6 as well as a \$2.5 million Advance to TID4 were used to fund the projects.

2019 Development activity impacted the Business-type activities with capital contributions from both the Government and Developers. City TID activities contributed \$5.9 of water and sanitary sewer assets (principally at Ballpark Commons, the new light industrial park and a water main replacement in Rawson Homes), along with residential subdivision infrastructure. \$3.5 million of City debt was used to support Business-type assets.

Utility rates in both Water & Sewer do not recover the cost of contributed assets. As replacements of those assets occur, future rates will rise to recover the replacement costs. Water mains were replaced in the older Rawson Homes subdivision in 2019.

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



2020 utility charged increased on water volume compared to 2019. Water rates have not changed since 2016 when the last rate case was taken to the Public Service Commission. Sewer rates increase annually to compensate for rate increases from the regional sewer district which processes the City's waste water.

2019 was a wetter than normal summer, and irrigation usage declined as a result, reducing water revenues as compared to 2018. Average residential usage per household continues to decline as the new development installs more water efficient appliances. 2019 Sewer rates increased 2.2% driven by Milwaukee Metropolitan Sewerage District processing costs, increasing sewer revenues.

Financial Analysis of the Government's Funds

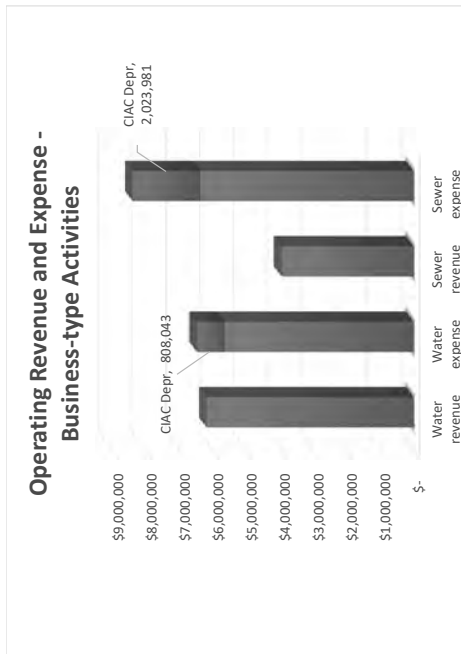
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 \$27.2 million, a decrease of \$18.4 million from the prior year. Major infrastructure projects in multiple TID's drove the decline. At year end the unassigned fund balance was \$5.7 million, a decrease of \$2.5 million related primarily to deficits generated in the TID's.

The City has assigned fund balances for activities of the Capital Projects of \$5.7 million. In addition, \$315,823 of General Fund Balance has been assigned for purchase commitments into 2021.



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 infrastructure that has been contributed is the reason for this policy. 80% of the Business-type assets have been contributed by developers or new growth resources (impact fees). When maintenance and replacement costs increase, this policy may need to be reevaluated. The City replaced \$1.3 million of water mains in 2019 and is planning a \$3 million sanitary sewer project in 2021-22. An additional water tower is planned for construction in 2022.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

Outside party restrictions have resulted in restricted fund balances:

- 1) to pay debt service \$476,871, the transfer out of \$600,000 Special Assessment balances reduced this balance in 2020.
- 2) for utility improvements - \$2.4 million.
- 3) for development purposes - \$8.9 million. Significant Park and Water impact fees are approaching the maximum holding period.
- 4) for TIF Districts of \$1.3 million. \$13.5 million was refunding in TID5 in 2020, an TID 6 took on \$3 million of new debt to fund infrastructure projects. TID7 provided a \$4.5 million second mortgage, \$3 million funded by GO debt and \$1.5 million with an internal advance.
- 5) for library services \$689,000
- 6) for Solid Waste services \$412,000
- 7) for Tourism activities - \$389,000 and
- 7) for donations, health, grant funds, and recreational activities – totaling \$581,000.

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 and for advances to other funds (\$206,450). The General Fund provided a 10 year advance to the Water Utility in 2017 to finance an extraordinary contribution to the Public Works Retirement plan (in excess of the Actuarially Determined Contribution). This was financed out of the collection of the Sewer Fund advance. The General Fund also advanced \$100,000 to TID8 for organizational and operating capital.

The **General Fund** is the chief operating fund of the City. As of December 31, 2020, the total fund balance of the General Fund was \$9.2 million of which \$8.6 million was unassigned. This unassigned fund balance represents approximately 33% of 2020 General Fund expenditures.

The total General fund balance increased by \$565,000 in 2020 masks the fact that the City used \$650,000 of the 2019 General Fund surplus to fund 2020 extraordinary contributions to employee benefit plans. Vacancies in departments resulted in the surplus. A planned \$500,000 transfer out to the Capital Improvement Fund did not occur as the City Hall security enhancement project was placed on hold when the Pandemic began in March. Additional transfers out to Recreation funds did not occur when the events were cancelled due to the Pandemic.

The **Debt Service Fund** has a total fund balance of \$476,000, restricted for the payment of debt service. Much of the fund balance relates to collections of street special assessments.

The **TIF Districts Fund** has a deficit fund balance of \$1.5 million. There are \$1.3 million fund balances in some TIDs and \$2.9 million of deficit fund balance in other TID's. TID's 3 & 4 are in their wind down stages, with final TID4 project costs partially funded with Advances. TID 7's deficit is the result of funding \$1.5 million of the developer second mortgage anticipating early principal payments.

The **Nonmajor Governmental Funds** have a total fund balance of \$19 million. Special Revenue fund balances totaled \$2.1 million did not change in 2020. Capital Project funds had fund balances totaling \$16.5 million half of which is in the Development Fund (Impact fees). The City has extended the Park Impact Fee holding period until 2023.

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 \$3.4 million, an increase of \$679,000 from the prior year. The Utility continues to replace a large number of meters related to early 2000 new construction and a group of acquired customers.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

Unrestricted net position of the Sanitary Sewer Utility at the end of the year amounted to \$1.2 million, did not change. The Utility plans a \$3 million replacement of a lift station in 2021 or 2022.

The enterprise funds financial statements can be found on Exhibits G, H and I (page 40 – 44) of this report.

An Internal Service Fund providing resources related to employee health benefits had a \$755,000 surplus, increasing fund balance to \$3.2 million. The City introduced a high deductible option in 2019, with a larger than expected participation. As a result, claims costs continued favorable. The fund balance represents a significant percentage of annual health benefit costs (128%).

General Fund Budgetary Highlights

Revenue fell short of the amended budget by \$413,000. The Original Budget included a \$240,000 deficit for employee retirements. That was amended to include \$132,000 of 2019 encumbrances, a \$650,000 extraordinary contribution to under-funded employee benefit plans and \$250,000 for Pandemic related expenditures.

Actual expenditures were less than amended budgeted by \$2.4 million (8.3% of the amended budget). Employee vacancies and reduced benefit costs were the largest reductions in expenditures amounting to nearly \$2 million. The City did make a \$650,000 extraordinary contribution to employee benefit plans from the 2019 General Fund surplus. General Fund pandemic costs exceeded \$250,000. A planned \$500,000 transfer out to the Capital Funds was not made when the Pandemic sidelined a City Hall and Police security project.

A \$565,000 surplus compares favorably to the amended budgeted deficit of \$2.9 million including a \$1.0 million contingency. Removing the contingency, the \$565,000 surplus compared quite favorably to the amended budget.

Capital assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2020, amounts to \$262.5 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

City of Franklin's Investment in Capital Assets

	Governmental Activities		Business-type Activities		Total
	2020	2019	2020	2019	
Land	\$ 26,367,796	\$ 25,450,016	\$ 888,479	\$ 888,479	\$ 27,256,275
Buildings and Improvements	29,057,720	28,404,573	6,739,800	6,328,241	35,797,520
Improvements other than buildings	123,915,128	119,046,303	147,850,920	142,378,652	271,766,046
Machinery and equipment	20,172,843	20,023,758	5,832,024	6,129,239	26,004,867
Construction in process	5,630,865	1,986,204	6,609,781	1,160,685	12,240,646
Total capital assets	205,144,350	194,910,854	167,921,004	156,885,296	373,065,354
Less Accumulated depreciation	(61,571,632)	(59,320,697)	(49,286,616)	(45,952,108)	(110,858,248)
Capital assets net of depreciation	\$ 143,572,718	\$ 135,590,157	\$ 118,634,388	\$ 110,933,188	\$ 262,207,106

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was \$21.2 million or 6.0%. The largest increases centered on infrastructure projects in the S 27th Street business park (TID4) and the new Industrial Park (TID6). Much of this work is in Construction in Progress as year-end. The Police shooting range was replaced for \$1.4 million.

For further details on capital asset activity refer to Note 1(D)6 and Note 3(E) of the Notes to Financial Statements and Schedules 14 – 14.2 (page 131 – 133).

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, 2020, the City had general obligation note and bond issues outstanding totaling \$67.6 million. The current legal debt limitation for the City is \$220.7 million. The City's current outstanding general obligation debt is 30.6% of the statutory debt limit.

By City policy, outstanding general obligation debt is limited to 2% of total equalized value or \$88.3 million. Outstanding debt represents 77% of this internal limit, leaving an internal debt limit margin of \$20.7 million. The Finance Committee reviewed the Debt Policy in July 2020 and noted that supporting current development activity is likely to cause the City to exceed its internal debt limit and urged the Common Council to consider that when evaluating new debt issues.

The City's present rating from Moody's for its general obligation debt is "Aa2". The "Aa2" rating was affirmed with 2020 debt issues.

In May 2018 the City issued \$23.48 million in Note Anticipation Notes to finance projects in the Ballpark Commons development. The City agreed to reserve this much of the General Obligation Debt limit for the future refunding of this issue. Those NAN's were all refunded by the end of 2020 with new GO Bonds.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

In 2019, City had four new debt issues, two in February and two in December. 2019A (a \$13.7 million Bond was issued to support a \$3 million grant in TID#3 and refund \$10 million of the 2018A NAN. 2019B (A \$6.3 million bond) was issued to support infrastructure projects in TID#6. 2019C (a \$12.4 million bond) was issued to support \$5.2 of infrastructure at the Ballpark Commons development. \$3 million to fund a second mortgage financing commitment to Velo Village and \$4 million to refund a portion of the 2018A NAN. Finally, 2019D (a \$2.3 million note) provided resources for the 2019 Capital Improvement projects.

In December 2020, the City issued two new Bonds. 2020A for \$9.5 million refunded the balance of the 2018 NAN's related to TID5. 2020B for \$3 million provided resources to TID6 funding infrastructure in the new Industrial Park.

City of Franklin's Outstanding Debt (All purposes)

	Governmental Activities		Business-type Activities		Total
	2020	2019	2020	2019	
General obligation Premium (Discount)	\$ 614,680	\$ 446,398	\$ (7,320)	\$ (8,318)	\$ 607,360
Note Anticipation Notes	-	13,480,000	-	-	13,480,000
Bonds	45,450,000	34,620,000	17,240,069	18,570,341	62,690,069
Notes	4,870,000	5,200,000	-	-	4,870,000
Total	\$ 50,934,680	\$ 53,746,398	\$ 17,232,749	\$ 18,562,023	\$ 72,308,421

Additional information of the City's long-term debt can be found in Note 3(H) (page 72-76), Schedule 5 (page 116) and Tables 11 – 13 (page 149 -152) in the statistical section of the report.

In 2018, the City issued two Municipal Revenue Obligations to developers. The first was a \$3.5 million incentive grant to the Ballpark Commons Developer, payable over the life of the TID. The note carries a 6.5% interest rate. No interest or principal payments are being made on note at this time. The second was a \$2 million instrument payable over the remaining years of TID3. This note bears interest at 4.5%. A \$684,000 payment was made in 2020. In April 2020, the City issued a non-interest bearing MRO to TID7's developer for \$14.952 million. No payments were made in 2020. The remaining balance of all the notes at December 31, 2020 was \$19,457,000.

A 2019 Developer agreements committed the City to an additional MRO, a \$3.1 million grant in TID#6 issuable upon acceptance of donated infrastructure.

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

City of Franklin, Wisconsin
For the Year Ended December 31, 2020
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.

In 2017, the City adopted GASB 75, which treats OPEB liabilities similarly to pension obligations.

More detailed information can be found in Note 4(C).

Economic Factors, Tax Rates and Next Year's Budgets

- The unemployment rate as of December 31, 2020 for the City was 4.7% and Milwaukee County which includes the City, was 7.1%. This compares with an unemployment rate of 4.0% for the State of Wisconsin.
- The 2020 Budget assessed tax rate of \$5.32 was down from \$5.43 from the prior year. Tax rates are declining as the State imposed levy limits are resulting in smaller increases in the tax levy, while property values are rising faster.
- The City's tax levy rose from \$21.4 million to \$21.7 million in 2020.
- 2021 budgeted General Fund expenditures increased \$891,000 (3.0%). The smaller increase in 2021 expenditures as compared to 2020's increase was accomplished by a reduction of \$1.6 million of restricted contingency.

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 - Finance Department tab.

BASIC FINANCIAL STATEMENTS

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
As of December 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 35,763,070	\$ 4,052,275	\$ 39,815,345
Receivables - net	1,631,311	2,503,851	4,135,162
Accounts	16,033	-	16,033
Interest	27,200,383	-	27,200,383
Taxes	2,500,000	-	2,500,000
Notes	4,500,000	-	4,500,000
Special assessments	287,206	-	287,206
Due from other governments	49,975	1,306,669	1,356,644
Prepaid items	6,769	-	6,769
Inventories	31,915	-	31,915
Long term advances	106,450	(106,450)	-
Restricted cash and investments	-	482,900	482,900
Restricted pension assets	64,010	-	64,010
Due from other governments - long term	-	14,973,399	14,973,399
Capital assets (net of accumulated depreciation)	3,332,334	-	3,332,334
Land	26,367,796	888,480	27,256,276
Buildings and improvements	16,775,047	4,390,940	21,165,987
Machinery and equipment	7,345,942	1,828,238	9,174,178
Infrastructure	87,453,068	104,916,951	192,370,019
Construction in progress	5,630,865	6,609,781	12,240,646
Total assets	216,750,485	142,160,076	358,910,561
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	9,198,609	465,088	9,663,697
Total deferred outflow of resources	9,198,609	465,088	9,663,697
LIABILITIES			
Accounts payable	1,678,365	1,560,264	3,238,629
Accrued liabilities	5,002,619	12,045	5,014,664
Due from other governments	25,446	-	25,446
Accrued interest	379,203	72,524	451,727
Special deposits	33,493	-	33,493
Noncurrent liabilities			
Benefit obligations due within one year	753,536	79,512	833,048
Benefit obligations due in more than one year	2,440,216	114,504	2,554,720
General obligation debt due within one year	2,445,000	1,366,669	3,811,669
General obligation debt due in more than one year	48,489,680	15,866,080	64,355,760
Total liabilities	61,350,728	19,071,998	80,422,726
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	11,295,855	642,732	11,938,587
Subsequent year property taxes	27,188,953	-	27,188,953
Total deferred inflow of Resources	38,484,808	642,732	39,127,540
NET POSITION			
Net investment in capital assets	122,636,518	101,401,639	215,006,957
Restricted for			
Utility improvements	2,666,621	-	2,666,621
Development	9,891,715	-	9,891,715
Funds	1,830,000	-	1,830,000
Library	689,390	-	689,390
Solid Waste	412,407	-	412,407
Recreation services	72,904	-	72,904
Health	272,376	-	272,376
Donations	235,736	-	235,736
Tourism Commission	388,940	-	388,940
Sewer equipment replacement	-	-	-
Intergovernmental Cooperation Agreement	-	482,900	482,900
Pensions	3,332,334	16,280,068	19,612,402
Unrestricted (deficit)	(14,608,991)	64,010	(14,544,981)
Total net position	126,113,558	122,910,634	249,024,192

See accompanying notes to the financial statements.

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CITY OF FRANKLIN, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2020

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,239,521	\$ 463,657	\$ 6,729,948	\$ 15,773,679	\$ 32,206,805
Receivables - net	767,317	-	23,264	840,730	1,631,311
Accounts	19,193,314	1,113,214	3,718,985	3,266,820	27,292,333
Taxes	-	-	4,500,000	-	4,500,000
Notes	-	-	-	-	-
Special assessments	-	18,692	-	268,514	287,206
Interest	86,403	-	90,000	-	176,403
Due from other governments	4,380	-	-	45,595	49,975
Prepaid items	6,789	-	-	-	6,789
Inventories	31,915	-	-	-	31,915
Advances to other funds	206,450	-	-	4,245,000	4,451,450
TOTAL ASSETS	\$ 29,536,069	\$ 1,595,563	\$ 15,062,197	\$ 24,440,338	\$ 70,634,167
LIABILITIES AND FUND BALANCES					
Liabilities	\$ 577,664	\$ -	\$ 154,429	\$ 945,438	\$ 1,677,531
Accounts payable	408,752	-	3,804,623	477,644	4,691,019
Accrued liabilities	128,413	-	-	-	128,413
Due to other governments	33,493	-	-	-	33,493
Special deposits	-	-	-	-	-
Advance from other funds	1,148,322	-	4,345,000	1,423,032	4,345,000
Total liabilities	1,148,322	-	8,304,052	1,423,032	10,875,456
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	18,692	4,590,000	776,514	5,385,206
Deferred revenue	19,188,734	1,100,000	3,718,985	3,181,235	27,188,954
Total deferred inflows of resources	19,188,734	1,118,692	8,308,985	3,957,749	32,574,160
FUND BALANCES (DEFICIT)					
Nonspendable:					
Inventories and prepaid items	38,684	-	-	-	38,684
Advances to other funds	206,450	-	-	-	206,450
Restricted:					
Debt service	-	476,871	-	-	476,871
Utility improvements	-	-	-	-	-
TIF Districts	-	-	1,353,308	-	1,353,308
Development	-	-	-	2,388,177	2,388,177
Donations	-	-	-	6,891,715	6,891,715
Health services	-	-	-	235,736	235,736
Library services	-	-	-	272,376	272,376
Solid waste	-	-	-	689,390	689,390
Recreational services	-	-	-	412,407	412,407
Tourism	-	-	-	72,904	72,904
Assigned:					
Purchases on order	315,823	-	-	-	315,823
Capital projects	8,638,056	-	(2,904,148)	5,707,862	5,707,862
Unassigned (deficit)	9,199,013	476,871	(1,550,840)	19,659,507	27,184,551
Total fund balances (deficit)	\$ 29,536,069	\$ 1,595,563	\$ 15,062,197	\$ 24,440,338	\$ 70,634,167

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,239,521	\$ 463,657	\$ 6,729,948	\$ 15,773,679	\$ 32,206,805
Receivables - net	767,317	-	23,264	840,730	1,631,311
Accounts	19,193,314	1,113,214	3,718,985	3,266,820	27,292,333
Taxes	-	-	4,500,000	-	4,500,000
Notes	-	-	-	-	-
Special assessments	-	18,692	-	268,514	287,206
Interest	86,403	-	90,000	-	176,403
Due from other governments	4,380	-	-	45,595	49,975
Prepaid items	6,789	-	-	-	6,789
Inventories	31,915	-	-	-	31,915
Advances to other funds	206,450	-	-	4,245,000	4,451,450
TOTAL ASSETS	\$ 29,536,069	\$ 1,595,563	\$ 15,062,197	\$ 24,440,338	\$ 70,634,167
LIABILITIES AND FUND BALANCES					
Liabilities	\$ 577,664	\$ -	\$ 154,429	\$ 945,438	\$ 1,677,531
Accounts payable	408,752	-	3,804,623	477,644	4,691,019
Accrued liabilities	128,413	-	-	-	128,413
Due to other governments	33,493	-	-	-	33,493
Special deposits	-	-	-	-	-
Advance from other funds	1,148,322	-	4,345,000	1,423,032	4,345,000
Total liabilities	1,148,322	-	8,304,052	1,423,032	10,875,456
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	18,692	4,590,000	776,514	5,385,206
Deferred revenue	19,188,734	1,100,000	3,718,985	3,181,235	27,188,954
Total deferred inflows of resources	19,188,734	1,118,692	8,308,985	3,957,749	32,574,160
FUND BALANCES (DEFICIT)					
Nonspendable:					
Inventories and prepaid items	38,684	-	-	-	38,684
Advances to other funds	206,450	-	-	-	206,450
Restricted:					
Debt service	-	476,871	-	-	476,871
Utility improvements	-	-	-	-	-
TIF Districts	-	-	1,353,308	-	1,353,308
Development	-	-	-	2,388,177	2,388,177
Donations	-	-	-	6,891,715	6,891,715
Health services	-	-	-	235,736	235,736
Library services	-	-	-	272,376	272,376
Solid waste	-	-	-	689,390	689,390
Recreational services	-	-	-	412,407	412,407
Tourism	-	-	-	72,904	72,904
Assigned:					
Purchases on order	315,823	-	-	-	315,823
Capital projects	8,638,056	-	(2,904,148)	5,707,862	5,707,862
Unassigned (deficit)	9,199,013	476,871	(1,550,840)	19,659,507	27,184,551
Total fund balances (deficit)	\$ 29,536,069	\$ 1,595,563	\$ 15,062,197	\$ 24,440,338	\$ 70,634,167

	Governmental Activities	Business-Type Activities	Total
Net (Expense) Revenue and Changes in Net Position			
General revenue	\$ 20,638,067	-	20,638,067
Property taxes levied for general purposes	1,100,000	-	1,100,000
Property taxes levied for debt service	3,261,911	-	3,261,911
Other taxes	658,315	-	658,315
Intergovernmental revenue not restricted to specific programs	1,081,355	-	1,081,355
Miscellaneous revenue	34,295	513,188	547,483
Transfers	(7,284,086)	101,722	(7,182,364)
Total general revenue and transfers	20,658,933	7,896,996	28,555,929
Change in net position	(2,166,234)	8,506,493	6,340,259
Net position - beginning	128,279,792	114,403,941	242,683,733
Net position - ending	\$ 126,113,558	\$ 122,910,434	\$ 249,023,992

	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Expenses				
General government	\$ 3,499,595	\$ -	\$ 6,713	\$ 3,506,308
Public safety	18,489,506	310,439	150,610	19,950,655
Public works	4,909,364	2,380,554	3,152,604	10,442,522
Health and human services	128,691	1,074,088	-	1,202,779
Conservation and development	139,094	500	-	140,594
Interest on long term debt	1,476,889	-	-	1,476,889
Total governmental activities	38,302,433	3,818,957	3,652,379	45,773,769
Business-type activities:				
Water	5,674,035	6,196,559	1,456,660	13,327,254
Sewer	6,376,926	3,972,298	1,034,941	11,384,165
Total business-type activities	12,050,961	10,168,857	2,491,601	24,711,419
Total primary government	\$ 50,353,394	\$ 18,214,787	\$ 6,123,880	\$ 74,692,061
General revenue				
Property taxes levied for general purposes	1,100,000	-	-	1,100,000
Property taxes levied for debt service	3,261,911	-	-	3,261,911
Other taxes	658,315	-	-	658,315
Intergovernmental revenue not restricted to specific programs	1,081,355	-	-	1,081,355
Miscellaneous revenue	34,295	513,188	-	547,483
Transfers	(7,284,086)	101,722	-	(7,182,364)
Total general revenue and transfers	20,658,933	7,896,996	-	28,555,929
Change in net position	(2,166,234)	8,506,493	-	6,340,259
Net position - beginning	128,279,792	114,403,941	-	242,683,733
Net position - ending	\$ 126,113,558	\$ 122,910,434	-	\$ 249,023,992

	Governmental Activities	Business-Type Activities	Total
Net (Expense) Revenue and Changes in Net Position			
General revenue	\$ 20,638,067	-	20,638,067
Property taxes levied for general purposes	1,100,000	-	1,100,000
Property taxes levied for debt service	3,261,911	-	3,261,911
Other taxes	658,315	-	658,315
Intergovernmental revenue not restricted to specific programs	1,081,355	-	1,081,355
Miscellaneous revenue	34,295	513,188	547,483
Transfers	(7,284,086)	101,722	(7,182,364)
Total general revenue and transfers	20,658,933	7,896,996	28,555,929
Change in net position	(2,166,234)	8,506,493	6,340,259
Net position - beginning	128,279,792	114,403,941	242,683,733
Net position - ending	\$ 126,113,558	\$ 122,910,434	\$ 249,023,992

See accompanying notes to the financial statements.

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
 As of December 31, 2020

Fund balances - total governmental funds	\$ 27,184,551
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	143,572,718
Capital assets, net of depreciation	
Some receivables that are not currently available are reported as unavailalbe resources in the fund financial statements but are recognized as revenues when earned in the government-wide statements	
Unavailalbe revenue	5,385,206
Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are applicable to future periods, and, therefore are not reported in fund statements	
Deferred outflows	9,198,609
Deferred inflows	(11,295,854)
Internal Service Fund net position	3,243,631
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	(50,320,000)
Compensated absences	(2,357,968)
Net pension and OPEB obligations	(835,794)
Pension asset	3,332,334
Unamortized debt premiums	(614,680)
Accrued interest	(379,205)
Net position of governmental activities	\$ 126,113,558

CITY OF FRANKLIN, WISCONSIN
 Statement of Revenue, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2020

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE					
Taxes	\$ 19,650,840	\$ 1,100,000	\$ 3,427,361	\$ 1,668,071	\$ 25,846,272
Intergovernmental revenue	1,790,134	-	576,667	2,856,503	5,223,304
Licenses and permits	1,061,488	-	-	-	1,061,488
Fines, forfeitures and penalties	390,124	-	-	-	390,124
Public charges for services	2,172,980	-	-	4,009,106	6,182,086
Special assessments	-	17,853	-	1,398,086	1,415,939
Intergovernmental charges for services	183,423	-	-	-	183,423
Investment earnings	317,064	19,726	293,174	290,673	920,637
Miscellaneous revenue	210,975	-	174,898	385,873	385,873
Total revenue	<u>25,777,028</u>	<u>1,137,579</u>	<u>4,297,202</u>	<u>10,397,337</u>	<u>41,609,146</u>
EXPENDITURES					
Current:					
General government	3,080,025	-	86,074	72,618	3,238,717
Public safety	17,471,370	-	-	586,507	18,059,877
Public works	4,065,611	-	658,669	2,024,374	6,748,654
Health and human services	663,974	-	-	346,721	1,010,695
Culture, recreation and education	288,387	-	-	1,369,451	1,657,838
Conservation and development	597,411	-	5,295,005	6,429	5,898,845
Capital outlay	-	-	14,157,306	5,900,859	20,058,165
Debt service	-	1,425,000	14,145,000	-	15,570,000
Principal	-	152,218	1,359,402	-	1,511,620
Interest	-	-	190,327	-	190,327
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>26,166,778</u>	<u>1,577,218</u>	<u>35,891,783</u>	<u>10,308,959</u>	<u>73,944,738</u>
Excess (deficiency) of revenue over expenditures	<u>(389,750)</u>	<u>(439,639)</u>	<u>(31,594,581)</u>	<u>88,378</u>	<u>(32,335,592)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	77,185	77,185
Transfers in	1,003,388	397,950	-	951,966	2,353,304
Transfers out	(48,379)	(600,000)	-	(701,537)	(1,349,916)
General obligation debt issued	-	-	3,045,000	-	3,045,000
Refunding debt issued	-	-	9,545,000	-	9,545,000
Premium on debt issued	-	-	254,320	-	254,320
Total other financing sources and uses	<u>955,009</u>	<u>(202,050)</u>	<u>12,844,320</u>	<u>327,614</u>	<u>13,924,893</u>
Net change in fund balances	565,259	(641,689)	(18,750,261)	415,992	(18,410,699)
Fund balances - beginning	8,633,754	1,118,560	17,199,421	18,643,515	45,595,250
Fund balances (deficit) - ending	\$ 9,199,013	\$ 476,871	\$ (1,550,840)	\$ 19,059,507	\$ 27,184,551

Exhibit E

CITY OF FRANKLIN, WISCONSIN
 Reconciliation of the Statement of Revenue
 Expenditures and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds	\$ (18,410,699)
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.	20,058,165
Capital outlays	(8,287,474)
Capital outlay contributed to business-type units	(1,594,202)
Items capitalized from non-outlay accounts	(4,012,833)
Depreciation	(583,161)
Net book value of assets disposed	2,402,066
Contributed capital assets are reported as revenues in the statement of activities.	
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 governmental funds. Neither transaction, however, has any effect on net position.	15,570,000
Principal paid on long-term debt	(12,844,320)
Proceeds from long-term debt, including premium	
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	711,389
Compensated absences, pensions and OPEB	288,258
Accrued interest payable and amortization of debt premium	
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities	3,781,467
Internal service fund change in net position	755,110
Net change in net position of governmental activities	\$ (2,166,234)

See accompanying notes to the financial statements. Page 38

Exhibit F

CITY OF FRANKLIN, WISCONSIN
 General Fund
 Statement of Revenue, Expenditures and Changes in Fund Balances -
 Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	Budgeted Amount			Actual	Variance with final budget - Excess (Deficiency)
	Original	Change Inc. (Dec)	Final		
REVENUE					
Total revenue	\$ 20,741,600	\$ -	\$ 20,741,600	\$ 20,654,228	(87,372)
Intergovernmental revenue	1,746,400	-	1,746,400	1,790,134	43,734
Licenses and permits	905,700	-	905,700	1,061,488	155,788
Fines, forfeitures and penalties	546,000	-	546,000	390,124	(155,876)
Public charges for services	2,527,300	64,600	2,591,900	2,172,980	(418,920)
Intergovernmental charges for services	182,000	-	182,000	183,423	1,423
Investment earnings	343,580	-	343,580	317,064	(26,516)
Miscellaneous revenue	136,750	-	136,750	210,975	74,225
Total revenue	27,129,330	64,600	27,193,930	26,789,416	(413,514)
EXPENDITURES					
Current	3,202,982	136,689	3,339,671	3,078,205	261,466
General government	19,446,976	220,648	19,667,624	17,385,007	1,065,319
Public safety	4,139,000	-	4,139,000	4,268,007	129,007
Health and human services	737,635	2,000	739,635	663,974	75,661
Culture and recreation	210,448	122,385	332,833	292,930	39,903
Conservation and development	619,400	52,000	671,400	569,890	101,510
Total expenditures	27,369,120	1,378,630	28,747,750	26,350,208	2,397,542
Excess (deficiency) of revenue over (under) expenditures	(239,790)	(1,314,230)	(1,554,020)	430,208	1,984,228
OTHER FINANCING SOURCES (USES)					
Transfers out	(524,000)	(48,379)	(572,379)	(48,379)	524,000
Net change in fund balance - budgetary basis	(763,790)	(1,362,609)	(2,126,399)	381,829	2,508,228
Adjustments to generally accepted accounting principles basis					
2020 encumbrances	(1,335,000)	300,000	(1,035,000)	-	1,035,000
2019 encumbrances	-	-	-	315,823	-
Net change in fund balance - generally accepted accounting principles basis	(2,098,790)	(1,062,609)	(2,977,969)	565,259	3,543,228
Fund Balances - beginning	8,633,754	-	8,633,754	8,633,754	-
Fund Balances - ending	\$ 6,534,964	\$ -	\$ 6,534,964	\$ 9,199,013	\$ 3,543,228

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds			Governmental Activities - Service Funds
	Water Utility	Sanitary Sewer	Sanitary Sewer	
	Current Year	Prior Year	Prior Year	Current Year
ASSETS				
Current assets				
Cash and investments	\$ 2,941,618	\$ 2,425,883	\$ 1,110,657	\$ 4,052,275
Receivables				
Accounts	1,432,878	1,395,461	1,070,973	2,503,851
Taxes	145,647	161,985	103,387	249,034
Due from other governments			1,275,272	1,306,669
Total current assets	4,520,143	3,983,329	3,591,686	8,111,829
Noncurrent assets				
Restricted cash and investments			482,900	482,900
Restricted pension assets	32,005		32,005	64,010
Due from other governments			14,973,399	14,973,399
Capital assets				
Land	162,886	162,885	725,594	888,480
Buildings and improvements	3,414,032	3,020,191	3,325,768	6,739,800
Improvements other than buildings	63,681,798	60,725,142	84,169,120	147,850,918
Machinery and equipment	4,614,505	4,920,074	1,209,165	5,832,024
Construction in progress	1,995,890	1,065,176	4,613,891	95,510
Less accumulated depreciation	(2,638,818)	(21,423,626)	(26,647,797)	(49,286,615)
Total capital assets (net of accumulated depreciation)	51,230,283	48,469,842	67,404,095	118,634,388
Total noncurrent assets	51,262,288	48,469,842	82,892,399	134,154,697
Total assets	55,782,441	52,453,171	86,484,085	142,266,526
Deferred outflows of resources				
Pension and OPEB related	232,638	346,811	232,450	465,088
Total	56,015,079	52,799,982	86,716,535	142,731,614

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Utility	Sanitary Sewer	Sanitary Sewer	
	Current Year	Prior Year	Prior Year	Current Year
LIABILITIES				
Current liabilities				
Accounts payable	\$ 785,652	\$ 943,378	\$ 774,612	\$ 1,560,264
Accrued liabilities	689	689	11,356	37,255
Accrued interest payable	10,829	11,563	61,695	72,035
Current portion of accrued compensated absences	39,756	40,243	39,756	40,243
Current portion of long-term advances	6,750	6,750	6,750	6,750
Current portion of long-term obligations	60,000	55,000	1,306,669	1,275,272
Total current liabilities	914,176	1,067,623	2,194,088	2,086,669
Noncurrent liabilities				
Net pension liability		379,808		328,016
Net OPEB liability	20,150	14,026	20,150	14,026
General obligation notes payable	892,680	951,682	14,973,400	16,280,069
Accrued compensated absences	37,302	35,657	37,302	35,657
Long-term advances	89,200	106,450		89,200
Total noncurrent liabilities	1,039,332	1,487,623	15,030,852	16,657,768
Total liabilities	1,953,508	2,555,246	17,224,940	19,178,448
Deferred inflows of resources				
Pension and OPEB related	321,366	29,911	321,366	26,571
NET POSITION				
Net investment in capital assets	50,277,613	47,463,160	51,124,026	44,908,005
Restricted				
Sever equipment replacement			482,900	482,900
Pensions	32,005		32,005	64,010
Intergovernmental cooperation agreement	3,430,587	2,751,665	16,280,068	17,565,340
Unrestricted			1,251,230	1,245,771
Total net position	53,740,205	50,214,825	69,170,229	64,189,116
				\$ 122,910,434
				\$ 3,243,631

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Revenue, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020
 (With comparative information for December 31, 2019)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	
OPERATING REVENUE					
Metered sales	\$ 3,194,326	\$ 2,874,381	\$ 2,162,732	\$ 2,066,866	\$ 5,357,058
Residential	767,351	741,263	546,143	503,338	1,313,494
Multi-Family	640,582	648,437	606,230	591,845	1,246,812
Commercial	447,061	438,212	470,862	430,271	947,061
Irrigation	48,181	48,181	3,665	3,665	94,069
Public utility	247,258	268,223	166,674	171,112	413,932
Total metered sales	5,467,701	5,078,843	3,852,641	3,763,551	9,410,342
Group health & dental charges	-	-	1,990	2,355	39,514
Unmetered sales	37,524	20,928	1,990	2,355	548,256
Public fire protection service	548,256	544,847	-	-	127,368
Private fire protection service	127,368	125,087	17,667	36,241	43,377
Forfeited discounts, penalties and other	25,710	52,554	-	-	-
Total operating revenue	6,196,559	5,822,259	3,872,296	3,802,127	10,168,857
OPERATING EXPENSES					
Cost of sales and services	3,734,436	3,539,664	2,665,188	2,534,298	6,399,624
Depreciation	1,304,691	1,245,739	2,205,203	2,172,379	3,510,094
Amortization	601,626	42,059	1,102,361	1,018,886	1,703,967
Administration	5,640,953	5,357,060	5,972,732	5,723,563	11,813,705
Total operating expenses	555,606	485,199	(2,000,454)	(1,923,436)	(1,444,848)
Operating income (loss)	25,473	66,996	482,823	482,823	50,421
NONOPERATING REVENUE (EXPENSES)					
Investment earnings	101,677	92,997	45	45	101,722
Sundry	(33,082)	(36,132)	(406,174)	(442,426)	(439,256)
Interest expense	84,068	123,861	81,586	47,340	175,654
Total non-operating revenue (expenses) and transfers	649,674	589,060	(1,919,868)	(1,876,096)	(1,269,194)
Income (loss) before capital contributions and transfers	1,456,660	1,189,743	1,034,941	703,436	2,491,601
Capital contributions - Developers	2,419,423	3,739,332	5,866,051	2,195,622	8,287,474
Capital contributions - City	(1,000,377)	(965,369)	(3,011)	(3,080)	(1,003,389)
Transfers in (Out)	3,325,360	4,552,767	4,981,113	1,019,882	8,506,493
Change in net position	50,214,825	45,662,058	64,189,116	63,169,234	114,403,941
Net position - beginning	\$ 53,740,205	\$ 50,214,825	\$ 89,170,229	\$ 64,189,116	\$ 122,910,434
Net position - ending					\$ 3,243,631

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
 (With comparative information for December 31, 2019)

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 6,271,743	\$ 5,936,577	\$ 3,903,346	\$ 3,767,823	\$ 10,175,088
Payments to suppliers	(3,903,483)	(3,329,430)	(3,225,124)	(3,065,756)	(7,128,607)
Payments to employees	(462,620)	(416,854)	(353,991)	(352,076)	(816,611)
Payments for interfund services used	(108,518)	(131,823)	(104,410)	(104,410)	(212,068)
Net cash flows provided by (used in) operating activities	1,797,122	2,058,470	220,881	245,581	2,017,803
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfer out - paid for tax equivalent	(1,000,377)	(965,368)	(3,011)	(3,080)	(1,003,389)
Net Cash Flows from Noncapital Financing Activities	(1,000,377)	(965,368)	(3,011)	(3,080)	(1,003,389)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Payments on capital debt	(65,000)	(65,000)	(1,275,272)	(1,244,628)	(1,330,272)
Payments from other governments	(16,750)	(16,500)	1,275,273	1,244,628	1,275,273
Proceeds from other funds	(32,618)	(34,730)	(416,514)	(447,535)	(449,332)
Interest on capital debt	2,134,602	1,034,941	1,034,941	1,383,225	3,169,543
Capital contribution received	(2,336,517)	(1,359,407)	(1,285,244)	(130,748)	(3,691,761)
Acquisition of capital assets	(306,483)	(1,485,637)	(646,816)	(578,283)	(953,239)
Net cash provided (used) by capital and related financing activities	25,473	66,996	482,823	482,823	50,421
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	25,473	66,996	482,823	482,823	50,421
Net cash provided (used) by investing activities	25,473	66,996	482,823	482,823	50,421
Cash and cash equivalents - Beginning	515,735	(305,639)	63,677	146,655	579,412
Cash and cash equivalents - Ending	2,425,983	2,731,422	1,529,880	1,383,225	3,955,763
Cash and cash equivalents - Ending	\$ 2,941,616	\$ 2,425,983	\$ 1,593,557	\$ 1,529,880	\$ 4,535,175
Cash and Investments - Unrestricted	\$ 2,941,616	\$ 2,425,983	\$ 1,110,857	\$ 1,049,880	\$ 4,052,275
Cash and Investments - Restricted	\$ 2,941,616	\$ 2,425,983	\$ 1,593,557	\$ 1,529,880	\$ 4,535,175

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Fiduciary Net Position
As of December 31, 2020

	Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash	\$ 160,124	\$ 14,792,742
Investments:		
Fixed Income Securities	6,657,535	42,707,743
Domestic Equities	10,700,821	-
International Equities	2,386,041	-
Total Cash & Investments	19,904,521	57,500,485
Taxes receivable	-	18,155,429
Accounts receivable	-	3,134
Due from other governments	-	7,290
Total assets	\$ 19,904,521	\$ 75,666,338
LIABILITIES		
Accounts payable	-	\$ 1,083
Accrued liabilities	16,600	2,329
Special deposits	-	75,662,926
Total liabilities	16,600	75,666,338
Net Position	\$ 19,887,921	\$ -
Restricted for employee benefits	\$ 19,887,921	\$ -
Total Net Position	\$ -	\$ -

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
For the Year Ended December 31, 2020
(with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds		Governmental Activities - Internal Service Funds
	Water Utility	Sanitary Sewer	
	Current Year	Prior Year	Current Year
	\$ 555,606	\$ 465,189	\$ (2,000,454)
			\$ (1,923,436)
			\$ (1,444,848)
			\$ 704,689
	1,304,891	1,245,740	2,205,203
	12,657	42,059	(12,657)
	101,677	92,987	45
			101,722
	(37,417)	4,488	(84,563)
	16,338	11,409	15,566
	2,291	2,291	2,291
	6,124	2,139	3,611
	4,042	916	-
			9,735
			4,042
	(157,727)	182,720	112,547
	1,158	540	(24,741)
	(5,414)	5,414	6,124
	(4,813)	(10,263)	(10,263)
	1,241,516	1,593,271	2,221,135
			2,169,017
			3,462,651
			109,355
	\$ 1,797,122	\$ 2,058,470	\$ 220,681
			\$ 245,581
			\$ 2,017,803
			\$ 814,044
	\$ 3,876,083	\$ 4,929,075	\$ 6,902,962
			\$ 2,869,058
			\$ 10,779,075
			\$ -

Reconciliation of operating income (loss) to net cash provided by operating activities
 Operating income (loss)
 Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities:
 Depreciation
 Amortization
 Provision allocated to other funds
 Accruals
 Nonoperating revenues
 (Increase) decrease in assets and deferred outflows of resources
 Accounts receivable
 Taxes receivable
 Prepaid expense
 Pension assets
 Deferred outflows of resources
 (Increase) in liabilities and deferred inflow of resources
 Accounts payable
 Accrued liabilities
 Deferred inflow of resources
 Post employment retirement benefit
 Total adjustments
Net cash flows provided by (used in) operating activities
Noncash Capital Activities
 Cost of Utility plant installed and/or financed by external parties or the City

See accompanying notes to the financial statements.

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2020

Exhibit K

	Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Tax collections	-	\$ 75,554,712
Contributions		
City of Franklin	1,300,788	-
Retirees	146,308	-
Net investment earnings (losses)	2,125,978	-
Total additions	3,573,074	75,554,712
DEDUCTIONS		
Tax distributions	-	75,554,712
Incurrd claims	638,632	-
Prescription drug claims	69,774	-
Claims fees	50,190	-
Stop loss premiums less claims received	61,488	-
Total deductions	820,084	75,554,712
Change in net position	2,752,990	-
Net Position Beginning of year	17,134,931	-
Net Position End of year	\$ 19,887,921	\$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying summary of the City of Franklin's (the "City") 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. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or 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. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit 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 or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government. The City has not identified any component units required to be discretely presented.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**A. REPORTING ENTITY (continued)
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 Districts (TID) development within the City. That District was closed in 2012. 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 TID development projects for the benefit of the City. The Authority had no financial transactions during 2020, nor does the Authority own any assets or liable for any debt. Therefore, no financial statements are presented in this report. The Authority does not issue separate financial statements.

**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 of resources, liabilities, deferred inflows of resources, net position/fund equity, revenue and expenditures/expenses. 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
As of and for the Year Ended December 31, 2020**

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.

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.

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Major Enterprise Funds (continued)

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.

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, Tourism Commission 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.

Custodial Funds – used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and for other governmental entities.

Employee Benefit Trust Funds – used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans and other post employment benefit plans.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, deferred inflows, liabilities and deferred outflows 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.

Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. 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. At December 31, 2020, there were \$405,606 of anticipated future assessments. This is not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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 due and payable

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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 of resources.

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 of resources are reported on the governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year that are for subsequent year's operations. For governmental fund financial statements unearned revenues arise 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 are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal operations. The principal operating revenue of the Water and Sanitary Sewer funds are charges to customers for sales and services provided. The rates billed in the Water Utility are approved by the Public Service Commission. Sanitary sewer charges are billed at rates established by City policy based on the charges received from the Milwaukee Metropolitan Sewerage District 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 non-operating revenue and expenses.

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.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES 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 Aa3 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 6 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, which 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.
- 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.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

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 county government, three 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 within the reported Custodial Funds. The Solid Waste fee is billed and collected along with Property Taxes.

Property tax calendar – 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Personal property taxes in full	January 31, 2021
Final tax settlement with County	August 20, 2021
Tax deed by County – 2020	
Delinquent real estate taxes	October 2023

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".

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.

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As notes are repaid, revenue is recognized. When new notes are made from the repayments,

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

1. Cash and Investments (continued)

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 to no more than 75% of total assets to be invested.
- g. Limits investment in fixed income securities to no less than 25% of total assets to be invested.

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

- a. Custodial credit risk – investments are held by a trustee or third party custodian.
 - deposits in excess of FDIC insurance limits are maintained in the State LGIP or secured bank balances in amounts of at least 75% of the year end cash balances.
- b. Credit risk – securities purchased need to have an 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 methods and inputs as outlined in Note 3.A. No investments are reported at amortized cost.

Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income (loss). Investment income (loss) on commingled investments of various City 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, 2020, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

expenditures are recorded, interest received from loan repayments is recognized as revenue when received in cash.

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. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 Pension Asset, if any, is reported as restricted. This asset represents funds held by the Plan Trust, which can only be used to settle Plan obligations. 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. Benefit Obligations

For purposes of measuring the net pension obligations (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Wisconsin Retirement System (WRS) and the City of Franklin Defined Benefit Retirement Income Plan (DPW) and additions to/deductions from WRS and DPW's fiduciary net position have been determined on the same basis as they are reported by WRS and DPW. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

5. Benefit Obligations (continued)

For purposes of measuring the net Other Post Employment Benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Franklin Post Employment Benefits Trust's fiduciary net position have been determined on the same basis as they are reported by the City of Franklin Post Employment Benefits Trust. For this purpose, the City of Franklin Post Employment Benefits Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

6. 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 \$5,000 for general capital assets and \$25,000 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 acquisition 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, and overhead.

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	5-50 Years
Machinery and equipment	2-30 Years
Water and sewer infrastructure	20-100 Years
Infrastructure	20-90 Years

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

6. Capital Assets (continued)

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.

7. Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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.

Certain items affect the net pension obligation (asset) are amortized over the period determined to be affected by the change. The balance at year end of these items is reported as deferred outflows of resources or deferred inflows of resources section of the statement of net position.

8. 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.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

8. Compensated Absences (continued)

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.

9. 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.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the interest rate method. The balance at year end is shown as an increase or decrease in the liability section of the statement of net position.

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. An Industrial Revenue Bond originally issued with an aggregate principal amount of \$3,750,000 is outstanding with a December 31, 2020 balance of \$2,800,000.

10. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

11. Equity Classifications (continued)

Fund Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City does not report any committed fund balance.

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 committed. The governing council (Common Council) has by resolution authorized the Director of Finance & Treasurer to assign fund balance (Resolution 2014-7025). The Common Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, as additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

When committed, assigned and unassigned resources are available for use, it is the City's policy to use committed resources first, then assigned resources and then unassigned resources, as they are needed.

The City has adopted a fund balance policy (Res. 2016-7216) for all governmental funds supported by tax levy as follows: the ratio of year end fund balance to current year Expenditures shall target a range between 20 and 30%. The amount of Fund Balance will be taken into consideration when establishing the following year's budget. At least 15% of the succeeding year expenditure budget be maintained for working capital. Any non-spendable fund balance of the General Fund shall be excluded from the ratio. As of the year ended December 31, 2020, the City exceeded the 30% upper level by 5.2%.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

11. 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.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation; and includes restricted assets reduced by liabilities 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.

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of "net investment in capital assets", and an increase in "unrestricted" net position, shown only in the total column. A reconciliation of this adjustment is as follows:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 122,636,518	\$ 101,401,639	\$ (9,031,200)	\$ 215,006,957
Unrestricted	(14,608,991)	4,681,817	9,031,200	(895,974)

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.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (continued)

12. 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, 2020 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 budgeted under the prior period and encumbrances expected to be liquidated under the current period budget. Actual (budgetary basis) revenue presents 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, TID #3, TID #4, TID #5, TID #6, TID #7, Library Operating, Library Auxiliary, Solid Waste Collection, Civic Celebrations, St Martin's Fair, Donations, Grant, Tourism, Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Improvement, Development, Sanitary Sewer and Water Utility funds. The City has not adopted a budget for TID #8 fund.

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 significant. Budgets are adopted for personnel and non-personnel expenditures at the function level.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF Districts and Debt Service Levy), increased by the greater of the percentage change in the City's equalized value due to new construction or zero percent. Changes in debt service from one year to the next are generally exempt from this limit with certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue increase it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum. The Solid Waste fee was enacted prior to this restriction.

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

The City controls General Fund expenditures at the Department personnel and non-personnel level (e.g. police personnel). Other funds are controlled activity level. For the year ended December 31, 2020 the following funds had expenditures exceeding budget:

Fund/Function	Budget Expenditures	Actual Expenditures	Excess Expenditures Over Budget
General Fund			
Elections - Personnel	\$ 70,404	\$ 77,959	\$ 7,555
Finance - Other Services	123,310	124,008	698
Library Operating Fund			
Culture and recreation	\$ 1,312,619	\$ 1,314,671	\$ 2,052
Solid Waste Fund			
Public Works	\$ 1,971,287	\$ 2,013,227	\$ 41,940
Grant Fund			
Culture and recreation	\$ -	\$ 8,790	\$ 8,790
Capital Outlay	25,000	28,528	3,528

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 accounts and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in institutions outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

Per Statement of Net Position	
Primary Government:	
Unrestricted cash and investments	\$ 39,815,345
Restricted cash and investments	482,900
Per Statement of Fiduciary Net Position - Fiduciary Funds	
Custodial Fund	57,500,485
Employee Benefit Trust Funds	19,904,521
	\$ 117,703,251

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, 2020, none of the City's total bank balances 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 have a tri-party relationship with the investments held by a party independent of the party managing the investment.

Credit Risk Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. The City's policy requires a minimum credit rating of Aa3 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, 2020, 99% of the fixed income investments were in rated fixed income investments and subject to credit risk. The ratings as a percentage of the total investment portfolio were as follows: Aaa at 96% and Aa2 at 3%.

The portfolio makeup of fixed income investments was treasury and agency securities at 38%, Local Government Investment Pool at 9%, municipal bonds at 1% and money market funds at <1%. The Local Government Investment Pool is not rated. Equities and fixed income mutual funds held in trust at 52% make up the remainder of the investments and are not individually rated.

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 December 31, 2020, no issuer other than U.S. Treasury and Agency securities that have the full faith guarantee of the U.S. government had a position of greater than ten percent of the portfolio.

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

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, 2020, 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. This coverage has not been considered in computing custodial credit risk.

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 \$20,000,000.

The City maintains both Non-FDIC insured and collateralized balances with an investment manager that deposits funds with US Banks. The funds are held in accounts 'As Agent for its Customers'. The manager utilizes FDIC insurance, third party insurance and Federal Home Loan Bank letters of credit as collateral for balances.

Cash and investments as shown on the December 31, 2020 statement of net position are subject to the following risks:

	Carrying Value	Bank & Investment Balances	Risks
Local Government Investment Pool	\$ 3,286,284	\$ 3,286,284	Credit
Money market funds	35,780	35,780	Custodial credit
Certificates of deposit	2,813,629	2,813,629	Custodial credit
U.S. treasuries	7,075,625	7,075,625	Custodial credit, interest rate and concentration risk
U.S. agencies	7,198,853	7,198,853	Custodial credit, interest rate and concentration risk
Municipal bonds	505,300	505,300	Custodial credit, interest rate and concentration risk
Total fixed income investments	20,915,471	20,915,471	
Equity funds	13,086,862	13,086,862	Custodial credit
Fixed income funds	6,657,535	6,657,535	Credit and interest rate
Cash and demand deposits	77,043,383	68,122,486	Custodial credit
Total	\$ 117,703,251	\$ 108,782,354	

Reconciliation to the financial statements is shown below:

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

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

As of December 31, 2020, the City's investments exposed to interest rate risk were as follows:

Investment type	Fair Value	Investment Maturity in years			
		Less than 1	2 - 3	4 - 5	6 - 7
US treasuries	\$ 7,075,625	\$ 7,075,625	\$ -	\$ -	\$ -
US agencies	7,198,853	2,015,933	5,182,920	-	-
Municipal bonds	505,300	505,300	-	-	-
Fixed income funds	6,657,535	575,255	748,521	414,618	4,919,141
Total	\$ 14,361,688	\$ 3,096,488	\$ 5,931,441	\$ 414,618	\$ 4,919,141

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

Market approach – prices or other information from market transactions involving identical or similar assets.

Investment Type	As of December 31, 2020			Total
	Level 1	Level 2	Level 3	
US treasuries	\$ -	\$ 7,075,625	\$ -	\$ 7,075,625
US agencies	-	7,198,853	-	7,198,853
Municipal bonds	-	505,300	-	505,300
Total	-	14,779,778	-	14,779,778
Equity funds	13,086,862	-	-	13,086,862
Fixed income funds	6,657,535	-	-	6,657,535
Total	\$ 19,744,397	\$ 14,779,778	\$ -	\$ 34,524,175

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Receivables consist of accounts, taxes, notes and special assessments from citizens and others. Receivables are reported net of uncollectible amounts. The reserve for bad debts, principally for personal property taxes, special assessments and ambulance revenue, was \$128,526 at December 31, 2020. Other than the special assessment receivables, all other receivables are expected to be collected within one year.

Governmental funds report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Governmental funds:			
Subsequent year property taxes	\$ -	\$ 25,640,920	\$ 25,640,920
Charges for services on tax roll	-	1,548,034	1,548,034
Intergovernmental grant receivable	508,000	-	508,000
Note receivable	4,500,000	-	4,500,000
Interest on note receivable	90,000	-	90,000
Special assessments not yet due	287,206	-	287,206
Total deferred inflows of resources for governmental funds	\$ 5,385,206	\$ 27,188,954	\$ 32,574,160

C. DUE FROM OTHER GOVERNMENTS

In 2011, the City entered into an intergovernmental cooperation agreement with another government for the construction and financing of the Ryan Creek Interceptor Sewer. The terms of this agreement include that 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 continue over the life of the loan, ending in 2031. This is presented as due from other governments in the statement of net position. Annual principal and interest payments to maturity received as part of this agreement are as follows:

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS (continued)

Year Ending December 31	Business-type Activities	
	Principal	Interest
2021	\$ 1,306,669	\$ 384,731
2022	1,338,839	352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026-2030	7,750,547	670,952
2031	1,666,455	41,028
Total	\$ 16,280,068	\$ 2,301,853

D. 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, 2020 is \$482,900.

Restricted assets have been reported in connection with the net position asset balance since this balance must be used to fund employee benefits. The balance as of December 31, 2020 is \$3,396,344.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 25,450,016	\$ 917,780	\$ -	\$ 26,367,796
Construction in progress	1,986,204	5,122,777	1,478,116	5,630,865
Total capital assets not depreciated	27,436,220	6,040,557	1,478,116	31,998,661
Capital assets depreciated:				
Buildings & improvements	28,404,573	1,603,897	950,750	29,057,720
Machinery & equipment	20,023,758	1,454,771	1,305,686	20,172,843
Infrastructure	119,046,303	4,957,446	88,623	123,915,126
Total capital assets depreciated	167,474,634	8,016,114	2,345,059	173,145,689
Less: Accumulated depreciation for:				
Buildings & improvements	11,845,819	828,685	391,831	12,282,673
Machinery & equipment	13,042,842	1,065,503	1,281,444	12,826,901
Infrastructure	34,432,036	2,118,645	88,623	36,462,058
Total accumulated depreciation	59,320,697	4,012,833	1,761,898	61,571,632
Net capital assets depreciated	108,153,937	4,003,281	583,161	111,574,057
Governmental activities capital assets, net of accumulated depreciation	\$ 135,590,157	\$ 10,043,838	\$ 2,061,277	\$ 143,572,718

Depreciation expense was charged to functions as follows:

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CITY OF FRANKLIN, WISCONSIN
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NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS (continued)

Governmental Activities

General government	\$ 287,449
Public safety	716,965
Public works	2,503,554
Health & human services	894
Culture & recreation	502,603
Conservation & development	1,368
Total governmental activities depreciation expense	\$ 4,012,833

Business-type Activities

Capital Assets not depreciated:				Ending Balance
Land	\$ 888,480	\$ -	-	888,480
Construction in progress	1,160,686	5,449,095	-	6,609,781
Total capital assets not depreciated	2,049,166	5,449,095	-	7,498,261
Capital assets depreciated:				
Buildings & improvements	6,328,241	37,584	-	6,739,800
Machinery & equipment	6,129,239	252,347	175,587	5,832,024
Infrastructure	142,378,650	5,472,268	-	147,850,918
Total capital assets depreciated	154,836,130	5,762,199	175,587	160,422,742
Less: Accumulated depreciation for:				
Buildings & improvements	2,131,866	216,994	-	2,348,860
Machinery & equipment	3,879,262	300,113	175,587	4,003,788
Infrastructure	39,940,980	2,992,987	-	42,933,967
Total accumulated depreciation	45,952,108	3,510,094	175,587	49,286,615
Net capital assets depreciated	108,884,022	2,252,105	-	111,136,127
Business-type Activities Capital Assets:				
Net of Accumulated Depreciation	\$ 110,933,188	\$ 7,701,200	\$ -	\$ 118,634,388

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water	\$1,304,891
Sewer	2,205,204
Total Business-Type Activities Depreciation Expense	\$3,510,095

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

F. LEASE DISCLOSURES

OPERATING LEASES

The City has entered into several lease agreements with telecommunications companies, wherein the City has agreed to allow the use of water utility property for the purpose of telecommunication relays. Revenue from this activity totaled \$167,037 for the year ended December 31, 2020. Future minimum lease payments receivable in conjunction with the leases are as follows:

	Governmental Activities	Business-Type Activities	Total
2021	\$ 76,550	\$ 76,550	\$ 153,100
2022	76,457	76,457	152,914
2023	78,367	78,367	156,734
2024	46,457	46,457	92,914
2025	15,750	15,750	31,500

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund receivables/payables 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.

There were no interfund receivables and payables at December 31, 2020.

Advances

The City of Franklin provides short and long term advances to its TIF Districts and Water Utility. 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. 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 TIF District resources are available. In 2017, the City made an advance payment on the Public Works Defined Benefit Pension Plan. In doing so, advanced \$155,700 to the Water Utility on a ten year note to aid the Water Utility portion of the payment. In 2019, the Development Fund advanced \$1.5 million to TIF District 7 as funding for a 10-year Mortgage to a Developer. In 2020, the General Fund Advanced TID8 to pay for organizational expenses. The balances at December 31, 2020 were:

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (continued)

	Receivable Fund		Due within one year
	Development Fund	Total	
Payable Fund	General	Total	
TIF Districts Fund	\$ 100,000	\$ 4,345,000	\$ 1,345,000
Water Utility	106,450	106,450	17,250
	<u>\$ 206,450</u>	<u>\$ 4,451,450</u>	<u>\$ 1,362,250</u>

Transfers

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.

Transfers as presented on the fund financial statements during the year ended December 31, 2020 were as follows:

	General Fund	Debt Service	Transfers Out		Fund Totals
			Governmental Funds	Enterprise Funds	
Transfers In					
General Fund	\$ -	\$ -	\$ -	\$ 1,003,388	\$ 1,003,388
Debt Service Fund	-	-	397,950	-	397,950
Nonmajor Governmental Funds	48,379	600,000	303,687	-	951,966
Total	<u>\$ 48,379</u>	<u>\$ 600,000</u>	<u>\$ 701,637</u>	<u>\$ 1,003,388</u>	<u>\$ 2,353,304</u>

Current year transfers into the debt service fund from nonmajor governmental funds were completed for principal and interest payments. Transfers from the enterprise funds to the general fund were for tax-equivalent payments. All other transfers were completed for general operational purposes and capital activities.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (continued)

Transfers (continued)

A reconciliation of fund statement transfers to government wide transfers for the year ended December 31, 2020 is as follows:

	Governmental Funds	Enterprise Funds
Transfers in per fund statements	\$ 2,353,304	\$ -
Transfers out per fund statements	(1,349,916)	(1,003,388)
Municipality financed addition to Utility Plant	(8,287,474)	8,287,474
Government Wide Transfers	<u>\$ (7,284,086)</u>	<u>\$ 7,284,086</u>

H. LONG TERM OBLIGATIONS

General Obligation Debt

Long-term liabilities for the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Governmental Activities					
General obligation debt	\$ 53,300,000	\$ 12,590,000	\$ 15,570,000	\$ 50,320,000	\$ 2,445,000
Premium	446,398	294,322	86,040	614,680	-
Sub-total	<u>53,746,398</u>	<u>12,844,322</u>	<u>15,656,040</u>	<u>50,934,680</u>	<u>2,445,000</u>
Compensated absences					
Accrued vacation pay	475,103	1,159,085	1,159,525	474,663	474,661
Accrued severance pay	1,478,576	308,034	108,991	1,677,619	73,200
Accrued compensatory time	194,705	270,572	259,601	205,676	205,675
Total compensated absences	<u>2,148,384</u>	<u>1,737,691</u>	<u>1,528,117</u>	<u>2,357,958</u>	<u>753,536</u>
Net pension obligation - WRS	3,258,799	-	3,258,799	-	-
Net pension obligation - City of Franklin Defined Benefit Retirement Plan	1,450,175	-	1,450,175	-	-
Net OPEB obligation	1,791,904	-	956,110	835,794	-
Total benefit obligations	<u>8,649,262</u>	<u>1,737,691</u>	<u>7,193,201</u>	<u>3,193,752</u>	<u>753,536</u>
Governmental activities Long-term liabilities	<u>\$ 62,395,660</u>	<u>\$ 14,582,013</u>	<u>\$ 22,849,241</u>	<u>\$ 54,128,432</u>	<u>\$ 3,198,536</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Business-type Activities					
General obligation debt	\$ 1,015,000	\$ -	\$ 55,000	\$ 960,000	\$ 60,000
General obligation bonds from direct borrowings	17,555,341	-	1,275,272	16,280,069	1,306,669
Discount	(8,318)	998	-	(7,320)	-
Subtotal	18,562,023	998	1,330,272	17,232,749	1,366,669
Compensated absences					
Accrued vacation pay	47,722	48,456	49,816	46,362	46,362
Accrued severance pay	79,926	3,290	-	83,216	8,612
Accrued compensatory time	24,152	2,928	2,542	24,538	24,538
Total compensated absences	151,800	54,674	52,358	154,116	79,512
Net OPEB obligation	28,052	12,248	-	40,300	-
Net pension obligation - City of Franklin Defined Benefit Retirement Plan	707,824	-	707,824	-	-
Total Benefit Obligations	887,676	66,922	760,182	194,416	79,512
Business-type activities Long-term liabilities	\$ 19,449,699	\$ 67,920	\$ 2,090,454	\$ 17,427,165	\$ 1,446,181

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

Details of general obligation notes and bonds payable as of December 31, 2020 are as follows:

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance Outstanding 12/31
General obligation Refunding Bonds						
General obligation Promissory Notes	4/20/2016	2.0%	3/1/17-21	3/1 & 9/1	\$ 5,770,000	\$ 1,115,000 ⁴
General obligation Notes	12/18/14	2.0% - 2.5%	3/1/15-24	3/1 & 9/1	5,320,000	1,170,000 ¹
General obligation Notes	12/21/17	2.5% - 3.0%	3/1/19-27	3/1 & 9/1	1,630,000	1,515,000 ⁴
General obligation Bonds - 2019A	2/20/19	3.0% - 3.5%	3/1/20 - 32	3/1 & 9/1	13,685,000	13,020,000 ⁶
General obligation Bonds - 2019B	2/20/19	3.0% - 4.0%	3/1/22 - 34	3/1 & 9/1	6,365,000	6,365,000 ⁷
General obligation Bonds - 2019C	12/4/19	1.75% - 3.05%	3/1/22 - 37	3/1 & 9/1	12,360,000	12,360,000 ⁸
General obligation Notes - 2019D	12/4/19	2.0% - 3.0%	3/1/20 - 27	3/1 & 9/1	2,285,000	2,185,000 ⁴
General obligation Bonds - 2020A	12/10/20	1.6% - 2.05%	3/1/20 - 37	3/1 & 9/1	9,545,000	9,545,000 ⁵
General obligation Bonds - 2020B	12/10/20	1.0% - 2.0%	3/1/20 - 34	3/1 & 9/1	3,045,000	3,045,000 ⁹
Total Governmental Activities Debt						\$ 50,320,000
Business-type Activity Debt						
General obligation Clean Water Fund Loan - direct	1/25/12	2.46%	5/1/14-31	5/1 & 11/1	27,562,754	\$ 16,280,069 ²
General obligation Bonds	12/18/14	2.0% - 3.125%	3/1/15-34	3/1 & 9/1	1,290,000	960,000 ³
Total Business-type Activities Debt						\$ 17,240,069

¹ Issued 63% for capital TIF purposes and 37% for general capital purposes. ² Issued for a sewer extension on W Ryan Rd. ³ Issued for water building purposes. ⁴ Issued for general Capital Improvement purposes. ⁵ Refunded 2018A NAN for projects in TID5. ⁶ Issued to Refund \$10 mil of the 2018A NAN's and a Developer Grant in TID 3. ⁷ Issued for infrastructure projects in TID 6. ⁸ Issued to refund \$4 million of the 2018A NAN, capital projects in TID 5 & 7 and finance a Developer Mortgage in TID 7. ⁹ Issued for Capital projects in TID6.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

In 2020, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$14,952,000, and is payable to the developer solely from tax increments collected from a development in TID #7. The MRO bears no interest. It is payable from tax increment collected until 2040.

The obligations do not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the City. Since the amount of future payments is contingent on the collection of future TID increments, the obligations are not reported as a liability in the accompanying financial statements. The balance of the outstanding MRO principal at year end was \$19,457,000.

On December 4, 2019, the City issued 2019C, \$12,360,000 of taxable general obligation bonds with an average coupon rate of 2.43% to partially refund \$4,000,000 of outstanding notes with a coupon rate of 2.50%. \$4,000,000 of the proceeds along with existing funds were used to prepay the outstanding debt on March 1, 2020.

On December 10, 2020, the City issued 2020A, \$9,545,000 of taxable general obligation bonds with an average coupon rate of 1.91% to refund \$9,480,000 of outstanding notes with a coupon rate of 2.50%. The net proceeds along with existing funds were used to prepay the outstanding debt.

The cash flow requirements on the five year Note Anticipation Notes prior to the current two refundings were \$13,480,000 due March 1, 2023. The cash flow requirements on the refunding bonds are \$13,590,000 from March 1, 2022 thru March 1, 2037. The two current refundings resulted in an economic gain of \$297,968.

I. NET POSITION/FUND BALANCES

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2020 include the following:

Net investment in capital assets	\$	26,367,796
Land		5,630,865
Construction in process		111,574,057
Other capital assets, net of accumulated depreciation		(20,936,200)
Less: related long term debt outstanding, net of unspent bond proceeds		122,636,518
Net investment in capital assets		<u>\$ 122,636,518</u>

Business-type Activities

Business-type activities net position reported on the government-wide statement of net position include the following

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

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

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 2,445,000	\$ 1,220,236	\$ 60,000	\$ 28,288
2022	2,775,000	1,212,066	60,000	26,488
2023	2,365,000	1,138,360	60,000	24,688
2024	2,820,000	1,065,598	60,000	22,888
2025	2,890,000	985,310	65,000	21,013
2026-30	18,975,000	3,517,124	345,000	75,063
2031-35	14,645,000	1,191,880	310,000	19,688
2036-37	3,405,000	83,090	-	-
Total	<u>\$ 50,320,000</u>	<u>\$ 10,413,664</u>	<u>\$ 960,000</u>	<u>\$ 218,116</u>

	Business-type Activities	
	Notes from Direct Borrowings	Interest
2021	\$ 1,306,669	\$ 384,730
2022	1,338,839	352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026-30	7,750,547	691,467
2031	1,666,456	20,514
Total	<u>\$ 16,280,069</u>	<u>\$ 2,301,853</u>

The City's statutory debt limit and margin of indebtedness at December 31, 2020 are \$220,686,245 and \$153,126,176, respectively. By City debt policy, the debt limit and margin of indebtedness limit are \$88,274,498 (40% of the limit prescribed by law) and \$20,714,429, respectively.

In 2018, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$2 million, and is payable to the developer solely from tax increments collected from a development in TID #3. A \$684,000 payment was made in 2020. The MRO bears interest at 4.5% payable March 1 annually. The balance of the MRO was \$1,005,000 at December 31, 2020.

In 2018, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$3.5 million, and is payable to the developer solely from tax increments collected from a development in TID #5. The MRO bears interest at 5.5% payable March 1 annually. No payments have been made on the MRO. The balance of the MRO was \$3.5 million at December 31, 2020.

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2020

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2020

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

I. NET POSITION/FUND BALANCES (continued)

Net investment in capital assets	\$ 888,480
Land	6,609,781
Construction in process	111,136,127
Other capital assets, net of accumulated depreciation	(17,232,749)
Less: related long term debt outstanding	<u>101,401,639</u>
Net investment in capital assets	<u>\$ 101,401,639</u>

Reported on the fund financial statements at December 31, 2020 include the following:

Nonspendable fund balances	\$ 206,450
General Fund - advances	38,684
General Fund - prepaid items and inventory	<u>245,134</u>
Total nonspendable fund balance	<u>\$ 476,871</u>
Restricted fund balances	\$ 2,388,177
Debt service	8,891,715
Utility improvements	1,353,308
Development	235,736
TIF Districts	272,376
Donations	689,390
Health services	72,904
Library services	412,407
Solid waste	388,940
Recreational services	<u>15,181,824</u>
Tourism commission	<u>\$ 315,823</u>
Total restricted fund balance	<u>\$ 692,243</u>
Assigned Fund balances:	\$ 2,389,836
General Fund - purchases on order	2,022,793
Capital Projects:	<u>602,990</u>
Capital outlay	<u>\$ 6,023,685</u>
Equipment replacement	\$ 8,638,056
Capital improvement	<u>(2,904,148)</u>
Street improvement	<u>\$ 5,733,908</u>
Total assigned fund balances	<u>\$ 8,638,056</u>
Unassigned fund balances	\$ 2,904,148
General Fund	<u>(2,904,148)</u>
TIF Districts (Deficit)	<u>\$ 5,733,908</u>
Total unassigned fund balances	<u>\$ 2,904,148</u>

NOTE 4 - OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

Wisconsin Retirement System (Protective Occupation Employees only)

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Vesting. For employees beginning participation on or 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, and prior to July 1, 2011, 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.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings are the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s§. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	2.2
2011	(1.2)	1.1
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	2.5
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employees are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,273,388 in contributions from the employer.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Contribution rates as of December 31, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	1.0,55%

At December 31, 2020, the City reported an asset of \$3,338,448 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.10353524%, which was an increase of 0.01193641%, from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$1,220,654, which includes amounts paid to WRS related to disability payments.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,337,139	\$ 3,171,314
Changes in assumptions	260,153	-
Net differences between projected and actual earnings on pension plan investments	-	6,824,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	141,619	23,762
Employer contributions subsequent to the measurement date	1,568,169	-
Total	\$ 8,307,080	\$ 10,020,052

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

\$1,568,169 reported as deferred outflows resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	
2021	\$ (981,119)
2022	(721,671)
2023	151,584
2024	(1,729,935)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability (Asset)	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	3.0%
Inflation	0.1% - 5.6%
Seniority/Merit	Wisconsin 2018 Mortality Table
Mortality:	
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected	
		Nominal Rate of Return %	Expected Real Rate of Return %
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
US Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Single discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 8,597,102	\$ (3,338,448)	\$ (12,261,645)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://ef.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan

General Information about the Pension Plan

Plan Description - The City sponsors the City of Franklin Defined Benefit Retirement Income 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.

Vesting - Participants with five years of credible service are 50% vested in the plan. Upon reaching 10 years of credible service participants are fully vested in the plan.

Benefits provided - The City of Franklin Defined Benefit Retirement Income Plan provides retirement benefits to former bargaining employees of the City that are not covered under Wisconsin State Pension Plan (Wisconsin Retirement System), or who are regular part-time employees as defined by Civil Service and who have a minimum of 6 months of service. Employees who retire at or after age 60 are entitled to receive an unreduced retirement benefit.

The factors influencing the benefit are: (1) average compensation at retirement, (2) years of creditable service, and (3) a formula factor.

Average compensation at retirement is the average of the participant's three highest consecutive years' earnings out of the ten latest years prior to retirement. Creditable service is the creditable current and prior service expressed in years or fractional partial years for which a participant receives earnings. The formula factor is a standard percentage based on the plan provisions.

Employees may retire at age 55, with a minimum of 10 completed years of service and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may receive either normal retirement benefits at normal retirement date, or a lump-sum cash payment of participant's vested accumulations.

The plan also provides death and disability benefits for employees.

Participating employees - Membership in the plan as of date of study consisted of the following classes of participants:

Active employees	27
Terminated vested participants	9
Retirees	26
Total	<u>62</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

General Information about the Pension Plan (continued)

Contributions - Contribution requirements are established through action of the City Council and may be amended only through city ordinance. Employees make a non-elective and non-discretionary pension contribution that is equal to 8.2% of their payroll. The City contributes all remaining amounts necessary to fund the pension plan. During the reporting period, contributions of \$256,000 were made by the City to the plan.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the City reported an asset of \$57,896 for its net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Current year changes in the net pension liability (asset) were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2019	\$ 11,268,865	\$ 9,110,866	\$ 2,157,999
Changes for the year:			
Service cost	157,837	-	157,837
Interest	662,710	-	662,710
Difference between expected and actual experience	(466,918)	-	(466,918)
Changes of assumptions	(615,012)	-	(615,012)
Contributions - employer	-	256,000	(256,000)
Net investment income	-	1,724,318	(1,724,318)
Benefit payments	(469,209)	(469,209)	-
Administrative Expense	-	(25,806)	25,806
Balance at December 31, 2020	<u>\$ 10,538,273</u>	<u>\$ 10,596,169</u>	<u>\$ (57,896)</u>

Plan fiduciary net position as a percentage of the total pension liability 100.55%

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,170	\$ 319,261
Changes in assumptions	506,328	420,465
Net differences between projected and actual earnings on pension plan investments	-	603,737
Employer contributions subsequent to measurement date	503,702	-
Total	<u>\$ 1,068,200</u>	<u>\$ 1,343,463</u>

The \$503,702 reported as deferred outflows resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	
2021	\$ (119,900)
2022	(403,348)
2023	(26,965)
2024	(228,752)

Actuarial assumptions - The pension liability in the December 31, 2019 actuarial valuation was determined use the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Market Value
Long-Term Expected Rate of Return:	6.50%
Discount Rate:	6.50%
Salary Increase - Seniority/Merit:	4.00%
Mortality:	2020 IRS Prescribed Mortality - Optional Combined Table for Small Plans

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City's net pension liability calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease to Discount Rate	Current Discount Rate	1% Increase to Discount Rate
	(5.50%)	(6.50%)	(7.50%)
City's net pension liability (asset)	\$ 1,060,026	\$ (57,896)	\$ (1,012,477)

For the year ended December 31, 2020, the City recognized pension expense of \$400,102.

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 2020, total contributions of \$84,104 or 10% of covered payroll were made. The City contributed \$42,049 and employees \$42,049. The City may make amendments to the Plan.

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions are based upon an experience study conducted in 2018 using historical experience. The total pension liability for December 31, 2020 is based upon the liability calculated from the December 31, 2019 actuarial valuation.

Long-term Expected Return on Plan Assets - The long-term expected rate of return on pension plan investments was determined using the weighted average rate based on the target asset allocation and the Long-Term Capital Market Assumptions. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equity - Large Cap	7.70%	35.76%
US Equity - Mid Cap	7.95%	4.15%
US Equity - Small Cap	8.50%	2.05%
Non-US Equity	7.95%	13.70%
Core Bonds	4.00%	36.50%
High Yield	6.45%	1.98%

Discount rate - A discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.50% and a long-term bond rate of 3.97%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

The long-term expected rate of return on OPEB plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity (maximum)	75%	10.0%
Domestic equity (minimum)	25	10.0
Fixed income (maximum)	50	2.5
Fixed income (minimum)	25	2.5

Concentrations. All OPEB plan assets have been invested in bonds and equity securities. See Note 3.A for additional information.

Rate of return. The annual money-weighted rate of return on investments, net of investment expense for 2020 was 10.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The City's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00 percent, average, including inflation
Investment rate of return	6.50 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	2021 and 2022 6.75%, 2023 and 2024 6.25%, 2025 and 2026 5.75%, 2027 and 2028 5.25%, and 2029+ 5.00%

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS

General Information About the OPEB Plan

Plan administration and description. The City administers the City of Franklin Post-Employment Benefits Trust (City OPEB Plan), a single-employer defined benefit OPEB plan that is used to provide post-employment health care benefits for all eligible full-time employees of the City. Management of the City OPEB Plan is vested in the City's Common Council. Separate financial statements are not prepared for the City OPEB Plan.

Benefits provided. 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 another 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.

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

Active employees	174
Inactive employees entitled to by not yet receiving benefits	-
Retirees receiving benefits	26
Total	<u>200</u>

Contributions. 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:

Employee Group	#	City Amount	Age	Years Service
Non-represented	33	75% of Premium at Retirement	62	20
Police	71	75% of Premium at Retirement	53	15
Dispatch	13	75% of 2005 Premium	62	20
Fire	54	75% of Premium at Retirement	53	20
DPW	29	75% of Premium at Retirement	60	15

Investments

Investment policy. The City is authorized to invest funds of the City OPEB Plan in accordance with the City's investment policy for the City OPEB Plan.

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Net OPEB Liability

Mortality rates were based on a blend of the Death-in-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2015-2017 Experience Study" with the MP-2018 generational improvement scale (multiplied by 50%).

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2017.

Discount rate. The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates over the next 40 years. This rate is a blend of expected earnings on Plan assets and the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Balance at December 31, 2019	\$ 8,358,716	\$ 6,538,760	\$ 1,819,956
Changes for the year:			
Service cost	223,819	-	223,819
Interest	557,865	-	557,865
Difference between expected and actual experience	-	190,666	(190,666)
Contributions - employer	-	719,788	(719,788)
Contributions - employees	-	146,308	(146,308)
Net investment income	-	421,249	(421,249)
Benefit payments	(469,392)	(469,392)	-
Estimated Balance at December 31, 2020	\$ 8,671,008	\$ 7,547,379	\$ 1,123,629
Difference between estimated and actual Plan Fiduciary Net Position	-	247,535	(247,535)
Actual Balance at December 31, 2020	\$ 8,671,008	\$ 7,794,914	\$ 876,094

Plan fiduciary net position as a percentage of the total OPEB liability 89.90%

CITY OF FRANKLIN, WISCONSIN
 NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

	1% Decrease to Discount Rate (-5.5%)	Current Discount Rate (-6.50%)	1% Increase to Discount Rate (-7.50%)
City's net OPEB liability	\$ 1,644,937	\$ 876,094	\$ 182,970

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$312,292.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,862	\$ 176,000
Changes in assumptions	176,555	-
Net differences between projected and actual earnings on pension plan investments	-	399,071
Total	\$ 288,417	\$ 575,071

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

D. CONTINGENCIES AND COMMITMENTS

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.

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 and \$75,000 per year per group. 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 years ended December 31, 2019 and 2020 are as follows:

Fiscal Year	Balance Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Balance End of Year	
				2020	2019
2020	\$ 175,000	\$ 2,656,379	\$ 2,519,579	\$ 311,800	
2019	290,700	2,537,281	2,652,981	175,000	

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflow of Resources and Deferred Inflows of Resources (net)
2021	\$ (62,358)
2022	(62,355)
2023	(190,192)
2024	(37,954)
2025	11,553
Thereafter	54,652

Payable to the OPEB Plan

The City does not report a payable for any outstanding amount of contributions to the City OPEB Plan required for the year ended December 31, 2020.

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 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.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

NOTE 4 - OTHER INFORMATION (continued)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF FRANKLIN, WISCONSIN

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM**
For the Year Ended December 31, 2020

WRS Fiscal Year Ending Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
			Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	
12/31/14	0.084116700%	\$ (2,065,567)	\$ 8,071,472	25.59%	102.74%
12/31/15	0.082739220%	1,344,496	8,459,850	15.89%	98.20%
12/31/16	0.084036620%	682,662	8,682,689	7.98%	99.12%
12/31/17	0.087815360%	(2,607,342)	8,950,304	29.13%	102.93%
12/31/18	0.091598830%	3,258,799	9,094,718	35.83%	96.45%
12/31/19	0.103535240%	(3,338,448)	13,827,279	24.14%	102.96%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2020

City Fiscal Year Ending Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contributions as a Percentage of Covered Payroll	
			Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 689,692	\$ 689,692	\$ -	8.15%
12/31/16	869,137	869,137	-	10.01%
12/31/17	1,074,037	1,074,037	-	12.00%
12/31/18	1,119,560	1,119,560	-	12.31%
12/31/19	1,380,924	1,380,924	-	9.99%
12/31/20	1,568,169	1,568,169	-	10.33%

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See independent auditors' report and accompanying notes to required supplementary information

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CONTRIBUTIONS
CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
 For the Year Ended December 31, 2020

Fiscal Year Ending Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
12/31/15	\$ 293,632	\$ 293,632	\$ -	\$ 1,792,628	16%
12/31/16	339,927	339,927	-	1,876,995	18%
12/31/17	302,518	302,518	-	1,853,074	16%
12/31/18	233,559	1,133,559	(900,000)	1,792,628	63%
12/31/19	251,009	251,009	-	1,776,639	14%
12/31/20	255,552	256,000	(448)	1,731,027	15%

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
 For the Year Ended December 31, 2020

	2015	2016	2017	2018	2019	2020
Total Pension Liability						
Service Costs	\$ 185,130	\$ 180,074	\$ 182,107	\$ 181,890	\$ 161,806	\$ 157,837
Interest on the Total Pension Liability	551,650	603,514	606,747	651,297	675,093	682,710
Benefit Charges					(656,529)	
Difference between Expected and Actual Experience	527,384	(460,357)	425,998	(154,963)	149,778	(466,918)
Assumption Changes	213,402	12,332	709,323	(203,418)	1,303,694	(615,012)
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)
Net Change in Total Pension Liability	1,246,391	95,702	1,600,492	104,877	1,199,034	(730,592)
Total Pension Liability - Beginning	7,022,369	8,288,760	8,384,462	9,984,954	10,069,831	11,268,865
Total Pension Liability - Ending	\$ 8,268,760	\$ 8,384,462	\$ 9,984,954	\$ 10,069,831	\$ 11,268,865	\$ 10,538,273
Plan Fiduciary Net Position						
Employer Contributions	293,632	339,927	302,518	1,133,559	251,009	256,000
Pension Plan Net Investment Income	377,842	(41,577)	409,272	1,372,321	(363,990)	1,724,318
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)
Pension Plan Administrative Expense	(27,941)	(22,802)	(20,307)	(31,410)	(28,890)	(25,806)
Other	-	-	-	-	(4,594)	-
Net Change in Plan Fiduciary Net Position	452,158	35,687	385,018	2,104,324	(581,233)	1,485,303
Plan Fiduciary Net Position - Beginning	6,704,912	7,157,070	7,192,757	7,587,775	7,587,775	9,110,866
Plan Fiduciary Net Position - Ending	\$ 7,157,070	\$ 7,192,757	\$ 7,587,775	\$ 9,692,099	\$ 9,110,866	\$ 10,596,169
Net Pension Liability (Asset) Ending	\$ 1,111,690	\$ 1,171,705	\$ 2,377,179	\$ 377,732	\$ 2,157,999	\$ (57,896)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87%	86%	76%	96%	81%	101%
Covered Payroll	\$ 1,792,628	\$ 1,876,995	\$ 1,853,074	\$ 1,792,628	\$ 1,776,639	\$ 1,731,027
Net Pension Liability as a Percentage of Covered Payroll	62%	62%	128%	21%	121%	-3%

See independent auditors' report and accompanying notes to required supplementary information.

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

OPEB PLAN

For the Year Ended December 31, 2020

	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 223,719	\$ 238,261	\$ 210,159	\$ 223,819
Interest on the Total OPEB Liability	489,875	509,975	516,342	557,865
Differences between Expected and Actual Experience	-	-	132,200	-
Assumption Changes	-	-	208,654	-
Benefit Payments	(41,800)	(622,193)	(442,196)	(469,392)
Net Change in Total OPEB Liability	294,689	125,043	625,159	312,292
Total OPEB Liability - Beginning	7,312,825	7,607,514	7,739,597	8,358,716
Total OPEB Liability - Ending	\$ 7,607,514	\$ 7,739,557	\$ 8,358,716	\$ 8,671,008
Plan Fiduciary Net Position				
Employer Contributions	422,684	444,364	377,172	719,788
Employee Contributions	91,969	128,294	215,296	146,308
OPEB Plan Net Investment Income	673,624	(294,824)	1,159,084	421,249
Benefit Payments	(500,350)	(622,193)	(442,196)	(469,392)
Deferred Inflows	-	-	-	438,201
Net Change in Plan Fiduciary Net Position	687,927	(344,359)	1,309,356	1,256,154
Plan Fiduciary Net Position - Beginning	4,885,836	5,573,763	5,229,404	6,538,760
Plan Fiduciary Net Position - Ending	\$ 5,573,763	\$ 5,229,404	\$ 6,538,760	\$ 7,794,914
Net OPEB Liability Ending	\$ 2,033,751	\$ 2,504,153	\$ 1,819,956	\$ 876,094
Plan Fiduciary	73%	68%	78%	90%
Covered Payroll	\$ 13,879,896	\$ 14,188,222	\$ 14,300,000	\$ 14,300,000
Net OPEB Liability as a Percentage of Covered Payroll	15%	18%	13%	6%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CONTRIBUTIONS

OPEB PLAN

For the Year Ended December 31, 2020

	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 422,684	\$ 441,859	\$ 377,172	\$ 394,788
Actual Contribution	422,684	444,364	377,172	719,788
Contribution Deficiency (Excess)	\$ -	\$ (2,505)	\$ -	\$ (325,000)
Covered Payroll	\$ 13,879,896	\$ 14,188,222	\$ 14,300,000	\$ 14,300,000
Actual Contribution as a Percentage of Covered Payroll	3%	3%	3%	5%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF FRANKLIN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2020

NOTE 1 – PRESENTATION

The City is required to present the last ten years of data on each schedule; however, the standards allow the City to present as many years as are available until ten years are presented.

NOTE 2 – WISCONSIN RETIREMENT SYSTEM

The data presented in the Schedule of Proportionate Share of the Net Pension Liability (Asset) for the Wisconsin Retirement System was taken from the reports issued by the Wisconsin Retirement System.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. There were no changes in the assumptions.

NOTE 3 – CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN

The data presented in the Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Contributions for the City of Franklin Defined Benefit Retirement Income Plan was taken from the reports issued by the actuary.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. There were no changes in the assumptions.

NOTE 4 – OPEB PLAN

The data presented in the Schedule of Changes in Net OPEB Liability and Related Ratios and the Schedule of Contributions for the City of Franklin Post Employment Benefit Trust was taken from the reports issued by the actuary.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

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.

Tourism Commission – The State mandated that certain portions of the Hotel Tax be dedicated for tourism promotion. The Common Council formed a Tourism Commission which determines how those funds are spent.

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.

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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 landfill siting fees) 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 landfill siting revenues, 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 landfill siting fees and a portion of General Transportation Aids and an every other year local road improvement grant from the State.

Utility Improvement Fund – This fund is used to account for water and sewer connection fees and special assessments 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
 As of December 31, 2026

	Library Operating Fund	Library Auxiliary Fund	Solid Waste Collection Fund	St. Martin's Fair Fund	Special Revenue Funds					Total	
					Devolon Fund	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	Grant Fund		
ASSETS											
Cash and investments	\$ 547,196	\$ 140,842	\$ 815,575	\$ 3,636	\$ 241,256	\$ 69,668	\$ 448,905	\$ 224,650	\$ 2,461,628		
Receivables			1,645						68,609		
Accounts	1,337,200		1,548,035				32,832		2,918,067		
Due from other governments	45,595								45,595		
Total assets	\$ 1,929,991	\$ 140,842	\$ 2,365,255	\$ 3,636	\$ 241,256	\$ 69,668	\$ 481,737	\$ 321,505	\$ 5,563,700		
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts payable	\$ 42,289	\$ -	\$ 404,598	\$ -	\$ 5,520	\$ 300	\$ 62,787	\$ 48,129	\$ 594,021		
Accounts receivable	41,163	80	464,813		5,520	300	92,707	48,129	598,602		
Total liabilities											
DEFERRED INFLOWS OF RESOURCES											
Unearned revenue	1,337,200		1,548,035						2,885,235		
FUND BALANCES											
Restricted:											
Civilians					235,736				235,736		
Health services								272,376			
Library services	548,628	140,782	412,407						689,300		
Solid waste				3,636					412,007		
Tourism services						69,268			388,940		
Tourism Commission	548,628	140,782	412,407	3,636	235,736	69,268	388,940	272,376	2,071,153		
Total fund balances											
Total liabilities, deferred inflows and fund balances	\$ 1,929,991	\$ 140,842	\$ 2,365,255	\$ 3,636	\$ 241,256	\$ 69,668	\$ 481,737	\$ 321,505	\$ 5,563,700		(Continued)

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CITY OF FRANKLIN, WISCONSIN
 Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2020

	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	Special Revenue Funds			Tourism Commission Fund	Grant Fund	Total
				St. Martin's Fair Fund	Donation Celebrations Fund	Civic Fund			
REVENUE									
Inter-governmental revenue	\$ 1,340,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,340,600
Public charges for services	45,695	5,149	1,893,329	-	-	-	1,059,037	-	1,958,171
Investment earnings	20,000	13,404	16,344	-	-	-	2,633	-	34,084
Miscellaneous revenue	13,404	32,477	2,002	-	-	-	500	14,203	152,693
Total revenue	1,419,499	39,339	1,970,509	103,511	103,511	-	35,000	1,073,240	4,646,152
EXPENDITURES									
Current:									
General government	-	-	-	-	-	-	-	-	44,700
Public safety	-	-	-	149	-	-	-	-	599,539
Public works	-	-	2,013,227	-	-	-	-	-	11,147
Human resources	-	-	-	-	-	-	-	-	3,714
Culture and recreation	1,314,671	37,942	-	-	8,048	-	-	-	8,790
Conservation and development	-	-	-	-	-	-	6,429	-	6,429
Capital outlay	119,627	8,090	2,013,227	-	-	-	109,596	28,528	265,821
Total expenditures	1,434,298	46,022	2,013,227	29,117	8,048	-	116,015	999,425	4,646,152
Excess (deficiency) of revenue over expenditures	(14,799)	(6,683)	(42,718)	74,394	(8,048)	-	(81,011)	73,815	(6,050)
Fund balances - beginning	563,427	147,445	455,125	3,636	161,342	-	469,951	198,951	2,076,803
Fund balances - ending	\$ 548,628	\$ 140,762	\$ 412,407	\$ 3,636	\$ 235,736	\$ -	\$ 388,940	\$ 272,376	\$ 2,071,753

(Continued)

CITY OF FRANKLIN, WISCONSIN
 Combining Balance Sheet
 Nonmajor Governmental Funds
 As of December 31, 2020

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Utility Improvement Fund	
ASSETS					
Investments	\$ 768,627	\$ 2,435,786	\$ 2,016,864	\$ 602,990	\$ 5,122,360
Receivables	-	-	737,130	-	737,130
Accounts	5,100	-	-	69,763	74,863
Inventory	266,000	-	-	266,514	532,514
Fixed assets	-	-	-	4,245,000	4,245,000
Due from other governments	-	-	-	-	-
Long-term advances	-	-	-	-	-
Total assets	\$ 1,039,727	\$ 2,435,786	\$ 2,759,994	\$ 602,990	\$ 18,886,548
LIABILITIES AND FUND BALANCES					
Accounts payable	\$ 81,484	\$ 45,950	\$ 223,201	\$ -	\$ 350,635
Accrued liabilities	-	-	-	475,603	475,603
Total liabilities	\$ 81,484	\$ 45,950	\$ 223,201	\$ 475,603	\$ 826,238
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	-	-	508,000	269,514	776,514
Total Unavailable and Unearned Revenue	296,000	-	508,000	269,514	1,073,514
FUND BALANCES					
Restricted:					
Utility improvements	-	-	-	2,386,177	2,386,177
Health services	-	-	-	8,891,715	8,891,715
Donations	-	-	-	-	-
Health services	-	-	-	-	-
Library services	-	-	-	-	-
Library services	-	-	-	-	-
Recreational services	-	-	-	-	-
Tourism Commission	-	-	-	-	-
Assigned:					
Capital projects	692,243	2,389,836	2,022,793	602,990	5,707,862
Total fund balances	692,243	2,389,836	2,022,793	602,990	16,987,754
Total liabilities, deferred inflows and fund balances	\$ 1,039,727	\$ 2,435,786	\$ 2,759,994	\$ 602,990	\$ 18,886,548

CITY OF FRANKLIN, WISCONSIN

General Fund
 Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
TAXES					
General property taxes	\$ 19,015,200	\$ -	\$ 19,015,200	\$ 19,015,333	\$ 133
Water Utility - tax equivalent	1,050,000	-	1,050,000	1,003,388	(46,612)
Cable TV franchise fees	480,000	-	480,000	441,950	(38,050)
Hotel/Room Tax	175,400	-	175,400	175,400	-
Mobile home assessments	21,000	-	21,000	18,157	(2,843)
	20,741,600	-	20,741,600	20,654,228	(87,372)

INTERGOVERNMENTAL REVENUE

State shared revenue	502,000	-	502,000	553,060	51,060
State expenditure restraint revenue	150,000	-	150,000	118,805	(31,395)
Fire insurance - dues	165,000	-	165,000	175,674	10,674
Local, state and federal grants and aids	-	-	-	228,000	228,001
Computer aid	228,000	-	228,000	228,051	51
Transportation aids	535,000	-	535,000	534,980	(20)
Personal Property Aids	95,600	-	95,600	77,988	(17,612)
Video Service Provider Aids	-	-	-	50,004	50,004
Other	70,800	-	70,800	51,772	(19,028)
	1,746,400	-	1,746,400	1,790,134	43,734

LICENSES, FEES AND PERMITS

Licenses:					
Beer and liquor	31,400	-	31,400	31,606	206
Bar tenders	16,500	-	16,500	16,605	105
Amusement and related	9,800	-	9,800	11,335	1,535
Peddlers	4,650	-	4,650	3,597	(1,053)
Food and related	4,200	-	4,200	5,231	1,031
Dog and cat	9,300	-	9,300	9,820	520
Health	76,100	-	76,100	78,432	2,332
Other	12,550	-	12,550	22,795	10,245
Permits:					
Building	500,000	-	500,000	530,488	30,488
Electrical	100,000	-	100,000	174,396	74,396
Plumbing	90,000	-	90,000	124,634	34,634
Sign	12,000	-	12,000	14,329	2,329
Park	18,900	-	18,900	10,657	(8,243)
Fire	4,000	-	4,000	3,600	(400)
Other	16,300	-	16,300	23,953	7,653
	905,700	-	905,700	1,061,488	155,788

FINES, FORFEITURES AND PENALTIES

	546,000	-	546,000	390,124	(155,876)
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(Continued)

Schedule 2
 (Continued)

CITY OF FRANKLIN, WISCONSIN
 Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2020

	Capital Projects Funds					Total Nonmajor Governmental Funds
	Capital Equipment Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund	
REVENUE						
Taxes	\$ 295,700	\$ -	\$ -	\$ -	\$ -	\$ 295,700
Intergovernmental revenue	18,573	187,106	868,993	-	-	1,074,672
Public charges for services	472,300	400,000	878,313	350,015	-	2,100,628
Special assessments	-	-	-	167,773	1,230,313	1,398,086
Investment earnings	10,544	59,471	7,942	25,607	137,294	299,879
Miscellaneous revenue	22,205	-	-	-	-	22,205
Total revenue	819,322	646,577	1,502,399	193,380	1,367,607	5,796,235
EXPENDITURES						
Current:						
General government	-	-	-	-	27,769	27,769
Public safety	-	-	-	-	-	588,507
Health and human services	-	-	-	-	-	2,024,374
Conservation and development	-	-	-	-	-	1,389,461
Capital outlay	722,791	806,366	2,395,669	1,130,167	580,045	5,635,038
Total expenditures	722,791	806,366	2,395,669	1,130,167	607,814	10,308,959
Excess (deficiency) of revenue over expenditures	96,531	(159,789)	(893,270)	93,380	759,793	93,428
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	55,622	21,563	-	-	-	77,185
Transfers in	48,379	-	903,597	-	(701,637)	951,966
Total other financing sources (uses)	104,001	21,563	903,597	-	(701,637)	327,614
Net change in fund balances	200,532	(138,226)	10,317	96,783	58,256	415,992
Fund balances - beginning	491,711	2,528,062	2,012,476	506,207	2,194,797	8,833,459
Fund balances - ending	\$ 692,243	\$ 2,389,836	\$ 2,022,793	\$ 2,388,177	\$ 8,891,715	\$ 19,059,907

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CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
PUBLIC CHARGES FOR SERVICES					
General government					
Property reports and document fees	\$ 12,400	\$ -	\$ 12,400	\$ 12,469	\$ 69
Public safety	800	-	800	785	(17)
Police Department and related	6,800	50,000	56,800	13,088	(43,712)
Ambulance services	1,350,000	-	1,350,000	1,129,907	(220,093)
Fire Department and related	61,000	-	61,000	13,296	(47,704)
Quarry reimbursement	43,000	-	43,000	50,345	7,345
Weights and measures	7,600	-	7,600	8,395	795
Public works					
Weed cutting	7,000	-	7,000	3,991	(3,009)
Street lighting	10,000	-	10,000	8,853	(1,147)
Engineering and DPW fees	323,500	252,600	576,100	549,441	(26,659)
Landfill lippage fees	518,000	(238,000)	280,000	267,344	(12,656)
Health and human services					
Health clinics and other health fees	114,400	-	114,400	40,648	(73,752)
Conservation and development					
Zoning, subdivision and other filing fees	72,800	-	72,800	74,420	1,620
	2,527,300	64,600	2,591,900	2,172,980	(418,920)
INTERGOVERNMENTAL CHARGES FOR SERVICES	182,000	-	182,000	183,423	1,423
INVESTMENT EARNINGS	343,580	-	343,580	317,064	(26,516)
MISCELLANEOUS REVENUE					
Municipal property rental	50,000	-	50,000	83,518	33,518
Property sales	10,750	-	10,750	14,379	3,629
Refunds and reimbursements	35,000	-	35,000	54,199	19,199
Insurance dividend	40,000	-	40,000	58,683	18,683
Other revenue	1,000	-	1,000	196	(804)
	136,750	-	136,750	210,975	74,225
Total Revenues	\$ 27,129,330	\$ 64,600	\$ 27,193,930	\$ 26,780,416	\$ (413,514)

1. Unexpected Engineering Inspection services resources

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
CURRENT					
General Government					
Mayor - Personnel Services	\$ 18,482	\$ 25	\$ 18,507	\$ 18,487	\$ 20
Mayor - Other Services	7,850	(25)	7,825	6,025	1,800
Aldermen - Personnel Services	47,409	-	47,409	47,403	6
Aldermen - Other Services	25,651	-	25,651	22,481	3,170
Municipal court - Personnel Services	193,490	-	193,490	188,068	5,422
Municipal court - Other Services	19,625	-	19,625	15,709	3,916
City clerk - Personnel Services	353,001	-	353,001	330,949	22,052
City clerk - Other Services	27,200	-	27,200	19,517	7,683
Elections - Personnel Services	70,404	-	70,404	77,959	(7,555)
Elections - Other Services	16,500	2,062	18,562	11,132	7,430
Information services - Personnel Services	131,451	105,000	236,451	130,927	105,524
Information services - Other Services	429,878	324,884	754,762	520,952	233,810
Administration - Personnel Services	14,653	-	14,653	28,819	(14,166)
Administration - Other Services	139,655	20,000	159,655	148,879	10,776
Finance - Personnel Services	419,877	(7,600)	412,277	404,363	7,914
Finance - Other Services	115,710	7,600	123,310	124,008	(698)
Independent Audit	30,050	11,000	41,050	36,480	4,570
Assessor - Other Services	233,350	-	233,350	230,743	2,607
Legal counsel	357,000	-	357,000	287,565	69,435
Municipal buildings - Personnel Services	114,001	40,000	154,001	111,927	42,074
Municipal buildings - Other Services	117,515	147,899	265,414	245,272	20,142
Refunded Taxes	27,500	-	27,500	-	27,500
Property and liability insurance	95,850	-	95,850	89,748	6,102
Anticipated Underexpenditure	(315,000)	-	(315,000)	-	(315,000)
Contingency	125,000	(64,278)	60,722	-	60,722
Total General Government	3,202,982	136,689	3,339,671	3,078,205	261,466
Public Safety					
Police - Personnel Services	7,970,358	50,000	8,020,358	7,714,579	305,779
Police - Other Services	1,226,530	11,138	1,237,668	1,038,129	199,539
Dispatch - Personnel Services	1,197,247	-	1,197,247	1,147,151	50,096
Fire - Personnel Services	6,286,453	-	6,286,453	5,943,165	343,288
Fire - Other Services	267,000	722	267,722	267,722	-
Fire - Other Services charge	283,300	-	283,300	279,995	3,305
Building inspection - Personnel Services	768,635	78,300	846,935	738,213	10,742
Building inspection - Other Services	140,335	80,488	220,823	134,314	86,509
Scales of weights and measures	7,600	-	7,600	7,600	-
Total Public Safety	18,446,978	220,648	18,667,626	17,499,307	1,168,319

1. Re-allocation of Contingency appropriations for Pandemic expenditures
2. Council authorized use of 2019 surplus as one time contribution to employee benefit plans - to address underfunded status
3. Transfer for open staff positions funded by Professional services
4. Un-used assistance to City of Milwaukee for cancelled special event.

(Continued)

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

CITY OF FRANKLIN, WISCONSIN
Debt Service Fund
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
CURRENT					
Public Works					
Engineering - Personnel Services	\$ 590,261	\$ -	\$ 590,261	\$ 538,588	\$ 51,673
Engineering - Other Services	342,820	240,000	582,820	581,501	1,319
Highway - Personnel Services	1,974,746	515,000	2,489,746	1,892,905	596,841
Highway - Other Services	890,800	90,108	980,908	903,973	76,935
Street lighting	346,000	-	346,000	325,273	20,727
Weed control	7,050	-	7,050	3,662	3,388
Total Public Works	4,151,677	845,108	4,996,785	4,245,902	750,883
Health and Human Services					
Public health - Personnel Services	628,585	-	628,585	558,154	70,431
Public health - Other Services	65,250	-	65,250	60,133	5,117
Animal control	43,800	2,000	45,800	45,687	113
Total Health and Human Services	737,635	2,000	739,635	663,974	75,661
Culture and Recreation					
Senior activities and travel program	24,000	-	24,000	3,280	20,720
Parks - Personnel Services	119,998	115,000	234,998	230,253	4,745
Parks - Other Services	66,450	7,385	73,835	39,397	34,438
Total Culture and Recreation	210,448	122,385	332,833	292,930	39,903
Conservation and Development					
Planning - Personnel Services	359,680	-	359,680	352,347	6,333
Planning - Other Services	27,490	44,000	71,490	64,131	7,359
Economic development - Personnel Services	126,770	-	126,770	124,863	1,907
Economic development - Other Services	59,000	8,000	67,000	(1,471)	68,471
Total Conservation and Development	619,400	52,000	671,400	569,890	101,510
Total Expenditures	27,369,120	1,378,830	28,747,950	26,350,208	2,397,742
Transfers to Other Funds	524,000	48,379	572,379	48,379	524,000
Total Expenditures and Transfers Out	\$ 27,893,120	\$ 1,427,209	\$ 29,320,329	\$ 26,398,587	\$ 2,921,742

1. Re-allocation of Contingency appropriations for Pandemic expenditures
2. Council authorized use of 2019 surplus as one time contribution to employee benefit plans - to address underfunded status
3. Transfer labor from Highway to Parks for shared staffing costs
- 4 - Professional Services charged to Developers
- 5 - Shared Labor costs between Highway and Parks

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE					
Taxes	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -
Special assessments	65,000	-	65,000	17,853	(47,147)
Investment earnings	12,000	-	12,000	19,726	7,726
Total revenue	1,177,000	-	1,177,000	1,137,579	(39,421)
EXPENDITURES					
Debt service					
Principal	1,387,500	38,000	1,425,500	1,425,000	500
Interest	200,272	(38,000)	162,272	152,218	10,054
Total expenditures	1,587,772	-	1,587,772	1,577,218	10,554
Excess (deficiency) of revenue over expenditures	(410,772)	-	(410,772)	(439,639)	(28,867)
OTHER FINANCING SOURCES (USES)					
Transfers in	453,682	-	453,682	397,950	(55,732)
Transfers out	(600,000)	-	(600,000)	(600,000)	-
Total other financing sources (uses)	(146,318)	-	(146,318)	(202,050)	(55,732)
Net change in fund balances	\$(557,090)	\$ -	\$(557,090)	(641,689)	\$(84,599)
Fund balances - beginning				1,118,560	
Fund balances - ending				\$ 476,871	

CITY OF FRANKLIN, WISCONSIN
 Special Revenue Funds
 Schedule of Revenue, and Expenditures and Changes in Fund Balances -
 Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	Solid Waste Fund			St Martin's Fair Fund		
	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Taxes	\$ 69,000	\$ 68,834	\$ (166)	\$ -	\$ -	\$ -
Intergovernmental revenue	1,889,349	1,883,329	(6,020)	27,000	-	(27,000)
Public charges for services	20,000	16,344	(3,656)	-	-	-
Licenses and permits	1,500	2,002	502	-	-	-
Investment earnings	-	-	-	-	-	-
Miscellaneous revenue	1,989,848	1,970,509	(19,340)	27,000	-	(27,000)
Total revenue						
EXPENDITURES						
Current:						
Public works	1,971,287	2,013,227	(41,940)	57,866	-	57,866
Culture and recreation	-	-	-	57,866	-	57,866
Total expenditures	1,971,287	2,013,227	(41,940)	115,732	-	115,732
Excess (deficiency) of revenue over (under) expenditures	18,562	(42,718)	(61,280)	(30,866)	-	30,866
OTHER FINANCING SOURCES						
Transfers in	-	-	-	11,000	-	(11,000)
Net change in fund balances	\$ 18,562	(42,718)	(61,280)	\$ (19,866)	\$ -	\$ 19,866
Fund balances (deficit) - beginning	-	455,125	-	-	3,656	-
Fund balances - ending						
		\$ 412,407			\$ 3,656	

CITY OF FRANKLIN, WISCONSIN
 Special Revenue Funds
 Schedule of Revenue, and Expenditures and Changes in Fund Balances -
 Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	Library Operating Fund			Library Auxiliary Fund		
	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Taxes	\$ 1,340,500	\$ 1,340,500	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	60,000	45,595	(14,405)	10,000	5,149	(4,851)
Public charges for services	15,000	13,404	(1,596)	100	1,713	1,613
Investment earnings	-	-	-	58,400	32,477	(25,923)
Miscellaneous revenue	-	-	-	-	-	-
Total revenue	1,415,500	1,419,499	3,999	68,500	39,339	(29,161)
EXPENDITURES						
Current:						
Culture and recreation	1,312,619	1,314,671	(2,052)	52,100	37,942	14,158
Capital outlay	154,000	121,142	32,858	16,400	8,060	8,340
Total expenditures	1,466,619	1,435,813	30,806	68,500	46,002	22,498
Excess (deficiency) of revenue over (under) expenditures	(51,119)	(16,314)	34,805	-	(6,663)	(6,663)
Net change in fund balances - budgetary basis	\$ (51,119)	(16,314)	34,805	\$ -	(6,663)	(6,663)
Adjustments to generally accepted accounting principles basis						
2020 encumbrances	-	1,515	-	-	-	-
Net change in fund balances - principles basis						
generally accepted accounting principles basis						
Fund balances (deficit) - beginning						
Net change in fund balances - budgetary basis						
Fund balances (deficit) - beginning						
Fund balances - ending						
		\$ 588,628			\$ 140,762	

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Grant Fund				Tourism Commission				Variance with Prior Year (Excess (Deficiency))
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original Budget	Change Inc (Dec)	Final Budget	Actual	
REVENUE									
Intergovernmental revenue	\$ 254,750	\$ 650,000	\$ 904,750	\$ 1,059,037	\$ -	\$ -	\$ 210,179	\$ 31,871	\$ (178,308)
Taxes	-	-	-	154,287	-	-	-	-	2,833
Miscellaneous revenue	2,080	-	2,080	14,203	-	-	-	-	500
Total revenue	256,830	650,000	906,830	1,073,240	210,179	-	210,179	35,004	(175,175)
EXPENDITURES									
Current:									
General Government	6,000	570,000	576,000	41,700	-	-	-	-	5,300
Public works	15,000	15,000	30,000	49,200	-	-	-	-	16,440
Health and human services	298,054	70,000	368,054	346,721	-	-	-	-	3,853
Culture and recreation	-	-	-	8,790	-	-	-	-	19,333
Capital outlay	25,000	-	25,000	28,528	439,000	(108,620)	330,371	30,482	299,889
Total expenditures	327,054	705,000	1,032,054	869,425	439,000	(108,620)	440,371	140,068	300,333
Excess (Deficiency) of Revenue over (Under) Expenditures	(70,224)	(55,000)	(125,224)	73,815	(228,821)	(1,371)	(230,192)	(105,064)	125,128
Net change in fund balances - budgetary basis									
Adjustments to generally accepted accounting principles - 2019 encumbrances								(1,371)	25,424
2020 encumbrances									
Net change in fund balances - generally accepted accounting principles basis									(81,011)
Fund balances - beginning									469,951
Fund balances - ending									\$ 388,940

1 - Encumbrance from prior year

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Donations Fund				Chic Celebrations Fund				Variance with Prior Year (Excess (Deficiency))
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Original Budget	Change Inc (Dec)	Final Budget	Actual	
REVENUE									
Public services	\$ 11,000	\$ 15,000	\$ 26,000	\$ 103,511	\$ 85,000	\$ -	\$ 85,000	\$ -	\$ (85,000)
Miscellaneous revenue	-	-	-	77,511	21,000	-	21,000	-	(21,000)
Total revenue	11,000	15,000	26,000	181,022	106,000	-	106,000	-	(106,000)
EXPENDITURES									
Current:									
General Government	68,950	-	68,950	149	-	-	-	-	(149)
Public Safety	-	-	-	30,982	-	-	-	-	30,982
Culture and recreation	15,000	-	15,000	-	104,628	8,048	96,480	-	96,480
Total expenditures	83,950	-	83,950	180,911	104,628	8,048	96,480	-	96,480
Excess (deficiency) of revenue over (under) expenditures	(72,950)	15,000	(57,950)	74,394	1,372	(8,048)	(8,528)	-	(8,528)
Transfers in	-	-	-	-	13,000	-	13,000	-	(13,000)
Net change in fund balances	(57,950)	15,000	(42,950)	74,394	14,472	(8,048)	14,472	77,316	(22,520)
Fund balances - beginning									161,342
Fund balances - ending									\$ 235,228

(Continued)

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Capital Improvement Fund			Street Improvement Fund			Variance with Original Budget - (Deficiency)		
	Original Budget	Change Inc (Dec)	Final Budget	Original Budget	Change Inc (Dec)	Final Budget	Original Budget	Change Inc (Dec)	Final Budget
REVENUE									
Intergovernmental revenue	\$ 500,000	\$ 943,000	\$ 1,443,000	\$ 845,000	\$ -	\$ 845,000	\$ 845,000	\$ 866,983	\$ 23,983
Public charges for services - Landfill siting	722,000	(942,000)	180,000	348,500	(18,500)	330,000	350,000	300,015	15
Investment earnings (loss)	25,000	-	25,000	25,000	-	25,000	25,000	25,000	-
Miscellaneous revenue	1,247,000	401,000	1,648,000	1,247,000	(18,500)	1,228,500	1,247,000	1,228,500	(18,500)
Total revenue	4,894,000	1,782,000	6,676,000	4,894,000	187,000	5,081,000	4,894,000	5,081,000	187,000
EXPENDITURES									
Capital outlay	4,850,000	1,782,000	6,632,000	4,850,000	187,000	5,037,000	4,850,000	5,037,000	187,000
Total expenditures	4,850,000	1,782,000	6,632,000	4,850,000	187,000	5,037,000	4,850,000	5,037,000	187,000
Excess (deficiency) of revenue over expenditures	(8,000)	(1,000)	(9,000)	(8,000)	187,000	44,000	44,000	44,000	187,000
OTHER FINANCING SOURCES									
Transfers in	2,841,500	71,400	2,912,900	2,841,500	-	2,841,500	2,841,500	2,841,500	-
Net change in fund balances - budgetary basis	\$ (831,500)	\$ (1,290,000)	\$ (2,121,500)	\$ (831,500)	\$ (206,439)	\$ (288,336)	\$ (288,336)	\$ 200,466	\$ 488,622
Adjustments to generally accepted accounting principles basis									
2019 encumbrances								(103,703)	
2020 encumbrances								96,783	
Net change in fund balances - generally accepted accounting principles basis								\$ 596,267	
Fund balances - beginning									
Fund balances - ending									
1 - Encumbrances									
2 - Restricted Landfill Siting Resources									
3 - Encumbrances and Carryovers									

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Capital Outlay Fund			Equipment Replacement Fund			Variance with Original Budget - (Deficiency)		
	Original Budget	Change Inc (Dec)	Final Budget	Original Budget	Change Inc (Dec)	Final Budget	Original Budget	Change Inc (Dec)	Final Budget
REVENUE									
Intergovernmental revenue	\$ 298,700	\$ 39,900	\$ 338,600	\$ 298,700	\$ -	\$ 298,700	\$ 298,700	\$ 338,500	\$ 39,800
Public charges for services - Landfill siting	483,900	(8,900)	475,000	472,300	(2,700)	469,600	472,300	466,900	(5,400)
Investment earnings (loss)	7,800	-	7,800	7,800	-	7,800	7,800	7,800	-
Miscellaneous revenue	793,400	49,125	842,525	819,322	(23,203)	796,119	819,322	772,917	(46,405)
Total revenue	1,583,800	80,125	1,663,925	1,598,122	(25,603)	1,572,519	1,598,122	1,572,519	(25,603)
EXPENDITURES									
Capital outlay	989,350	190,027	1,179,377	827,682	351,795	1,179,477	827,682	1,179,477	351,795
Total expenditures	989,350	190,027	1,179,377	827,682	351,795	1,179,477	827,682	1,179,477	351,795
Excess (deficiency) of revenue over expenditures	594,450	(109,902)	484,548	770,440	(377,397)	393,042	770,440	393,042	(377,397)
OTHER FINANCING SOURCES									
Transfers in	25,000	48,379	73,379	48,379	-	48,379	48,379	48,379	-
Net change in fund balances - budgetary basis	\$ (170,850)	\$ (62,523)	\$ (233,373)	\$ (170,850)	\$ (514,742)	\$ (693,242)	\$ (170,850)	\$ (205,150)	\$ (461,588)
Adjustments to generally accepted accounting principles basis									
2019 encumbrances								(83,823)	
2020 encumbrances								156,414	
Net change in fund balances - generally accepted accounting principles basis								72,591	
Fund balances - beginning									
Fund balances - ending									
1 - Encumbrances									
2 - Carryovers of 2019 Budget									
3 - Restricted Landfill Siting Resources									

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Capital Outlay Fund			Equipment Replacement Fund			Variance with Original Budget - (Deficiency)		
	Original Budget	Change Inc (Dec)	Final Budget	Original Budget	Change Inc (Dec)	Final Budget	Original Budget	Change Inc (Dec)	Final Budget
REVENUE									
Intergovernmental revenue	\$ 298,700	\$ 39,900	\$ 338,600	\$ 298,700	\$ -	\$ 298,700	\$ 298,700	\$ 338,500	\$ 39,800
Public charges for services - Landfill siting	483,900	(8,900)	475,000	472,300	(2,700)	469,600	472,300	466,900	(5,400)
Investment earnings (loss)	7,800	-	7,800	7,800	-	7,800	7,800	7,800	-
Miscellaneous revenue	793,400	49,125	842,525	819,322	(23,203)	796,119	819,322	772,917	(46,405)
Total revenue	1,583,800	80,125	1,663,925	1,598,122	(25,603)	1,572,519	1,598,122	1,572,519	(25,603)
EXPENDITURES									
Capital outlay	989,350	190,027	1,179,377	827,682	351,795	1,179,477	827,682	1,179,477	351,795
Total expenditures	989,350	190,027	1,179,377	827,682	351,795	1,179,477	827,682	1,179,477	351,795
Excess (deficiency) of revenue over expenditures	594,450	(109,902)	484,548	770,440	(377,397)	393,042	770,440	393,042	(377,397)
OTHER FINANCING SOURCES									
Transfers in	25,000	48,379	73,379	48,379	-	48,379	48,379	48,379	-
Net change in fund balances - budgetary basis	\$ (170,850)	\$ (62,523)	\$ (233,373)	\$ (170,850)	\$ (514,742)	\$ (693,242)	\$ (170,850)	\$ (205,150)	\$ (461,588)
Adjustments to generally accepted accounting principles basis									
2019 encumbrances								(83,823)	
2020 encumbrances								156,414	
Net change in fund balances - generally accepted accounting principles basis								72,591	
Fund balances - beginning									
Fund balances - ending									
1 - Encumbrances									
2 - Carryovers of 2019 Budget									
3 - Restricted Landfill Siting Resources									

CITY OF FRANKLIN, WISCONSIN
 Combining Balance Sheet
 As of December 31, 2020

	Northwestern Mutual District #3	Assumption Hospital District #4	Balcock Commons District #5	Lewis & Ryan District #6	Village District #7	Rest Development District #8	Total
ASSETS							
Cash and investments	\$ 1,164,562	\$ 1,100,460	\$ 444,650	\$ 3,526,359	\$ 424,467	\$ 69,430	\$ 6,729,948
Accounts receivable	-	-	25,264	-	-	-	25,264
Interest receivable	-	-	-	-	90,000	-	90,000
Taxes receivable	2,067,579	1,166,642	478,853	-	11,911	-	3,718,985
Note receivable	-	-	-	-	4,500,000	-	4,500,000
Total assets	\$ 3,232,141	\$ 2,261,102	\$ 948,767	\$ 3,526,359	\$ 5,026,368	\$ 69,430	\$ 15,062,197
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 865,126	\$ 120,884	\$ 157	\$ 747	\$ -	\$ 32,641	\$ 1,018,455
Unpaid utility bills	-	2,500,000	-	2,339,497	-	-	4,839,497
Advances from other funds	865,126	2,620,684	157	2,940,244	1,745,000	100,000	8,304,652
Total liabilities	\$ 2,067,579	\$ 1,160,642	\$ 478,853	\$ 2,940,244	\$ 1,745,000	\$ 132,641	\$ 8,304,652
Unpaid utility bills	2,067,579	1,160,642	478,853	-	4,650,000	-	8,304,652
Unpaid utility bills	-	-	-	-	11,911	-	11,911
Total deferred inflows of resources	\$ 2,067,579	\$ 1,160,642	\$ 478,853	\$ -	\$ 4,661,911	\$ -	\$ 8,304,652
FUND BALANCES (DEFICIT)							
Restricted	299,436	(1,520,424)	467,757	586,115	(1,320,513)	(63,211)	(363,880)
Unassigned (deficit)	299,436	(1,520,424)	467,757	586,115	(1,320,513)	(63,211)	(1,550,840)
Total fund balances (deficit)	\$ 598,872	\$ (3,040,848)	\$ 935,514	\$ 1,172,230	\$ (2,641,026)	\$ (126,422)	\$ (1,927,312)
Total liabilities, deferred inflows and fund balances	\$ 3,232,141	\$ 2,261,102	\$ 948,767	\$ 3,526,359	\$ 5,026,368	\$ 69,430	\$ 15,062,197

CITY OF FRANKLIN, WISCONSIN
 Capital Projects Fund
 Schedule of Revenues and Expenses in Fund Balances -
 Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	Development Fund			Utility Development Fund			Variance with Budget - Excess (Deficiency)
	Original Budget	Change Inc (Dec)	Actual	Original Budget	Change Inc (Dec)	Actual	
REVENUE							
Assessments	25,000	8,453	33,453	-	-	-	11,014
Investment earnings	120,000	-	120,000	94,600	(19,600)	75,000	197,773
Total revenue	2,253,320	-	2,253,320	27,900	(9,600)	18,000	25,607
EXPENDITURES							
General government	1,500,000	376,988	1,876,988	122,500	(29,500)	93,000	193,380
Capital outlay	1,500,000	376,988	1,876,988	122,500	(29,500)	93,000	193,380
Total expenditures	3,000,000	753,976	3,753,976	245,000	(59,000)	186,000	386,760
Excess of revenue over expenditures	(1,075,440)	(753,976)	(1,829,416)	(1,000,000)	-	(1,120,000)	-
OTHER FINANCING SOURCES (USES)							
Transfers out	(122,242)	(448,388)	(570,630)	(877,500)	(29,500)	(907,000)	(1,220,340)
Net change in fund balances - budgetary basis							
Adjustments to generally accepted accounting principles basis							
2019 encumbrances							
2020 encumbrances							
Net change in fund balances - beginning and accounting principle basis							
Fund balances - beginning							
Fund balances - ending							
1. Encumbrances & Carryovers of 2019 Budget							

CITY OF FRANKLIN, WISCONSIN
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2020

	District 3 - Northwestern Mutual			District 4 - Ascension Hospital			Variance with final budget - (deficiency)
	Original Budget	Change Inc/Dec	Final Budget	Original Budget	Change Inc/Dec	Final Budget	
REVENUE							
Intergovernmental revenue	\$ 1,403,000	\$ -	\$ 1,403,000	\$ 1,264,200	\$ -	\$ 1,264,200	\$ (138,800)
Investment earnings (loss)	507,500	-	507,500	48,900	-	48,900	4,600
Total revenue	1,910,500	-	1,910,500	1,313,100	-	1,313,100	(594,200)
EXPENDITURES							
General government	12,500	-	12,500	7,850	15,000	22,500	(2,714)
Public works	711,705	48,000	760,705	23,800	1,500,000	1,523,800	2,000
Capital outlay	865,000	-	865,000	700	700	1,400	2,000
Debt service	80,265	-	80,265	-	-	-	3,831,112
Interest	80,265	-	80,265	-	-	-	-
Total expenditures	1,729,735	48,000	1,777,735	31,350	1,505,700	1,537,700	4,600
Excess (deficiency) of revenue over expenditures	180,765	(48,000)	132,765	(1,042,600)	(1,505,700)	(224,600)	(5,200)
Other financing sources							
General obligation debt issued	-	-	-	1,366,310	(11,789,281)	(10,422,971)	(8,063,149)
Refunding debt issued	-	-	-	6,200,000	-	6,200,000	(820,000)
Premium (discount) on debt issued	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	7,566,310	(11,789,281)	(4,222,971)	(8,883,149)
Fund balances (deficit) - beginning	\$ 471,980	\$ (48,000)	\$ 423,980	\$ 407,528	\$ (11,454)	\$ 407,528	\$ (1,674,172)
Fund balances (deficit) - ending	\$ 299,436	\$ (1,520,024)	\$ (1,220,588)	\$ 467,757	\$ (586,115)	\$ (1,118,358)	\$ (1,559,840)

CITY OF FRANKLIN, WISCONSIN
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2020

	District 3 - Northwestern Mutual				District 4 - Ascension Hospital				Total
	Northwestern Mutual District #3	Bailpark Commons District #6	Loomis & Ryan District #5	Velo Village District #7	Bear Development District #8	Ascension Hospital District #4	Commons District #6	Ryan District #5	
REVENUE									
Intergovernmental revenue	\$ 1,403,748	\$ 1,212,692	\$ 812,921	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,427,361
Investment earnings (loss)	510,053	53,731	12,863	-	-	-	-	-	576,647
Total revenue	1,913,801	1,266,423	825,784	-	-	-	-	-	4,016,005
EXPENDITURES									
General government	7,300	12,286	17,045	29,941	10,129	9,373	86,074	86,074	168,808
Public works	760,705	465,510	2,305	167,721	23,133	23,133	658,669	658,669	1,603,276
Capital outlay	865,000	73,020	52,917	28,189	130,043	-	1,153,150	1,153,150	2,212,319
Debt service	-	6,449,311	-	-	186,663	-	1,417,306	1,417,306	8,052,280
Interest	80,265	-	13,480,000	-	-	-	14,145,000	14,145,000	28,770,265
Debt issuance costs	80,265	-	942,653	220,100	116,072	312	1,356,402	1,356,402	2,735,644
Total expenditures	1,813,270	6,927,807	14,575,203	8,023,126	4,793,564	63,211	35,897,763	35,897,763	68,171,443
Excess (deficiency) of revenue over expenditures	100,531	(6,661,384)	(13,752,419)	(7,995,529)	(4,683,521)	(63,211)	(31,594,591)	(31,594,591)	(24,155,438)
OTHER FINANCING SOURCES									
General obligation debt issued	-	-	-	3,045,000	-	-	3,045,000	3,045,000	3,045,000
Refunding debt issued	-	-	9,545,000	-	-	-	9,545,000	9,545,000	9,545,000
Premium (Discount) on debt issued	-	-	64,362	-	-	-	64,362	64,362	64,362
Total other financing sources (uses)	-	-	9,609,362	3,045,000	-	-	12,654,322	12,654,322	12,654,322
Fund balances (deficit) - beginning	\$ 407,526	\$ (5,588,364)	\$ (3,866,956)	\$ (4,855,735)	\$ (4,663,521)	\$ (63,211)	\$ (18,750,261)	\$ (18,750,261)	\$ (48,580,851)
Fund balances (deficit) - ending	\$ (105,099)	\$ (4,097,942)	\$ (4,465,713)	\$ (5,441,890)	\$ (3,343,008)	\$ -	\$ (17,195,421)	\$ (17,195,421)	\$ (40,928,902)

1. Development of Business Park delayed from prior year.

CITY OF FRANKLIN, WISCONSIN
 The Districts
 Schedule of Revenue, Expenditures and Changes in Fund Balances -
 Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	District 7 - Web Village			Variances with Final Budget - Excess (Deficiency)
	Original Budget	Change in the (Use)	Final Budget	
REVENUE				
Investment earnings (loss)	\$ -	\$ -	\$ -	\$ -
Total revenue	\$ 270,000	\$ -	\$ 270,000	\$ (139,957)
EXPENDITURES				
General government	19,500	-	19,500	5,191
Capital outlay	700	4,524,100	4,524,800	27,000
Debt service	-	170,000	170,000	166,663
Total expenditures	289,500	4,694,100	4,976,500	152,477
Excess (deficiency) of revenue over expenditures	(19,500)	(4,694,100)	(4,706,500)	(46,328)
Net change in fund balances - budgetary basis	\$(12,549)	\$(4,694,100)	\$(4,706,649)	\$(4,690,321)
Adjustments to generally accepted accounting principles basis				
2019 encumbrances				(6,100)
2020 encumbrances				5,800
Net change in fund balances - generally accepted accounting principles basis				(4,690,621)
Fund balances - beginning				3,343,008
Fund balances (deficit) - ending				\$ (1,320,513)

CITY OF FRANKLIN, WISCONSIN
 The Districts
 Schedule of Revenue, Expenditures and Changes in Fund Balances -
 Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	District 8 - Lomita & Ryan Roads			Variances with Final Budget - Excess (Deficiency)
	Original Budget	Change in the (Use)	Final Budget	
REVENUE				
Taxes	\$ 750,000	\$ 815,921	\$ 1,565,921	\$ 815,921
Investment earnings (loss)	1,000	51,917	52,917	(4,201)
Total revenue	751,000	867,838	1,618,838	(4,201)
EXPENDITURES				
General government	38,000	5,188	43,188	709
Capital outlay	700	7,800	8,500	812
Debt service	3,000,000	6,000,000	9,000,000	1,474,081
Total expenditures	3,800,000	13,800,000	17,600,000	1,478,902
Excess (deficiency) of revenue over expenditures	(3,049,000)	(12,932,162)	(15,981,162)	(1,474,701)
Net change in fund balances - budgetary basis	\$(2,298,000)	\$(12,932,162)	\$(15,230,162)	\$(1,474,701)
Adjustments to generally accepted accounting principles basis				
2019 encumbrances				(205,000)
2020 encumbrances				84,284
Net change in fund balances - generally accepted accounting principles basis				(1,695,697)
Fund balances - beginning				688,115
Fund balances (deficit) - ending				\$ (1,007,582)

CITY OF FRANKLIN, WISCONSIN
 The Districts
 Schedule of Revenue, Expenditures and Changes in Fund Balances -
 Budget and Actual (on a Budgetary Basis)
 For the Year Ended December 31, 2020

	District 9 - Commons			Variances with Final Budget - Excess (Deficiency)
	Original Budget	Change in the (Use)	Final Budget	
REVENUE				
Taxes	\$ 750,000	\$ 815,921	\$ 1,565,921	\$ 815,921
Investment earnings (loss)	1,000	51,917	52,917	(4,201)
Total revenue	751,000	867,838	1,618,838	(4,201)
EXPENDITURES				
General government	38,000	5,188	43,188	709
Capital outlay	700	7,800	8,500	812
Debt service	3,000,000	6,000,000	9,000,000	1,474,081
Total expenditures	3,800,000	13,800,000	17,600,000	1,478,902
Excess (deficiency) of revenue over expenditures	(3,049,000)	(12,932,162)	(15,981,162)	(1,474,701)
Net change in fund balances - budgetary basis	\$(2,298,000)	\$(12,932,162)	\$(15,230,162)	\$(1,474,701)
Adjustments to generally accepted accounting principles basis				
2019 encumbrances				(205,000)
2020 encumbrances				84,284
Net change in fund balances - generally accepted accounting principles basis				(1,695,697)
Fund balances - beginning				688,115
Fund balances (deficit) - ending				\$ (1,007,582)

CITY OF FRANKLIN, WISCONSIN
Statement of Fiduciary Net Position - Employee Benefit Trust Funds
As of December 31, 2020

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
ASSETS			
Cash	\$ -	\$ 160,124	\$ 160,124
Investments:			
Fixed Income Securities	4,233,335	2,424,200	6,657,535
Domestic Equities	6,056,549	4,642,272	10,700,821
International Equities	1,801,125	584,916	2,386,041
Total Cash & Investments	12,093,009	7,811,512	19,904,521
Total assets	\$ 12,093,009	\$ 7,811,512	\$ 19,904,521
LIABILITIES			
Accrued liabilities	\$ -	\$ 16,600	\$ 16,600
Net Position			
Restricted for employee benefits	12,093,009	7,794,912	19,887,921
Total Net Position	\$ 12,093,009	\$ 7,794,912	\$ 19,887,921

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position - Employee Benefit Trust Funds
For the Year Ended December 31, 2020

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
ADDITIONS			
Contributions			
City of Franklin	\$ 581,000	\$ 719,788	\$ 1,300,788
Retirees	-	146,308	146,308
Net investment earnings (losses)	1,457,194	668,784	2,125,978
Total additions	2,038,194	1,534,880	3,573,074
DEDUCTIONS			
Incurred claims	\$ 513,694	\$ 124,938	\$ 638,632
Prescription drug claims	-	69,774	69,774
Claims fees	27,661	22,529	50,190
Stop loss premiums less claims received	-	61,488	61,488
Total deductions	541,355	278,729	820,084
Change in net position	1,496,839	1,256,151	2,752,990
Net Position Beginning of year	10,596,170	6,538,761	17,134,931
Net Position End of year	\$ 12,093,009	\$ 7,794,912	\$ 19,887,921

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
As of December 31, 2020

Governmental funds capital assets:	
Land	\$ 26,367,796
Buildings and improvements	29,057,720
Machinery and equipment	20,172,843
Infrastructure improvements	123,915,126
Construction in process	5,630,865
Total governmental funds capital assets	\$ 205,144,350
Investment in governmental capital assets by source:	
General Fund	\$ 630,097
Special Revenue Funds	3,444,194
Capital Projects Funds	121,434,891
Donations	79,635,168
Total governmental funds capital assets	\$ 205,144,350

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended December 31, 2020

Function and Activity	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure Improvements	Construction in process	Total
General Government:						
Mayor	\$ -	\$ -	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	-	-	9,584	-	-	9,584
Municipal court	-	-	35,210	-	-	35,210
City clerk	-	-	21,416	-	-	21,416
Elections	-	-	20,400	-	-	20,400
Information services	-	-	851,866	-	-	851,866
Administration	-	-	261,310	-	-	261,310
Human resources	-	-	9,617	-	-	9,617
Finance	-	-	189,179	-	-	189,179
Assessor	-	-	46,080	-	-	46,080
Attorney	-	-	906	-	-	906
Municipal buildings	597,437	4,801,351	557,969	-	-	5,956,757
Total General Government	597,437	4,801,351	2,015,719	-	-	7,414,507
Public Safety:						
Police	1,201,829	8,925,444	2,841,499	-	-	12,968,772
Fire	63,248	4,351,456	4,417,534	-	-	8,832,238
Building inspection	-	-	278,406	-	-	278,406
Total Public Safety	1,265,077	13,276,900	7,537,439	-	-	22,079,416
Public Works:						
Engineering	-	-	365,655	-	-	365,655
Highways	357,407	3,173,572	6,502,947	-	-	10,033,926
Street Lighting	-	-	1,097	-	-	1,097
Infrastructure	19,790,621	-	-	123,915,126	-	143,705,747
Construction in process	-	-	-	-	5,630,865	5,630,865
Total Public Works	20,148,028	3,173,572	6,869,599	123,915,126	5,630,865	159,737,190
Health & Human Services:						
Health	-	-	141,889	-	-	141,889
Culture and Recreation:						
Library	-	4,984,942	2,764,069	-	-	7,749,010
Parks	4,357,254	2,820,855	795,944	-	-	7,974,153
Total Culture and Recreation	4,357,254	7,805,697	3,560,012	-	-	15,723,163
Conservation and Development:						
Planning	-	-	48,185	-	-	48,185
Total Conservation and Development	-	-	48,185	-	-	48,185
Total governmental funds capital assets	\$ 26,367,796	\$ 29,057,720	\$ 20,172,843	\$ 123,915,126	\$ 5,630,865	\$ 205,144,350

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2020

Function and Activity	Governmental Funds Capital Assets		
	12/31/19	Additions	Deletions
General Government:			
Mayor	\$ 2,202	\$ -	\$ 2,202
Aldermen	9,584	-	9,584
Municipal court	35,210	-	35,210
City clerk	21,416	-	21,416
Elections	24,610	6,280	30,890
Information services	851,356	-	851,356
Administration	261,310	-	261,310
Human resources	9,617	-	9,617
Finance	189,179	-	189,179
Assessor	46,080	-	46,080
Attorney	906	-	906
Municipal buildings	5,697,862	256,875	5,956,757
Total General Government	7,149,352	265,155	7,414,507
Public Safety:			
Police	12,289,612	1,826,083	1,146,923
Fire	9,088,548	262,298	518,608
Building inspection	278,406	-	278,406
Total Public Safety	21,656,566	2,088,381	1,665,531
Public Works:			
Engineering	359,023	6,532	365,555
Highway	9,814,514	594,119	374,707
Street lighting	1,097	-	10,033,926
Infrastructure	138,244,144	5,550,226	88,623
Construction in process	1,986,204	5,122,777	1,478,116
Total Public Works	150,404,982	11,273,654	1,941,446
Health & Human Services:			
Health	141,869	-	141,869
Culture and Recreation:			
Library	7,860,727	104,481	216,198
Parks	7,649,153	325,000	-
Total Culture and Recreation	15,509,880	429,481	216,198
Conservation and Development:			
Planning	48,185	-	48,185
Total Conservation and Development	48,185	-	48,185
Total governmental funds capital assets	\$ 194,910,854	\$ 14,056,671	\$ 3,823,175
			\$ 205,144,350

STATISTICAL SECTION

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.

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

	2020	2019	2018*	2017	2016	2015	2014	2013	2012 ⁽²⁾	2011
Governmental activities										
Net investment in capital assets	\$ 122,636,518	\$ 123,769,857	\$ 113,400,761	\$ 115,417,617	\$ 110,638,152	\$ 107,184,603	\$ 106,031,877	\$ 104,721,962	\$ 104,097,428	\$ 94,637,222
Restricted:										
Reserve	1,277,111	1,277,111	586,594	652,375	659,091	482,773	690,605	722,710	535,337	4,076,267
Utilities	2,586,621	2,586,622	2,374,522	2,169,298	2,109,487	1,959,759	1,918,450	1,523,969	1,623,569	1,895,774
Development	8,891,715	9,066,099	6,140,196	4,189,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,231	3,895,040
Donations and other	2,215,971	3,694,442	4,850,568	3,426,760	3,301,860	602,281	660,306	507,955	541,755	300,552
Pensions	(14,332,354)	(11,675,511)	2,607,342	11,303,345	14,522,376	16,401,941	8,848,660	4,889,704	1,487,025	2,850,464
Unrestricted	126,113,556	126,279,332	134,415,358	137,618,975	135,778,195	131,047,147	122,708,989	119,000,800	113,442,958	107,869,822
Total governmental activities net position	\$ 126,113,556	\$ 126,279,332	\$ 134,415,358	\$ 137,618,975	\$ 135,778,195	\$ 131,047,147	\$ 122,708,989	\$ 119,000,800	\$ 113,442,958	\$ 107,869,822
Business-type activities										
Net investment in capital assets	\$ 101,401,639	\$ 92,371,165	\$ 85,170,183	\$ 86,594,568	\$ 88,115,672	\$ 88,961,706	\$ 89,567,257	\$ 89,095,184	\$ 89,398,082	\$ 89,550,594
Restricted:										
Reserve	469,000	480,000	-	175,590	384,227	356,106	513,558	277,220	334,568	293,844
Long term receivable - ROI	16,280,068	17,555,240	18,799,969	20,014,892	21,200,228	2,853,228	4,014,630	3,017,643	2,518,834	3,171,123
Unrestricted	84,052,571	74,335,925	66,370,214	66,263,676	66,531,216	83,152,372	82,539,069	85,800,321	86,562,680	86,085,627
Total business-type activities net position	\$ 101,401,639	\$ 92,371,165	\$ 85,170,183	\$ 86,594,568	\$ 88,115,672	\$ 88,961,706	\$ 89,567,257	\$ 89,095,184	\$ 89,398,082	\$ 89,550,594
Total										
Net investment in capital assets	\$ 215,005,957	\$ 216,141,017	\$ 198,570,941	\$ 204,213,543	\$ 203,893,867	\$ 196,008,853	\$ 192,276,246	\$ 203,796,984	\$ 193,841,040	\$ 197,420,416
Restricted:										
Reserve	1,766,712	1,754,211	586,594	827,965	1,043,318	838,879	1,204,163	1,000,930	869,905	4,372,091
Utilities	2,586,621	2,586,622	2,374,522	2,169,298	2,109,487	1,959,759	1,918,450	1,523,969	1,623,569	1,895,774
Development	8,891,715	9,066,099	6,140,196	4,189,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,231	3,895,040
Donations and grants	2,215,971	3,694,442	4,850,568	3,426,760	3,301,860	602,281	660,306	507,955	541,755	300,552
Sewer replacement	16,482,900	14,800,000	18,949,940	17,959,900	18,394,227	19,255,669	18,844,290	18,392,464	18,392,464	18,392,464
Water replacement	16,482,900	14,800,000	18,949,940	17,959,900	18,394,227	19,255,669	18,844,290	18,392,464	18,392,464	18,392,464
Water and Sewer	3,308,344	3,308,344	2,607,342	2,607,342	2,607,342	2,607,342	2,607,342	2,607,342	2,607,342	2,607,342
Pensions	(14,332,354)	(11,675,511)	2,607,342	11,303,345	14,522,376	16,401,941	8,848,660	4,889,704	1,487,025	2,850,464
Unrestricted	84,052,571	74,335,925	66,370,214	66,263,676	66,531,216	83,152,372	82,539,069	85,800,321	86,562,680	86,085,627
Total net position	\$ 248,023,992	\$ 242,683,233	\$ 243,741,124	\$ 243,808,111	\$ 244,009,539	\$ 244,009,539	\$ 244,009,539	\$ 244,009,539	\$ 244,009,539	\$ 244,009,539

Notes:
 (1) Ryan Creek Interceptor Sewer brought on Sewer Fund Balance Sheet in 2016
 (2) Amounts do not include amounts for the year ended 12/31/2011
 (3) Amounts do not crossfoot related to Business-type assets financed by Government debt - see footnotes
 * revised amounts for TD balances

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Table 2
Woodstock

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net (Expense)/Revenue										
Governmental activities	\$ (22,805,167)	\$ (30,161,593)	\$ (31,247,232)	\$ (22,737,594)	\$ (22,227,213)	\$ (23,279,785)	\$ (21,182,328)	\$ (20,818,481)	\$ (22,053,255)	\$ (23,302,123)
Business-type activities	807,487	(43,816)	(1,737,424)	(1,793,637)	(1,657,359)	(697,347)	(331,517)	(557,736)	(200,247)	39,206
Total net expense	\$ (22,997,680)	\$ (30,205,409)	\$ (33,044,228)	\$ (24,521,231)	\$ (23,884,572)	\$ (23,977,132)	\$ (21,513,845)	\$ (21,376,217)	\$ (22,253,502)	\$ (23,262,917)
General Revenue and other Changes in Net Position										
Property taxes levied for general purposes	20,638,937	20,068,272	19,600,774	19,209,536	19,022,687	18,905,872	18,806,972	18,884,009	18,696,907	19,058,282
Property taxes levied for debt service	1,100,000	1,300,000	1,300,000	1,300,000	1,500,000	1,600,000	1,600,000	1,600,000	1,750,000	1,800,000
Intergovernmental revenue	3,685,315	3,744,489	3,744,489	3,744,489	3,744,489	3,744,489	3,744,489	3,744,489	3,744,489	3,744,489
Other taxes	685,315	1,384,489	1,085,076	1,020,627	863,726	785,195	726,774	723,385	708,332	673,736
Investment income	1,809,708	2,437,209	1,866,803	1,463,222	1,920,257	1,804,046	1,619,848	1,630,331	1,590,309	2,303,629
Investment earnings	1,851,605	1,574,432	847,916	406,902	315,377	411,650	695,541	87,278	784,332	873,349
Miscellaneous revenue	34,295	41,373	13,895	27,812	54,447	48,665	43,170	66,191	394,032	40,091
Transfers	(7,284,086)	(4,966,596)	1,611,382	868,602	391,059	1,044,459	(144,601)	(66,720)	1,008,126	348,101
Total governmental activities	20,638,937	21,028,027	26,045,715	26,873,206	26,759,973	27,179,894	25,990,517	25,577,223	27,525,421	30,990,764
Business-type activities:										
Investment income	83,188	564,542	548,647	529,004	593,128	593,128	642,227	569,444	318,669	32,320
Investment earnings	7,284,086	4,966,526	(1,611,382)	(868,602)	(391,059)	(1,044,459)	144,601	66,720	(1,008,126)	(348,101)
Transfers	(7,898,086)	(5,616,205)	(929,417)	(674,650)	(193,592)	(677,720)	(837,706)	(676,568)	(693,580)	(951,231)
Total business-type activities	\$ (2,030,812)	\$ (5,095,837)	\$ (1,092,156)	\$ (1,014,248)	\$ (971,521)	\$ (528,991)	\$ (371,178)	\$ (402,804)	\$ (1,372,937)	\$ (1,666,012)
Total General Revenue and other Changes in Net Position	\$ (2,428,745)	\$ (29,642,292)	\$ (27,717,238)	\$ (26,498,554)	\$ (26,934,465)	\$ (27,042,134)	\$ (26,798,223)	\$ (26,053,791)	\$ (26,861,901)	\$ (30,739,553)
Change in Net Position	\$ (2,428,745)	\$ (29,642,292)	\$ (27,717,238)	\$ (26,498,554)	\$ (26,934,465)	\$ (27,042,134)	\$ (26,798,223)	\$ (26,053,791)	\$ (26,861,901)	\$ (30,739,553)
Governmental activities	(2,428,745)	(29,642,292)	(27,717,238)	(26,498,554)	(26,934,465)	(27,042,134)	(26,798,223)	(26,053,791)	(26,861,901)	(30,739,553)
Business-type activities	0	0	0	0	0	0	0	0	0	0

Table 2

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
Public safety	\$ 3,499,595	\$ 3,979,782	\$ 3,412,150	\$ 3,310,893	\$ 3,202,842	\$ 2,900,355	\$ 2,919,940	\$ 2,915,937	\$ 2,794,497	\$ 2,749,207
Public works	18,498,596	18,695,104	18,429,274	18,839,063	18,388,830	16,660,091	16,194,631	16,484,847	17,228,769	16,622,386
Human services	9,585,072	9,844,102	7,899,283	7,899,283	8,244,003	8,244,003	7,231,338	6,500,898	6,182,088	6,586,336
Culture and recreation	2,310,199	2,331,957	2,073,116	2,202,090	1,972,691	1,869,297	1,868,832	1,838,700	1,870,573	1,886,350
Conservation and development	1,213,880	1,141,559	874,065	874,065	874,065	874,065	874,065	874,065	874,065	874,065
Capital grants and contributions	1,213,880	1,141,559	874,065	874,065	874,065	874,065	874,065	874,065	874,065	874,065
Total governmental activities expenses	\$ 38,362,433	\$ 42,074,411	\$ 42,766,445	\$ 43,471,644	\$ 43,562,154	\$ 41,850,769	\$ 42,927,058	\$ 43,012,367	\$ 43,081,161	\$ 43,018,049
Business-type activities										
Water	5,674,035	5,383,192	5,514,057	5,429,843	5,632,322	5,766,048	5,077,744	5,051,435	5,064,149	4,261,187
Sewer	1,929,361	1,943,699	1,943,699	1,943,699	1,943,699	1,943,699	1,943,699	1,943,699	1,943,699	1,943,699
Solid waste	1,529,320	1,541,181	1,541,181	1,541,181	1,541,181	1,541,181	1,541,181	1,541,181	1,541,181	1,541,181
Total business-type activities expenses	\$ 9,132,716	\$ 8,868,071	\$ 8,998,937	\$ 8,914,723	\$ 9,117,202	\$ 9,250,928	\$ 8,562,624	\$ 8,536,313	\$ 8,549,039	\$ 7,746,067
Program Results										
Governmental activities:										
Public safety	\$ 259,917	\$ 188,602	\$ 188,602	\$ 160,098	\$ 138,723	\$ 150,792	\$ 213,328	\$ 261,473	\$ 163,047	\$ 212,360
Public works	2,588,496	3,189,400	2,985,774	2,371,577	2,323,154	2,382,176	2,268,334	2,458,946	2,229,206	2,170,060
Human services	4,599,364	5,207,303	3,296,931	2,899,891	2,828,139	2,718,886	2,638,717	2,888,273	2,417,109	1,450,348
Culture and recreation	594,778	193,019	204,845	204,845	176,065	146,594	113,217	113,217	46,992	181,414
Conservation and development	3,699,994	1,505,070	1,602,297	1,602,297	1,602,297	1,602,297	1,602,297	1,602,297	1,602,297	1,602,297
Capital grants and contributions	3,659,279	4,158,787	2,655,555	3,143,677	3,677,886	1,444,757	1,444,757	1,659,659	1,440,438	1,334,295
Total governmental activities program revenue	\$ 15,497,206	\$ 15,282,821	\$ 15,531,111	\$ 15,242,050	\$ 15,341,817	\$ 15,341,817	\$ 15,341,817	\$ 15,341,817	\$ 15,341,817	\$ 15,341,817
Business-type activities										
Water	\$ 6,196,509	\$ 6,222,250	\$ 6,196,509	\$ 6,196,509	\$ 6,196,509	\$ 6,196,509	\$ 6,196,509	\$ 6,196,509	\$ 6,196,509	\$ 6,196,509
Sewer	3,972,298	3,801,127	3,704,852	3,704,852	3,328,550	3,340,382	3,266,897	3,266,897	3,142,062	3,176,796
Solid waste	1,268,426	1,151,445	9,666,202	9,666,202	9,666,202	9,666,202	9,666,202	9,666,202	9,666,202	9,666,202
Total business-type activities program revenue	\$ 21,437,231	\$ 21,774,624	\$ 21,567,563	\$ 21,271,413	\$ 20,291,211	\$ 20,291,211	\$ 20,291,211	\$ 20,291,211	\$ 20,291,211	\$ 20,291,211

Table 3

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenue										
Taxes	\$ 56,272	\$ 54,068	\$ 55,640	\$ 52,589	\$ 51,791	\$ 51,013	\$ 49,971	\$ 48,165	\$ 47,065	\$ 47,865
Intergovernmental revenue	5,225,304	5,135,699	5,270,870	5,195,989	5,158,598	5,067,037	4,988,075	4,888,141	4,787,619	4,700,850
License and permits	1,061,488	1,189,096	1,189,096	799,762	692,524	706,677	698,302	912,357	755,027	702,674
Grants	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560
Public charges for services	6,182,086	6,900,186	4,443,857	4,139,471	4,042,513	4,065,834	3,799,888	3,791,279	3,612,276	3,589,798
Special assessments	1,415,939	3,503,006	2,445,159	531,729	904,147	642,256	1,067,088	1,483,500	1,236,114	1,305,578
Capital assets	1,415,939	3,503,006	2,445,159	531,729	904,147	642,256	1,067,088	1,483,500	1,236,114	1,305,578
Investment earnings	300,637	300,637	300,637	300,637	300,637	300,637	300,637	300,637	300,637	300,637
Miscellaneous revenue	385,674	393,071	394,695	296,669	481,943	419,464	739,300	228,465	461,976	508,220
Total revenue	41,609,146	42,184,781	38,537,791	33,766,795	34,790,125	34,525,150	34,542,613	34,379,626	34,673,793	38,238,172
Expenditures										
Current	3,929,717	3,929,717	3,929,717	3,929,717	3,929,717	3,929,717	3,929,717	3,929,717	3,929,717	3,929,717
Police government	18,099,877	17,181,994	17,104,793	16,004,902	15,813,564	16,788,716	15,990,130	15,061,130	14,509,617	16,000,388
Public works	6,748,654	5,622,769	5,125,652	5,465,245	5,302,766	4,587,108	5,140,650	4,855,870	4,848,668	4,817,644
Public safety	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560	1,852,560
Culture and human services	1,696,879	1,696,879	1,706,902	1,639,628	1,710,033	1,638,027	1,575,361	1,514,668	1,539,440	1,575,850
Conservation and development	5,888,845	12,235,625	12,679,197	590,072	523,268	568,864	461,181	416,765	409,996	864,610
Debt service	20,056,105	15,923,386	5,864,365	4,765,936	4,695,147	5,997,046	3,987,446	3,172,706	2,915,159	3,343,136
Principal	2,090,000	1,405,000	2,315,000	3,030,000	1,950,000	615,000	10,265,000	3,790,000	10,825,000	7,385,000
Interest	1,960,000	1,520,000	3,554,365	1,735,936	2,745,147	5,382,046	3,222,446	2,382,706	2,130,159	2,958,136
Debt issuance costs	180,327	173,387	203,184	40,442	53,789	460,072	73,091	1,333,919	1,334,950	1,618,615
Total expenditures	60,464,726	59,899,725	49,310,903	36,297,072	34,154,056	32,439,718	41,697,391	33,626,936	41,653,903	38,993,846
Excess of revenue over (under) expenditures	(18,855,580)	(17,704,954)	(10,773,112)	(2,491,317)	2,085,432	2,085,432	(6,514,878)	791,020	(6,679,290)	(756,676)
Other financing sources (uses)										
Debt issued	3,648,000	19,979,000	23,480,000	1,630,000	5,770,000	-	5,320,000	-	-	-
Debt refund	9,000	14,000	-	-	51,071	-	-	-	-	-
Principal payments	(24,300)	(46,831)	-	-	(154,202)	-	232,827	-	-	-
Principal payments on current refunding	(13,480,000)	(10,000,000)	-	-	(5,865,000)	-	-	-	-	-
Transfers in	2,353,304	1,648,698	1,738,655	1,231,589	2,659,364	2,408,263	2,125,007	2,769,157	2,388,454	2,415,916
Transfers out	(890,150)	(890,150)	(727,293)	(198,749)	(1,806,962)	(1,863,794)	(1,851,670)	(1,636,782)	(1,537,419)	(1,440,214)
Net change in fund balances	\$(18,410,699)	\$ 8,356,893	\$ 13,769,932	\$ 401,982	\$ 1,842,240	\$ 3,163,566	\$(749,020)	\$ 1,956,954	\$(5,986,123)	\$ 278,897
Debt in fund balances at beginning of year	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Debt in fund balances at end of year	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Net change in fund balances of non-capital expenditures**	7.1%	4.9%	6.6%	10.1%	7.5%	3.7%	29.3%	15.1%	30.9%	24.6%

Table 3

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

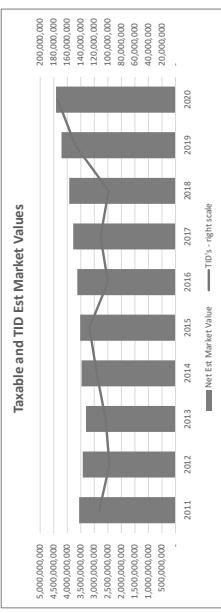
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 38,694	\$ 19,490	\$ 67,423	\$ 15,948	\$ 46,342	\$ 41,196	\$ 79,455	\$ 45,866	\$ 62,936	\$ 55,820
Advanced to other funds	206,450	136,200	219,700	230,700	2,248,616	2,188,616	2,198,616	505,040	-	-
Assigned - Purchase Orders	315,823	132,393	77,970	150,995	61,626	147,211	207,270	207,270	-	-
Unassigned	8,538,056	8,349,871	6,287,124	6,190,386	5,534,100	6,662,826	6,145,711	7,230,861	6,439,109	6,066,053
Total general fund	9,199,013	8,637,754	7,336,277	6,597,511	7,690,684	9,049,809	8,633,112	7,781,657	6,592,135	6,120,873
All other governmental funds:										
Prepays	-	-	-	660	1,274	730	900	2,475	21,900	10,313
Debt service	476,671	1,118,560	982,719	736,022	651,298	507,283	546,238	6,801,945	7,423,733	7,676,755
Utility improvements	2,386,177	2,194,797	1,712,638	1,413,378	1,224,190	907,003	672,431	443,438	543,408	640,797
Capital projects	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340
TE Dismant	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340	1,353,340
Donations	235,736	161,342	150,006	150,136	177,333	133,678	122,550	102,238	106,238	299,962
Health services	225,376	195,951	62,510	198,428	161,571	150,093	59,250	169,845	150,229	462,472
Solid waste	412,407	451,125	430,747	393,677	330,853	260,944	216,365	188,307	100,546	72,857
Recreational services	72,904	80,952	75,743	66,727	48,366	47,656	46,151	51,476	52,244	-
Asphalt Commission	365,940	469,951	376,069	211,763	-	-	-	-	-	-
Capital projects	5,707,862	5,538,456	6,793,499	6,746,614	5,684,625	4,936,534	4,699,459	2,791,111	2,724,764	2,372,072
Unassigned	(2,504,149)	(1,050,050)	(13,334)	(216,459)	(703,319)	(1,939,827)	(2,195,459)	(5,169,739)	(6,365,950)	(3,663,211)
Total all other government funds	17,865,538	36,981,496	29,902,070	19,850,904	15,345,778	12,144,314	9,397,545	10,698,119	10,359,588	16,287,972
Total fund balances	\$ 27,184,551	\$ 45,659,250	\$ 37,238,347	\$ 25,438,415	\$ 23,038,463	\$ 21,194,623	\$ 18,030,657	\$ 18,779,877	\$ 16,952,723	\$ 22,408,845

Notes:
 * 2012 and prior years have been reclassified to be consistent with the current year presentation
 ** Restated - In 2012, the Solid Waste Fee began

Table 5A

CITY OF FRANKLIN, WISCONSIN
Estimated Actual Values and TID Values
Last Ten Years

Value As of 1/1	Total Estimated Actual Value	TID_3	TID_5	TID_7	TID_9	Pct of Total	Total TID's	Net of TID's Estimated Actual Value	Equalized Tax Rate
2020 #	\$ 4,587,752,500	\$ 97,386,600	\$ 21,438,500	\$ 533,300		3.79%	\$ 174,027,600	\$ 4,413,724,900	4.97
2019 #	4,360,269,000	64,781,500	30,859,200			3.40%	146,270,200	4,211,998,800	5.16
2018 #	4,022,941,400	51,181,600	1,261,200			2.46%	98,874,000	3,924,067,400	5.36
2017 #	3,888,926,200	62,049,100	47,593,400	1,211,500		2.85%	110,854,000	3,778,072,200	5.43
2016 #	3,729,003,100	55,256,200	44,691,300			2.68%	99,947,500	3,629,055,600	5.65
2015	3,649,185,900	72,829,800	54,274,300			3.48%	127,104,200	3,522,081,700	5.82
2014	3,589,694,100	72,785,000	43,675,900			3.24%	116,460,900	3,473,233,200	5.90
2013 #	3,414,276,600	64,305,700	39,050,100			3.03%	103,355,800	3,310,920,800	6.19
2012	3,524,105,900	63,917,800	33,693,500			2.77%	97,611,300	3,426,494,600	5.97
2011 *	3,676,379,700	72,652,600	40,050,300			3.07%	112,702,900	3,563,676,800	5.88



Note: Assessed Values are determined by the City and the Wisconsin Dept of Revenue. Estimated values were obtained from the WI Dept of Revenue and include WI Section 70.57 adjustments. Taxes collected are used in the following year's City operations.

Table 5

CITY OF FRANKLIN, WISCONSIN
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

Value As of 1/1	Real Property Assessed Value	Personal Property Assessed Value	Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Assessed to Estimated Value
2020 #	\$ 4,460,061,600	\$ 51,812,400	\$ 4,511,874,000	\$ 5.05	\$ 4,587,752,500	98.35%
2019 #	4,307,636,600	52,632,400	4,229,425,745	5.32	4,360,269,000	97.00%
2018 # &	3,892,949,730	39,302,100	3,932,251,830	5.43	4,022,941,400	97.75%
2017 #	3,780,102,600	3,815,928,100	74,663,600	5.62	3,888,926,200	99.12%
2016 #	3,623,989,925	3,658,026,300	80,479,900	5.69	3,729,003,100	99.34%
2015	3,320,368,500	3,558,087,200	76,174,600	6.26	3,649,185,900	93.08%
2014	3,279,586,200	3,498,464,700	85,006,600	6.28	3,589,694,100	93.73%
2013 #	3,265,704,200	3,314,653,800	94,023,900	6.29	3,414,276,600	98.40%
2012	3,557,806,088	3,436,681,800	95,404,700	5.78	3,524,105,900	103.66%
2011 *	3,555,065,388	3,587,535,800	90,644,700	5.79	3,676,379,700	99.17%

Assessed Valuation by School District - 2019

City of Franklin School District	\$ 3,208,068,400
Whitnall School District	\$ 250,064,300
Total	\$ 4,229,425,745

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. & In 2018 the State exempted another class of Personal Property, which had a \$17.0 million value in 2017

Table 7

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	Police	Capital Services	Equipment	School Districts	School Technical	Milwaukee Area	Milwaukee Sewerage	Milwaukee				
2020 #	\$ 4.65	\$ 0.33	\$ 0.27	\$ 0.07	\$ -	\$ 10.92	\$ 9.12	\$ 9.50	\$ (1.87)	\$ 1.22	\$ 4.93	\$ 1.70	\$ -	\$ 22.22
2019 #	4.62	0.33	0.33	0.11	0.04	0.00	5.43	11.21	8.68	9.76	1.22	4.89	1.69	22.47
2018 #	4.52	0.35	0.34	0.12	0.09	5.61	11.64	8.82	10.29	2.08	1.27	5.10	1.74	23.28
2017 #	4.56	0.36	0.36	0.12	0.10	5.69	12.03	9.38	10.08	1.97	1.27	5.13	1.76	24.09
2016	4.97	0.39	0.45	0.13	0.10	6.28	13.21	10.57	10.88	2.14	1.35	5.52	1.87	26.33
2015	4.96	0.38	0.49	0.13	0.10	6.28	13.21	9.76	11.11	1.88	1.36	5.44	1.83	26.42
2014 #	4.98	0.38	0.49	0.13	0.10	6.29	13.26	9.10	10.67	1.86	2.16	5.21	1.73	26.97
2013	4.60	0.35	0.47	0.11	0.08	5.78	11.72	9.09	9.72	1.69	2.04	4.87	1.57	24.45
2012	4.59	0.35	0.49	0.11	0.08	5.79	11.62	8.63	9.56	1.70	1.96	4.76	1.52	24.12
2011 *	5.04	0.35	0.56	0.11	0.04	6.22	12.22	8.69	10.40	1.72	1.93	4.49	1.45	24.76

Note: * Reassessment impact
Revaluation year

** The City has three tax rates dependent 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.

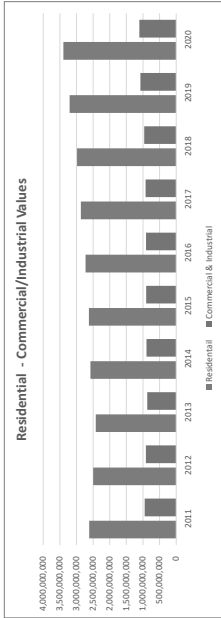
The Budget year is the year following the fiscal year in which the taxes are levied.
In 2014 State law changed, which provided Technical Colleges additional state aid reducing their tax levy approximately 85%.

Source: City of Franklin budget documents

Table 6

CITY OF FRANKLIN, WISCONSIN
Estimated Actual Property Value and Construction Data
Last Ten Years

Fiscal Year	Residential			Commercial			Industrial			Total			Residential Construction			Nonresidential Construction		
	Value	% of Total	# of Units	Value	% of Total	# of Units	Value	% of Total	# of Units	Value	% of Total	# of Units	Value	% of Total	# of Permits	Value	% of Total	# of Permits
2020	\$ 3,396,938,200	74.9%	1,110,601,200	\$ 2,682,210	74.9%	81	\$ 4,534,361,500	74.9%	32,389,500	11	\$ 8,214,000	74.9%	69,386,000	74.9%	58	\$ 52,927,728	74.9%	63
2019	3,205,292,500	74.4%	1,075,752,300	26,591,800	74.4%	79	4,307,636,600	74.4%	27,938,500	58	69,386,000	74.4%	52,927,728	74.4%	63	28,861,659	74.4%	3
2018	2,981,328,700	75.1%	962,690,500	24,897,400	75.1%	18	3,968,886,600	75.1%	13,044,120	63	19,734,951	75.1%	17,902,692	75.1%	17	27,991,474	75.1%	44
2017	2,870,690,200	75.2%	920,578,100	23,865,800	75.2%	34	3,815,928,100	75.2%	13,912,735	68	14,780,900	75.2%	19,226,659	75.2%	44	17,794,034	75.2%	41
2016	2,726,337,800	74.5%	907,823,500	23,865,800	74.5%	34	3,658,026,300	74.5%	13,464,139	64	16,589,580	74.5%	19,734,951	74.5%	44	17,934,951	74.5%	44
2015	2,628,835,800	73.9%	905,420,400	23,831,000	73.9%	34	3,558,087,200	73.9%	13,464,139	64	16,589,580	73.9%	19,734,951	73.9%	44	17,934,951	73.9%	44
2014	2,580,859,500	73.8%	894,256,900	23,348,300	73.8%	34	3,488,464,700	73.8%	14,780,900	68	19,734,951	73.8%	19,226,659	73.8%	44	17,934,951	73.8%	44
2013	2,418,991,400	73.0%	871,715,000	23,947,400	73.0%	65	3,314,653,800	73.0%	19,226,659	44	27,991,474	73.0%	17,794,034	73.0%	41	17,794,034	73.0%	41
2012	2,498,514,100	72.7%	814,654,100	23,513,600	72.7%	65	3,436,661,800	72.7%	19,226,659	44	27,991,474	72.7%	17,794,034	72.7%	41	17,794,034	72.7%	41
2011	2,619,125,600	73.0%	948,708,000	19,702,200	73.0%	30	3,697,535,800	73.0%	9,895,820	41	17,794,034	73.0%	17,794,034	73.0%	41	17,794,034	73.0%	41



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

(2) Source: City's Building Inspection Department - from Building Permits Issued

Table 8

CITY OF FRANKLIN, WISCONSIN
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2020			2011		
		Taxable Assessed Value	Percent of Total Taxable Assessed Valuation	Rank	Taxable Assessed Value	Percent of Total Taxable Assessed Valuation	Rank
Northwestern Mutual	Insurance Services	\$ 105,088,600	2.33%	1	\$ 124,393,300	3.41%	1
Ascension Wisconsin	Medical facilities	40,524,600	0.90%	2	30,841,800	0.85%	2
Aurora Healthcare - W Rawson Ave	Healthcare Provider	31,310,900	0.68%	3			
TI Investors of Franklin, LLC	Apartments	29,796,700	0.66%	4			
Whitnall Pointe Apartments	Apartments	28,695,400	0.64%	5			
VTLC Development	Packaging manufacturing	22,866,000	0.51%	6	20,590,800	0.56%	4
Manchester Oaks	Apartments	22,594,400	0.50%	7	19,937,000	0.55%	5
Wal-Mart	Retailer	20,228,800	0.45%	8	19,761,500	0.54%	6
Franklin Wyndham, LLC	Land held for Development	16,033,000	0.36%	9	29,270,100	0.80%	3
Bapista's Bakery, Inc	Manufacturing	15,136,000	0.34%	10			
Menard Inc	Retail - Home Improvement				16,483,100	0.45%	8
All Glass Aquarium	Aquariums and fluorescent lights				13,448,500	0.37%	9
Hailey Davidson	Motorcycle manufacturing				18,101,600	0.50%	7
Waste Management	Landfill and refuse collection				12,664,900	0.35%	10
		\$ 332,214,400	7.36%		\$ 305,492,600	8.38%	

Source: City of Franklin Assessor's Office

Table 9

CITY OF FRANKLIN, WISCONSIN
Property Tax Levies and Collections
Last Ten Years

Fiscal Year	City Tax Levy					Total Tax Levy	Total Increment Financing	Total Collections	% of Levy collected	Outstanding Delinquent PPI Taxes
	General Fund	Library Fund	Capital Funds	Debt Service	Other					
2020	\$ 19,005,700	\$ 1,340,500	\$ 295,700	\$ 1,100,000	\$ 21,741,900	\$ 25,003,811	\$ 25,001,212	99.99%	2,599	
2019	18,139,975	1,312,700	646,000	1,300,000	21,398,375	21,566,858	23,552,311	99.99%	2,922	
2018	16,909,449	1,303,200	1,515,200	1,300,000	21,027,849	24,711,104	23,493,585	99.98%	5,368	
2017	16,414,900	1,296,200	1,497,500	1,300,000	20,509,000	22,776,466	22,772,580	99.98%	3,886	
2016	16,248,800	1,287,000	1,473,200	1,300,000	20,509,000	3,020,350	23,562,148	100.16%	2,603	
2015	16,209,000	1,240,000	1,460,000	1,600,000	20,509,000	2,690,537	23,212,140	100.05%	57,985	
2014	16,230,000	1,240,000	1,448,600	1,600,000	20,509,000	2,526,624	23,015,525	99.82%	52,481	
2013	16,330,000	1,240,000	1,389,000	1,650,000	20,609,000	2,363,759	22,851,675	99.81%	52,481	
2012	16,226,000	1,222,000	1,266,000	1,750,000	20,466,000	2,560,324	22,027,324	99.80%	75,184	
2011	16,975,000	1,175,000	910,000	1,300,000	20,360,000	6,737,305	27,695,587	99.99%	53,569	

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. The City's settlement procedures require that delinquent taxes be returned 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.

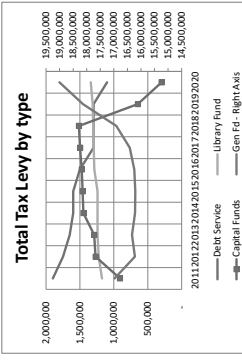
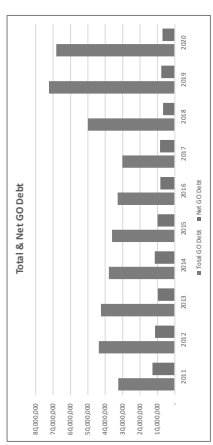


Table 11

CITY OF FRANKLIN, WISCONSIN
Rates of Net General Revenue Debt Outstanding
Last Ten Years

Fiscal Year	Governmental	General Obligation Notes	Water Obligation Bonds	Sewer Obligation Bonds	Business Ops	Total Debt	Less Debt Service Fund Balances	Less Amounts due from Tax Financing Districts	Net General Obligation Debt	(1) Estimated Property Value	(2) Percent of Personal Income
2020	\$44,490,000	\$4,870,000	\$16,200,000	\$80,000	\$80,000	\$162,360	\$(476,871)	\$(44,336,000)	\$ 7,075,489	1.50%	0.87
2019	34,620,000	18,860,000	17,565,841	1,015,000	467,716	72,525,937	(1,118,569)	(65,830,000)	6,767,156	1.86%	2.09
2018	3,365,000	26,625,000	18,789,370	1,070,000	150,000	50,030,653	(92,7118)	(23,480,000)	6,767,364	1.26%	3.04
2017	4,600,000	4,265,000	20,014,893	1,180,000	246,576	30,917,869	(75,022)	(86,000)	8,457,175	0.79%	2.44
2016	6,790,000	4,475,000	21,200,228	1,180,000	246,576	30,917,869	(61,298)	(2,600,000)	8,302,278	0.90%	2.44
2015	7,615,000	5,250,000	23,267,276	1,250,000	252,273	37,863,795	46,721	(3,330,000)	9,829,938	1.01%	2.81
2014	8,185,000	8,865,000	23,866,423	1,200,000	21,387	42,466,810	1,491,385	(9,686,000)	9,867,772	1.29%	3.54
2013	9,525,000	22,970,000	22,064,833	32,865,000	(4,984,745)	(15,520,000)			12,860,245	0.81%	2.88

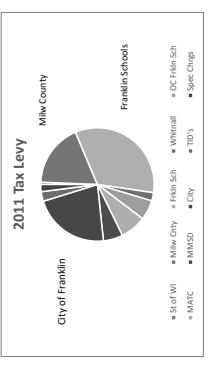
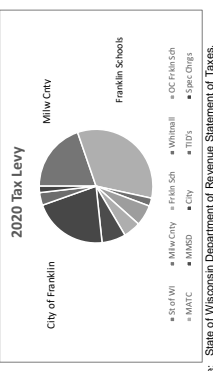


- (1) Estimated Actual Property values are found in Table 6
 - (2) Population and personal income can be found in Table 14
- Notes: Debt Service Fund balances represent amounts received that are restricted to future payments of outstanding debt. Amounts due from tax incremental financing districts represent future receipt of non-repayable property tax levies restricted to the payment of debt service on a portion of the prior station, fire station, library and a capital road project.
- In 2017 the City issued \$15,520,000 of New Anticipation Notes (supporting insurance costs in TID - Ballpark Commons)
 - In 2016 the City issued \$2,600,000 of Proceeds were used to enhance existing general obligation bonds issued in 2007.
 - In 2015 the City issued \$3,330,000 of Proceeds were used to provide funding for TID projects and Capital Improvement projects
 - In 2014 the City issued \$2,600,000 of Proceeds were used to provide funding for Ryan Creek Sewer extension with repayment scheduled to be completed in 2031.

Table 10

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

Levy Year	State of Wisconsin	Milwaukee County	School Districts	City of Franklin	Total				
			Whitnall	Franklin	Local	Special	Charges		
2020	\$ -	\$ 20,332,889	\$ 34,714,826	\$ 2,355,428	\$ 6,079,237	\$ 5,078,355	\$ 1,870,233	\$ 103,062,000	
2019	-	20,157,046	34,714,826	2,375,884	5,984,101	4,983,668	3,261,911	1,914,605	102,075,283
2018	-	19,244,848	34,188,665	2,349,780	5,535,027	4,809,220	2,158,858	1,646,735	97,972,355
2017	-	19,090,000	33,795,303	2,346,376	5,425,692	4,750,585	2,471,104	1,672,640	97,087,101
2016	632,834	18,496,951	33,404,863	2,224,862	5,478,697	4,571,805	2,267,467	1,758,435	95,989,042
2015	619,289	18,083,210	33,404,871	2,223,327	5,928,300	4,428,322	2,050,000	3,020,350	94,283,685
2014	695,183	17,713,835	32,762,988	2,285,650	5,857,471	4,411,951	1,767,143	1,767,143	92,594,310
2013	578,423	16,986,670	32,765,006	2,174,981	5,254,726	7,043,487	2,526,924	1,796,214	88,976,250
2012	629,662	287,141	31,767,042	2,209,324	5,353,401	7,253,973	2,563,758	1,890,589	83,400,157
2011	629,662	16,812,497	31,457,718	2,208,303	5,266,377	6,154,359	2,560,324	1,860,589	80,400,157



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.

In 2014, State aids to technical colleges increased, reducing the tax levy by approximately 35%.

Table 1A

CITY OF FRANKLIN, WISCONSIN
Municipal Revenue Obligations Outstanding
Last Ten Years

Fiscal Year	Note Balance Dec 31					Total	Unpaid Accrued Interest
	TID 3	TID 5	TID 6	TID 7	TID 8		
2020	\$ 1,005,000	\$ 3,500,000	\$ -	\$ 14,952,000	\$ 19,457,000	\$ 513,333	
2019	1,689,000	3,500,000	-	-	5,189,000	320,833	
2018	1,891,000	3,500,000	-	-	5,391,000	128,333	
2017	-	-	-	-	-	-	
2016	-	-	-	-	-	-	
2015	-	-	-	-	-	-	
2014	-	-	-	-	-	-	
2013	-	-	-	-	-	-	
2012	-	-	-	-	-	-	
2011	-	-	-	-	-	-	

TID 3 - The City Granted a \$2,000,000 MRO for removal of a blighted building
 TID 5 - The City Granted a \$3,500,000 MRO to aid in development of a district landfill
 TID 6 - The City Granted a \$3,500,000 MRO to aid in development of a district landfill
 TID 7 - The City has committed to a \$3,100,000 MRO upon delivery of certain infrastructure
 TID 8 - The City has committed to a \$3,100,000 MRO upon delivery of certain infrastructure
 MRO's are payable only from available TID increment after TID related GO Debt Service

Table 1B

CITY OF FRANKLIN, WISCONSIN
Schedule of Direct and Overlapping Debt Governmental Activities
December 31, 2020

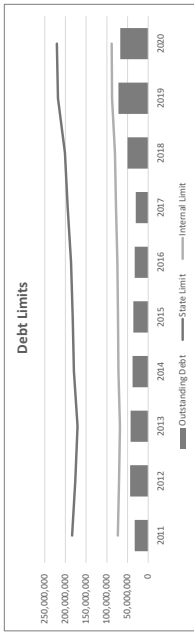
Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to City	Amount applicable to City	School Districts		Overlapping Debt Total	City of Franklin	Total
				Whitnall	Franklin			
Milwaukee County	\$ 486,443,105	6.67%	\$ 33,112,755					
Whitnall School District	12,755,000	14.27%	1,820,139	\$ 1,820,139				
Oak Creek - Franklin School District	147,615,000	15.36%	22,998,417	2,088,927	63,700,000	22,998,417	5,361,507	51,790,463
Franklin School District	61,035,000	100.00%	61,035,000	66,180,000	66,180,000	1,424,487	17,335,108	5,287,206
Milwaukee Area Technical College	100,970,000	5.31%	5,361,507					
Milwaukee Metropolitan Sewerage District	7,182,454	6.80%	489,282					
Overlapping Debt	1,589,445,524		176,119,281					
Total	53,300,000	100.00%	50,934,680					
								\$ 227,062,851

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 have overlapping debt with the City of Franklin. Debt is reported as overlapping debt if the debt is not repaid by the City of Franklin. This does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping district.
 2 In 2013 Franklin Public Schools issued \$33 million of Debt to renovate the high school.
 3 In 2017 Franklin Public Schools issued \$41.39 million to build a new middle school.
 4 In 2018 Franklin Public Schools issued \$10 million in near costs.
 5 In 2019 - Oak Creek Franklin District issued \$60 million for school construction.
 6 In 2019 Whitnall School District issued \$6.16 million in support of school building additions and improvements

Table 13

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	City Policy**			
					Percent Used	2% of Equalized Value	Debt Margin	Percent Used
2020	\$ 4,413,724,900	\$ 220,686,245	\$ 67,560,069	\$ 153,126,176	30.61%	\$ 88,274,498	\$ 20,714,429	76.53%
2019	4,360,269,000	218,013,450	71,570,341	146,443,109	32.97%	87,205,380	15,335,039	82.43%
2018	4,022,941,400	201,147,070	49,979,970	151,267,100	24.80%	80,458,828	30,578,868	61.99%
2017	3,886,926,200	194,446,310	29,984,693	164,461,617	15.42%	77,778,524	47,793,831	38.55%
2016	3,729,003,100	186,450,155	32,825,228	153,624,927	17.50%	74,580,062	41,954,834	43.75%
2015	3,649,185,900	182,459,295	35,912,276	146,547,019	19.66%	72,983,718	37,071,442	49.21%
2014	3,588,694,100	179,484,705	37,711,522	141,773,183	21.01%	71,793,882	34,082,360	52.53%
2013	3,414,276,600	170,713,830	42,445,423	128,268,407	24.86%	68,285,532	25,840,109	62.16%
2012	3,524,105,900	176,205,295	43,734,833	132,470,462	24.82%	70,482,118	26,747,285	62.05%
2011	3,676,379,700	183,818,985	32,495,000	151,323,985	17.66%	73,527,594	41,032,594	44.19%



(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.

** The City Debt Policy limits debt to 40% of Legal Limit - adopted by Resolution 2006-6481

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	City of Milwaukee	State of Wisconsin
2020	36,514	n/a	n/a	n/a	n/a	4.7%	7.1%	4.0%
2019	35,996	\$ 1,435,496,002	\$ 39,879	\$ 27,220	\$ 33,258	3.5%	3.1%	3.5%
2018	35,779	1,387,644,109	38,784	25,780	31,962	2.5%	3.0%	3.0%
2017	36,046	1,347,878,092	37,393	24,269	30,182	3.2%	3.1%	3.2%
2016	35,741	1,346,060,081	37,662	24,327	29,711	3.4%	3.9%	4.1%
2015	35,655	1,286,727,609	36,088	23,939	29,145	4.0%	5.2%	4.3%
2014	35,702	1,252,194,890	35,074	22,507	27,671	4.2%	6.0%	5.2%
2013	35,810	1,199,623,750	33,500	22,411	26,963	4.8%	7.2%	6.3%
2012	35,520	1,218,584,060	34,307	21,433	26,271	5.6%	8.0%	6.9%
2011	35,504	1,098,257,160	30,933	20,681	24,942	5.4%	8.0%	7.0%
2010	35,451	1,085,585,506	30,622	20,486	24,218	6.2%	8.1%	7.8%

- (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

Table 15

CITY OF FRANKLIN, WISCONSIN
Principal Employers
Current Year and Nine Years Ago

Taxpayer	2020			2011		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Northwestern Mutual	2,402	1	14.35%	2,133	1	11.26%
Krones, Incorporated	659	2	3.94%	460	4	2.43%
Franklin Public Schools	615	3	3.67%	548	3	2.89%
Ascension Health Care	482	4	2.88%	657	2	3.47%
Baptista's Bakery	425	5	2.54%	*		
Milwaukee County						
County Corrections South	400	6	2.39%	381	5	2.01%
Vesta Inc	360	7	2.15%	*		
Medical Device Contract Manufacturer	270	9	1.61%	269	8	1.42%
Animal Processing	270	9	1.61%	235	10	1.24%
Wire harnesses	241	8	1.44%	379	6	2.00%
Off-road engine components mfg.	160	10	0.96%			
Aquariums and fluorescent lights				330	7	1.74%
Retailer				257	9	1.36%
Conway Trucking						
Trucking						
Landfill and refuse collection						
Waste Management						
Total	6,014		35.93%	5,649		31.46%

* estimated
Source: Past Debt offering Official Statements and employer surveys

Table 16

CITY OF FRANKLIN, WISCONSIN
Full-time Equivalent City Employees by Function
Last Ten Years

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Municipal Court	250	250	250	250	250	250	250	250	250	200
Clerk	450	412	412	412	412	412	414	414	414	400
Information services	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Administration	4,000	3,000	3,000	3,000	3,000	3,000	4,000	3,000	3,000	3,600
Assessor	1,779	673	600	600	600	600	600	600	600	600
Municipal buildings	4,050	4,030	4,030	4,030	4,030	4,030	2,780	3,740	3,740	3,920
Total general government	22,884	21,380	21,250	21,250	21,250	21,250	21,020	21,480	21,480	21,550
Public safety										
Police	7775	7675	7675	7675	7675	7675	7675	7575	7675	7725
Fire	4750	4600	4600	4650	4650	4650	4650	4650	4650	4648
Building inspection	900	915	830	830	800	800	700	700	700	800
Total public safety	13425	13190	13105	13155	13125	13125	12925	12925	13020	13173
Public works										
Engineering	825	825	825	825	825	825	825	825	825	825
Highway	2300	2200	2200	2200	2200	2200	2248	2200	2200	2200
Parks	175	200	200	200	200	200	200	200	200	200
Total public works	3300	3225	3225	3225	3225	3225	3273	3225	3225	3225
Public health										
Planning	705	795	795	750	675	675	675	675	615	625
Economic Development	400	400	400	400	400	400	400	400	400	560
Total general fund	1105	1195	1195	1150	1075	1075	1075	1075	1015	1185
Public health - grant	100	100	100	100	100	100	100	100	100	100
Library	1547	1537	1537	1668	1694	1694	1719	1770	1682	1712
Tourism	050	050	050	050	050	050	050	050	050	050
Sewer & water	1180	1180	1080	1080	1080	1150	1155	1155	1155	1153
Total	23091	22565	22367	22603	22424	22494	22307	22238	22313	22603

Source: City of Franklin Budget Document

Table 17

CITY OF FRANKLIN, WISCONSIN
Operating and Maintenance Program
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police	133	118	105	129						
Crimes Against Persons	848	833	976	976						
Crimes Against Property	550	558	462	462						
Crimes Against Society	929	1,151	975	803	780	644	659	673	852	689
Arrests	8,200	7,626	8,661	7,800	8,686	7,859	8,163	7,431	9,449	11,093
Traffic & parking citations	35,220	35,744	31,867	30,160	30,688	30,160	28,592	28,592	28,592	28,592
Number of sworn officers	60	60	60	60	60	60	59	59	58	58
Fire	800	803	735	664	641	689	621	679	584	540
Fire responses	3,680	3,441	3,226	3,309	3,406	2,976	2,863	2,754	2,688	2,605
EMS responses	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865	2,865
Number of fire engines	47	47	47	45	45	45	45	45	45	45
Number of fire trucks	1,132	1,122	966	861	966	1,059	1,055	1,162	1,137	1,099
Basic Life Support Transports	938	1,221	1,185	1,401	1,185	1,212	1,091	977	910	863
Paramedic Transports										
Highway	10	20	20	15	31	26	38	28	52	39
Number of crash seating	1,500	836	1,177	1,533	1,326	1,650	1,678	1,678	1,053	1,427
Trucks maintained	177	177	177	171	170	168	167	167	167	165
Vehicles maintained										
Solid waste	9,138	8,421	8,407	8,584	8,179	8,259	7,923	7,972	8,205	8,353
Non-recyclable refuse collected (tons)	2,893	2,890	2,718	2,766	2,666	2,535	3,219	3,14	2,737	2,513
Recyclables collected (tons)	463	263	263	263	332	332	221	322	332	274
Yards waste (tons)										
Sanitation	1,300	1,103	1,414	1,133	1,334	2,032	2,130	1,825	2,488	2,653
Sanitization clinic visits	300	275	246	288	356	340	429	383	438	298
Sanitation inspections										
Animal control	148	121	141	129	106	116	122	104	92	120
Animal control pickups										
Library	300,000	373,943	390,701	409,974	438,962	474,698	465,656	477,991	502,989	514,163
Circulation	13,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Introductions	5,000	14,471	20,000	22,251	24,850	25,239	33,577	33,577	38,976	46,838
Introductions**										
Seating	10,450	10,350	10,300	10,200	10,231	10,198	10,090	10,060	10,010	9,970
Number of customers	215,000	220,000	250,000	248,000	255,000	260,000	255,000	250,000	250,000	217,000
Feet of sewer cleaned										
Water	8,500	8,475	8,270	8,270	8,220	8,172	7,978	7,978	8,270	7,850
Number of customers average	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
Average daily consumption	4,683,000	4,220,000	4,370,000	4,001,000	4,798,000	4,889,200	4,889,000	6,770,000	6,770,000	5,004,000
Peak daily consumption										

** in 2013 Internet session length increased to 2 hours from one.

Table 18

CITY OF FRANKLIN, WISCONSIN
Capital Construction Program
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Area in square miles	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Taxable acres (approximate)	15,030	15,027	14,963	14,432	14,367	14,384	15,038	14,889	14,804	15,474
Acres developed (approximate)	9,803	9,658	9,711	9,175	9,679	9,681	9,684	9,540	9,410	11,396
Acres in park and open space	5,031	5,169	5,242	5,257	5,286	5,383	5,167	4,889	4,854	3,173
Miles of road:										
State	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85
Local	19.99	19.99	19.99	19.99	19.99	19.99	23.24	23.24	23.24	23.24
Local	179.75	179.75	177.00	177.00	169.25	167.05	166.32	166.07	166.51	165.97
Fire protection and ambulance service:										
Number of manual fire stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of substations	1	1	1	1	1	1	1	1	1	1
Number of sub stations										
Sewer and water service:										
Miles of watermain	203.0	197.0	195.5	195	194	193	191	185	185	185
Miles of wastewater	181.6	173.0	171.5	171	170	169	168	167	167	167
Number of fire hydrants	2,765	2,630	2,595	2,579	2,565	2,155	2,145	2,130	2,120	2,115
Recreation and culture:										
Miles of trails	12.5	12.5	12.2	12.0	11.0	11.0	11.0	10.0	10.0	7.0
Number of city parks	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
Number of city parks	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Number of libraries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal buildings (square footage):										
Law enforcement building	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206
Fire stations	66,300	66,300	66,300	66,300	66,300	66,300	66,300	66,300	66,300	66,300
Library	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750
Parks & recreation building	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Police building	45,457	45,457	45,457	45,457	45,457	45,457	45,457	45,457	45,457	45,457
Sewer & water building	23,215	23,215	23,215	23,215	23,215	23,215	23,215	23,215	23,215	23,215

Source: City of Franklin records

FORM OF LEGAL OPINION

(See following pages.)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

November 17, 2021

Re: City of Franklin, Wisconsin ("Issuer")
\$2,040,000 General Obligation Promissory Notes, Series 2021A,
dated November 17, 2021 ("Notes")

We have acted as bond counsel to the Issuer in connection with the issuance of the Notes. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Notes are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 50,000	2.00%
2023	100,000	2.00
2024	150,000	2.00
2025	150,000	2.00
2026	200,000	2.00
2027	250,000	2.00
2028	300,000	2.00
2029	400,000	2.00
2030	440,000	2.00

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2022.

The Notes maturing on March 1, 2029 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2028 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

We further certify that we have examined a sample of the Notes and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

3. The interest on the Notes is excludable for federal income tax purposes from the gross income of the owners of the Notes. The interest on the Notes is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Notes in order for interest on the Notes to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Notes to be included in gross income retroactively to the date of issuance of the Notes. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Notes. Further, we express no opinion regarding tax consequences arising with respect to the Notes other than as expressly set forth herein.

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Franklin, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$2,040,000 General Obligation Promissory Notes, Series 2021A, dated November 17, 2021 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on November 2, 2021 (the "Resolution") and delivered to Northland Securities, Inc. (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated November 3, 2021 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Franklin, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Director of Finance & Treasurer of the Issuer who can be contacted at City Hall, 9229 West Loomis Road, Franklin, Wisconsin 53132, phone (414) 427-7514, email finance@franklinwi.gov.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2021, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - DIRECT DEBT
2. DEBT - DEBT LIMIT
3. VALUATIONS - CURRENT PROPERTY VALUATIONS
4. TAX LEVIES AND COLLECTIONS - TAX LEVIES AND COLLECTIONS

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake

such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 17th day of November, 2021.

Stephen R. Olson
Mayor

(SEAL)

Sandra L. Wesolowski
City Clerk