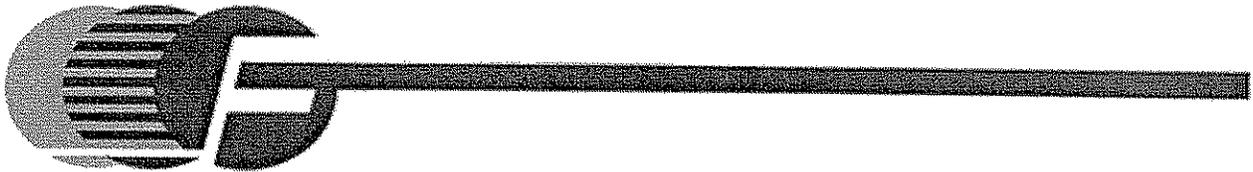


# **Comprehensive Annual Financial Report**

City of Franklin, Wisconsin  
For the Year Ended December 31, 2006



# **Franklin**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OF FRANKLIN**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**PREPARED BY THE  
DEPARTMENT OF FINANCE**

**DIRECTOR OF FINANCE & TREASURER  
CALVIN A. PATTERSON**

# CITY OF FRANKLIN

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# **INTRODUCTORY SECTION**

May 7, 2007

**Honorable Mayor, Common Council members  
and Citizens of Franklin:**

### **Introduction**

The Comprehensive Annual Financial Report of the City of Franklin, Wisconsin for the fiscal year ended December 31, 2006, is hereby submitted. State law requires that all general purpose local governments with a population over 25,000 publish within six months of the end of the fiscal year a complete set of financial statements 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.

The City's financial statements have been audited by Virchow, Krause & Company, LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **City Profile**

The City of Franklin, incorporated in 1956, is located in the southwestern corner of Milwaukee County. The City is 34.5 square miles in size and has a population of 33,000. Over the last ten years the City has experienced an average annual population increase of 2.8% per year. The city is a residential community with a growing commercial and industrial base. It is generally 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 and fire protection; emergency medical/paramedic, health and sanitary services; building inspection and zoning control; street, sanitary, storm sewer and water construction and maintenance. The City is authorized to levy property tax on real and personal property located within its boundaries.

The City operates under the mayor/council form of government. Policy making and legislative authority are vested in a governing council consisting of the mayor and six other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring a city attorney. The City's mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The council is elected, by district, on a non-partisan basis. The Mayor and Council members serve staggered three-year terms. The City is organized into departments, headed by fourteen officials appointed by the Mayor or Director of Administration and confirmed by the Common Council. Numerous boards, commissions and committees allow for citizen involvement in government by providing a forum for policy input to the Council and guidance to the departments.

The City provides a full range of services, including police, fire protection and emergency medical services; street construction, maintenance of highways, streets and other infrastructure; recreational and cultural activities and sanitation services. Library service is provided through a separate Library Board that functions like a department of the City and engages the Library Director. Water service is provided through a separate Water Utility that functions like a department of the City. These two areas therefore have been included as an integral part of the City's financial statements. The City also is financially accountable for a legally separate Community Development Authority (Authority). The Authority was established to finance and construct a City Business Park located within the City of Franklin Tax Incremental Financing District No. II. 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 preparation of a forecast for the existing programs for the following year is prepared by the end of May. Departmental requests for personnel changes and new capital outlay expenditures are made by the end of June. The Mayor then reviews the forecast including recommended personnel and capital outlay expenditures and determines by mid July the personnel and capital outlay expenditures that will be included in the initial departmental requested budgets. The departments take this information and submit their requested budgets by mid August. The budgets are reviewed and the Mayor submits his recommended budget by mid September. The Council through its Finance Committee reviews the recommended budget and submits a proposed budget to the Council by mid October. The Council is required to hold a public hearing on the proposed budget, usually at the beginning of November, and then adopts a final budget in early 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 fund with an adopted budget. The General Fund comparison is presented in Exhibit F as part of the basic financial statements for the government funds and in Schedules 3 & 4 of the supplementary information. For governmental funds, other than the General Fund, with adopted budgets this comparison is presented in the supplementary information section of this report.

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the environment within that the City operates.

### **Economic Condition and Outlook**

The pace of growth in Franklin in 2006 continued to be good. Although the growth rate of residential sector declined, the non-residential sectors growth rate increased. The 308 units of new residential construction was below the 402 units average of the last ten years. The number of permits and value of non-residential permits was the largest in Franklin history. Future prospects for residential, commercial and industrial development continues to remaining positive.

Estimated actual property values have grown at an average annual rate of 10.9% since 1996. The \$107 million in new growth was the third year in a row that growth in the City was in excess of \$100 million. That growth has allowed the City to maintain a relatively low municipal tax rate while still funding the increased cost of services required as a result of the City's growth. The City also benefits from the economy in the Milwaukee metropolitan area.

Difficulty in budgeting at the State level resulted in less than inflationary increases local governments. The City was able to adjust its budget to compensate and was able to decrease the tax rate by 1.63%. Overall tax rates ranged from -3.75% to 4.98% depending upon the school or sewer district of a property.

For the next two years the state budget has recommended continuing levy limits upon local governments. The City of Franklin has been able to meet those limits for 2007 without layoffs to existing staff and hope that layoffs will not be necessary in 2008 and 2009 the next two years of the levy limits.

### **Residential Growth**

Over the past ten years, residential valuation has grown at an average annual rate of 10.4%. In 2006 permits for 308 new equivalent residential units were issued. The decrease from the prior year reflects a slowing in residential construction. Continued growth from new construction is expected as new subdivisions open. Overall, the City remains attractive to builders and potential residents.

### **Commercial and Industrial Growth**

Over the past ten years, commercial and industrial valuation has remained at an average annual rate of 13.3%. In 2006, 91 building permits were issued for commercial and industrial projects. The value of those projects increased by 137.1% from the 2005 activity level due to increased activity in this sector.

The City's Business Park has only 24 acres (7%) unsold with another 54 acres (16%) sold but not yet developed. The total incremental value of the Business Park, which comprises the City's TIF District No. 2, exceeded \$132 million equalized value at January 1, 2006. This value and the projected increases should generate sufficient tax increment to repay the existing TIF District debt by 2011 the last scheduled principal repayment date. Based on preliminary projections, when the TIF District No. 2 is closed out (currently expected to be in 2011), over \$150 million of additional value is expected to be added to the general tax rolls.

In 2005 the City established two new TIF Districts (#3 & #4) on the eastern side of the City. The two districts have experienced a good start with first year increments of \$12.9 and \$9.9 Million, respectively.

Anticipated residential growth will continue to place demands on the commercial sector for goods and services that, in turn, is expected to continue the trend of commercial growth. Expansion of the commercial and industrial tax base is a goal of the City with respect to the overall tax rate, as 76% of the City's property value is currently residential. Future tax relief will need to come from industrial and commercial tax base expansion.

### **Organizational and Service Growth**

The year 2006 was a year of growth for the City. The growth in the TIF Districts, the growth in other new development, growth in City infrastructure and the growth in service opportunities.

With the growth of the community, planning and zoning issues continued to receive much attention. To be sure that new development pays its fair share of the infrastructure costs the impact fees are charged for new development. The expansion and development of parks also continue to receive attention. The Parks Commission continues to implement the Comprehensive Outdoor Recreation Plan. The Health Department increased its outreach to the local schools and continued offering immunizations at businesses in the Business and Industrial Parks, including Hepatitis B vaccines.

2006 was a City-wide property re-assessment year. The last re-assessment was done in 2003. Performing revaluations on a regular basis is in line with the Common Council's past policy decision to increase the frequency of assessment re-determinations in order to keep property values more in line with current market values. The State determined that the local assessments were 99.4% of fair value. The estimated actual value of City properties has exceeded \$3.4 billion.

The challenge for the operating departments in 2006 was to maintain the service levels at a time of limited revenues to the City and a growth of 4.2% in new properties. Limited tax growth did not provide resources to expand services. However, no employment cutbacks were necessary.

### **Grant Controls**

As a recipient of federal and state financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws and regulations applicable to those programs. This internal control structure is subject to periodic evaluation by management. The results of the City's audit for the fiscal year ended December 31, 2006 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws or regulations. If the level of

grant expenditures exceeds an established level, currently \$500,000, a single audit of grants is required. The City was not required to have a single audit of grants for 2006.

### **Budgeting Controls**

The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Common Council. Activities of the General Fund, Library Fund, Sanitary Sewer Fund, Debt Service Fund, Capital Outlay Fund, Capital Improvement Fund, Equipment Replacement Fund and Street Improvement Fund are included in the annual appropriated budget. The legal level for budgetary control is at the function level (e.g. public safety) within individual funds. The legal level of control is defined as the level at which expenditures cannot legally exceed the appropriated amount without a resolution approved by Common Council. Any unencumbered appropriations lapse at year end.

### **Cash Management**

Temporary idle cash is pooled and invested in demand deposits, savings deposits and the State of Wisconsin Local Government Investment Pool. Longer term cash reserves are invested by an investment manager in commercial paper, U.S. Treasury notes, Government Agency instruments, corporate notes and U.S. Treasury money market funds. Interest income from these programs are allocated to the various funds based on their respective balances of the pooled investments.

### **Risk Management**

The City is exposed to a wide variety of risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care for its employees. Third-party insurance is maintained for workers' compensation, property, liability and many other potential losses. The City offers full time and some part time employees a group health and dental plan, which is self-insured by the City. The risk of this plan is reduced through the purchase of an excess loss health insurance policy with a 2006 deductible of \$50,000 per covered participant.

### **Pension and Other Post employment benefits**

The City provides pension benefits to its employees. The public works, sewer and water and maintenance employees are covered by a single employer defined benefit pension plan. The Police and Fire employees are covered by the Wisconsin Retirement System pension program. The remainder of eligible employees are covered by a defined contribution pension plan. In addition to pensions, the City also provides postretirement health and dental care benefits for certain retirees and their dependants. As of the end of the current fiscal year there were 17 retired employees receiving some type of postretirement benefits. The benefits are financed on a pay-as-you-go basis. GAAP does not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. In 2004, the Government Accounting Standards Board (GASB) adopted Statement No. 45, Accounting for post employment benefits. The effective date for the implementation of GASB No. 45 for the City is January 1, 2008. This new standard will require the City to account for post retirement health costs over the working lives of the employees.

### **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, 2005. 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 fourteenth 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.

A Certificate of Achievement is valid for a period of one year only. 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 2006 Certificate.

### **Acknowledgments**

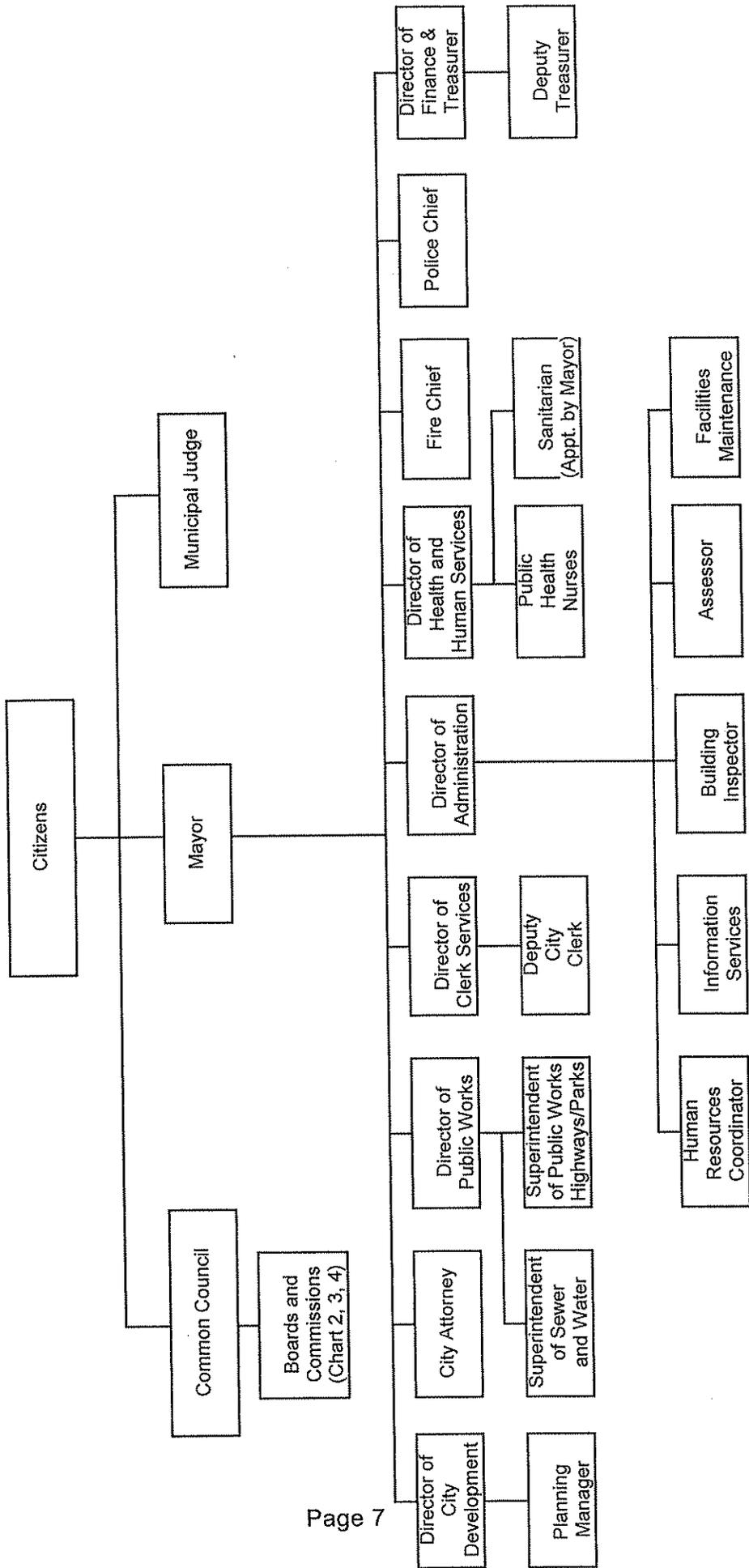
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff. Appreciation is also extended to all other City employees who contributed to its preparation. We also thank the Mayor, Common Council, and Finance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

Respectfully submitted,



Calvin A. Patterson  
Director of Finance & Treasurer

City of Franklin  
Organization Chart  
Chart 1



**CITY OF FRANKLIN  
LIST OF PRINCIPAL OFFICIALS**

Elected Officials

<u>Title</u>	<u>Name</u>
Mayor	Tom Taylor
Aldermen:	
District No. 1	Steve Olson
District No. 2	Tim Solomon
District No. 3	Al Hammelman
District No. 4	Pete Kosovich
District No. 5	Lyle Sohns
District No. 6	Ken Skowronski
Municipal Judge	Fred Klimetz

Non-elected Officials

Assessor	Marty Kuehn
Building Inspector	Fred Baumgart
City Attorney	Jesse Wesolowski
City Clerk	Sandi Wesolowski
City Engineer/Public Works Director	John Bennett
City Development Director	Doug Wheaton
Director of Administration	Mark Luberda
Director of Finance & Treasurer	Cal Patterson
Director of Health & Human Services	Bill Wucherer
Fire Chief	Jim Martins
Human Resources Coordinator	Dana Zahn
Library Director	Barbara Roark
Planning Manager	Joel Dietl
Police Chief	Rick Oliva

# 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, 2005

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



President

Executive Director

# **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council  
City of Franklin  
Franklin, Wisconsin

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Franklin's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information for the enterprise funds has been derived from the City of Franklin's 2005 financial statements and, in our report dated March 13, 2006, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2006, 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 conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 12 through 24 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Mayor and Common Council  
City of Franklin

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 combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The "Letter of Transmittal" and "Statistical Section" listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Franklin, Wisconsin. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on such information.

*Vinson, Krause & Company, LLP*

Milwaukee, Wisconsin  
May 7, 2007

## Management's Discussion and Analysis

As management of the City of Franklin (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2006, by \$114,615,072 (**net assets**). Of this amount, \$13,131,643 (**unrestricted net assets**) may be used to meet the government's ongoing obligations to citizens and creditors. The total net assets include infrastructure of the governmental funds installed during 2003 through 2006. Prior year's governmental funds infrastructure has not yet been included in these statements.
- The City's total net assets increased by a net amount of \$10,613,449. Investment in capital assets, net of related debt accounted for a \$7,239,515 of the increase, unrestricted net assets accounted for \$509,151 of the increase with restricted net assets accounting for \$2,864,783 of the increase.
- The City's governmental funds reported, as of December 31, 2006, combined ending fund balances of \$23,735,465, a decrease of \$1,831,685 from the prior year. Approximately 24 percent of the total fund balance, or \$5,595,141, is available for spending at the government's discretion (**unreserved fund balance**).
- The unreserved fund balance as of December 31, 2006 for the general fund was \$6,279,964 or approximately 31 percent of total anticipated 2007 general fund expenditures.
- The City's Governmental activities debt decreased by \$3,820,000 during 2006. Normal repayments of \$4,050,000 and prepayments of \$9,770,000 were partially offset by the issuance of \$10,000,000 in debt to be used to prepay existing lease revenue debt.

### 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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The governmental activities of the City include general government, public safety, public works, health & human services, culture & recreation and conservation & development. The business-type activities include the Franklin Water Utility and the City Sanitary Sewer fund.

The government-wide financial statements include not only the City itself (known as the primary government) but also a legally separate Community Development Authority for which the City is financially accountable. Financial information for this blended component unit is reported as part of the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A & B of this report.

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

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

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

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General, Debt Service and TIF Districts Funds, that are considered to be major funds. Data from the remaining eleven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

The basic governmental fund financial statements can be found on Exhibits C, D, E & F of this report. These statements include a budgetary comparison statement of the General Fund.

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Library Fund, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Sanitary Sewer Fund and the Franklin Water Utility. A budgetary comparison statement has been provided for all governmental funds demonstrating compliance with their budgets.

**Proprietary funds.** Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Franklin Water Utility, the Sanitary Sewer Fund and the Internal Service Fund.

The basic proprietary fund financial statements can be found on Exhibits G, H & I of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The fiduciary funds maintained by the City are the Property Tax Agency Fund, that records the tax roll and tax collections for the City and other taxing jurisdictions, and other agency funds to record their activity.

The basic fiduciary fund financial statements can be found on Exhibit J 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 can be found on pages 37 - 70 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, the combining and individual fund financial statements and schedules section presents combining statements in connection with non-major governmental funds, a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the budget complementing the statement included in the basic governmental fund financial statements, and other information related to the individual funds are presented immediately following the notes to the financial statements. These schedules 1 to 9 can be found on pages 71 – 85 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$114,615,072 and \$104,001,623 at the end of 2006 and 2005, respectively.

**CITY OF FRANKLIN NET ASSETS**  
**December 31, 2006 and 2005**

	Governmental		Business-type		Total	
	Activities		Activities		2006	2005
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 54,074,489	\$ 54,869,649	\$ 3,371,841	\$ 3,474,370	\$ 57,446,330	\$ 58,344,019
Capital assets	<u>45,548,910</u>	<u>40,697,119</u>	<u>88,299,652</u>	<u>85,098,937</u>	<u>133,848,562</u>	<u>125,796,056</u>
Total assets	<u>99,623,399</u>	<u>95,566,768</u>	<u>91,671,493</u>	<u>88,573,307</u>	<u>191,294,892</u>	<u>184,140,075</u>
Long-term liabilities	42,786,531	47,602,544	66,363	58,807	42,852,894	47,661,351
Current liabilities	<u>32,992,292</u>	<u>31,620,241</u>	<u>834,634</u>	<u>856,860</u>	<u>33,826,926</u>	<u>32,477,101</u>
Total liabilities	<u>75,778,823</u>	<u>79,222,785</u>	<u>900,997</u>	<u>915,667</u>	<u>76,679,820</u>	<u>80,138,452</u>
Net assets:						
Invested in capital assets, net of related debt	5,673,474	1,634,674	88,299,652	85,098,937	93,973,126	86,733,611
Restricted	7,295,036	4,467,246	215,267	178,274	7,510,303	4,645,520
Unrestricted	<u>10,876,066</u>	<u>10,242,063</u>	<u>2,255,577</u>	<u>2,380,429</u>	<u>13,131,643</u>	<u>12,622,492</u>
Total net assets	<u>\$ 23,844,576</u>	<u>\$ 16,343,983</u>	<u>\$ 90,770,496</u>	<u>\$ 87,657,640</u>	<u>\$ 114,615,072</u>	<u>\$ 104,001,623</u>

The largest portion of the City's net assets (approximately 82 and 83 percent, in 2006 and 2005, respectively) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these net assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Investment in capital assets accounted for \$93,973,126 and \$86,733,611 in 2006 and 2005, respectively of the year end net assets. The changes in capital assets were as follows:

	Net Capital Asset Additions	Depreciation	Decrease in Capital Related Debt	Net Increase
2006	\$ 10,917,057	\$ (2,858,215)	\$ (819,327)	\$ 7,239,515
2005	11,919,412	(2,726,152)	1,962,669	11,155,929

The major City project contributing to this increase in 2006 was the construction of the extension of 31<sup>st</sup> Street and in 2005 was the right of way acquisition for the extension of 31<sup>st</sup> Street. Infrastructure contributed by developers as part of developer's agreements contributed approximately \$938,000 in 2006 and \$3,872,000 in 2005 to the capitalized infrastructure through capital grants and contributions of governmental activities and \$1,477,000 in 2006 and \$3,181,000 in 2005 to capitalized infrastructure through capital grants and contributions for business-type activities.

An additional portion of the City's net assets (6.6 percent and 4.2 percent in 2006 and 2005, respectively) represent resources that are subject to external restrictions on how they may be used. There were \$7,510,303 and \$4,645,520, respectively in those net assets that were restricted to specific purposes with the remaining balance of \$13,131,643 and \$12,622,492, in 2006 and 2005 respectively in unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal years the City was able to report positive balances in all three categories of net assets, as a government as a whole, as well as for its separate governmental and business-type activities.

There was a 2006 increase of \$2,827,790 in restricted net assets reported in connection with the governmental activities. The increase was primarily due to the increase in available debt service funds (\$2,772,000), the use of utility improvement funds to pay for 31<sup>st</sup> Street and Ryan road sewer improvement projects (\$651,000) offset by the growth in available Development funds (\$632,000).

There was a 2005 increase of \$810,831 in restricted net assets reported in connection with the governmental activities. The increase was due to the growth in utility improvement funds (\$364,000), the growth in impact fees (\$110,000) and the growth in other restricted funds (\$337,000).

There was a 2006 increase of \$634,003 in unrestricted net assets reported in connection with the governmental activities. The major reason for the increase was the increase in the General Fund.

There was a 2005 increase of \$1,098,650 in unrestricted net assets reported in connection with the governmental activities. The major reason for the increase was the unused portion of a borrowing in the capital improvement fund (\$2,750,000).

**Governmental activities.**

Governmental activities in 2006 increased the City's net assets by \$7,500,593 accounting for 71 percent of the total growth in the net assets of the City. Elements of this increase follow:

- Net increase in Debt service activities of \$3,226,644
- Increase in governmental activities capital assets net of depreciation of \$4,851,792
- Increase from general fund activities of \$605,850
- Net increase from internal service activities of \$292,172
- Net decrease from TIF Districts activities of \$690,802
- Net decrease from other fund activities of \$785,063

Governmental activities in 2005 increased the City's net assets by \$9,368,603 accounting for 70 percent of the total growth in the net assets of the City. Elements of this increase follow:

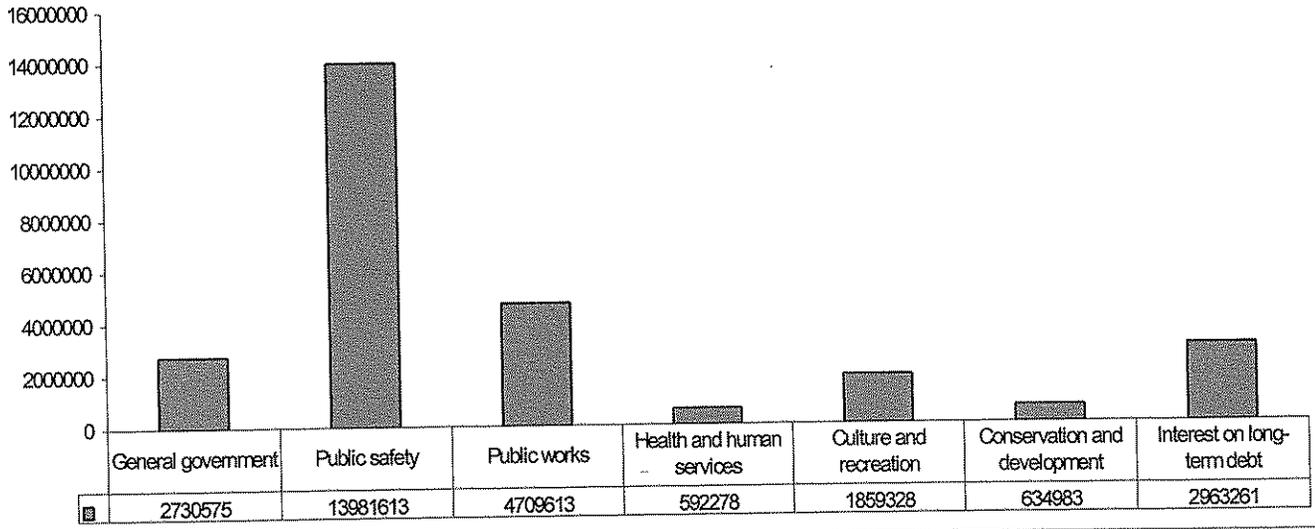
- Increase due to the reduction in Long term Debt of \$4,022,155
- Increase in governmental activities capital assets net of depreciation of \$5,496,453
- Net decrease from internal service activities of \$26,049
- Net decrease from special assessment activities of \$802,192
- Net increase from other fund activities of \$678,236

The details of changes in net assets follow:

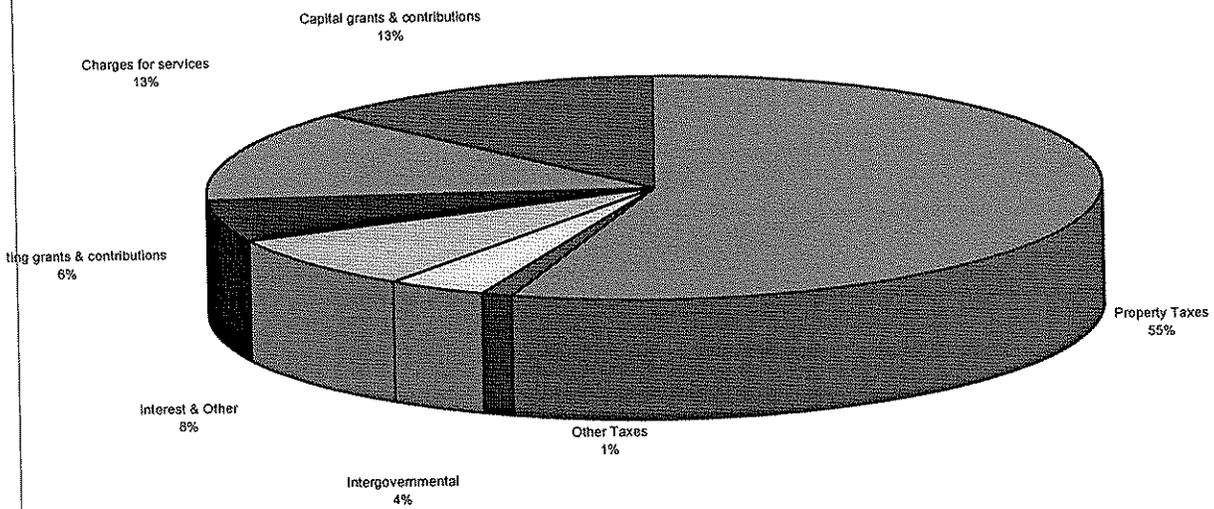
### City of Franklin Changes in Net Assets For the Year Ending December 31, 2006 and 2005

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue						
Program revenue:						
Charges for services	\$ 4,864,627	\$ 4,784,345	\$ 5,452,364	\$ 5,547,932	\$ 10,316,991	\$ 10,332,277
Operating grants & contributions	2,180,165	1,838,699	-	-	2,180,165	1,838,699
Capital grants & contributions	4,725,961	6,728,526	1,477,041	3,181,334	6,203,002	9,909,860
General revenue:						
Property taxes	20,420,758	19,805,791	-	-	20,420,758	19,805,791
Other taxes	419,168	381,116	-	-	419,168	381,116
Intergovernmental	1,334,594	1,271,794	-	-	1,334,594	1,271,794
Other	2,609,206	1,231,050	159,293	95,606	2,768,499	1,326,656
Total revenue	<u>36,554,479</u>	<u>36,041,321</u>	<u>7,088,698</u>	<u>8,824,872</u>	<u>43,643,177</u>	<u>44,866,193</u>
Expenses:						
General government	2,730,575	2,588,256	-	-	2,730,575	2,588,256
Public safety	13,981,613	13,533,975	-	-	13,981,613	13,533,975
Public works	4,709,613	4,673,462	-	-	4,709,613	4,673,462
Health & Human services	592,278	510,520	-	-	592,278	510,520
Culture & Recreation	1,859,328	1,561,066	-	-	1,859,328	1,561,066
Conservation & development	634,983	666,277	-	-	634,983	666,277
Interest on long-term debt	2,574,761	2,204,881	-	-	2,574,761	2,204,881
Water	-	-	3,342,925	3,307,057	3,342,925	3,307,057
Sewer	-	-	2,603,652	2,349,419	2,603,652	2,349,419
Total expenses	<u>27,083,151</u>	<u>25,738,437</u>	<u>5,946,577</u>	<u>5,656,476</u>	<u>33,029,728</u>	<u>31,394,913</u>
Increase in net assets before transfers	9,471,328	10,302,884	1,142,121	3,168,396	10,613,449	13,471,280
Transfers	<u>(1,970,735)</u>	<u>(934,281)</u>	<u>1,970,735</u>	<u>934,281</u>	-	-
Increase in net assets	7,500,593	9,368,603	3,112,856	4,102,677	10,613,449	13,471,280
Net assets - beginning	<u>16,343,983</u>	<u>6,975,380</u>	<u>87,657,640</u>	<u>83,554,963</u>	<u>104,001,623</u>	<u>90,530,343</u>
Net assets - ending	<u>\$ 23,844,576</u>	<u>\$ 16,343,983</u>	<u>\$ 90,770,496</u>	<u>\$ 87,657,640</u>	<u>\$ 114,615,072</u>	<u>\$ 104,001,623</u>

### Expenses by Function - Governmental Activities



### Revenue by Source - Governmental Activities



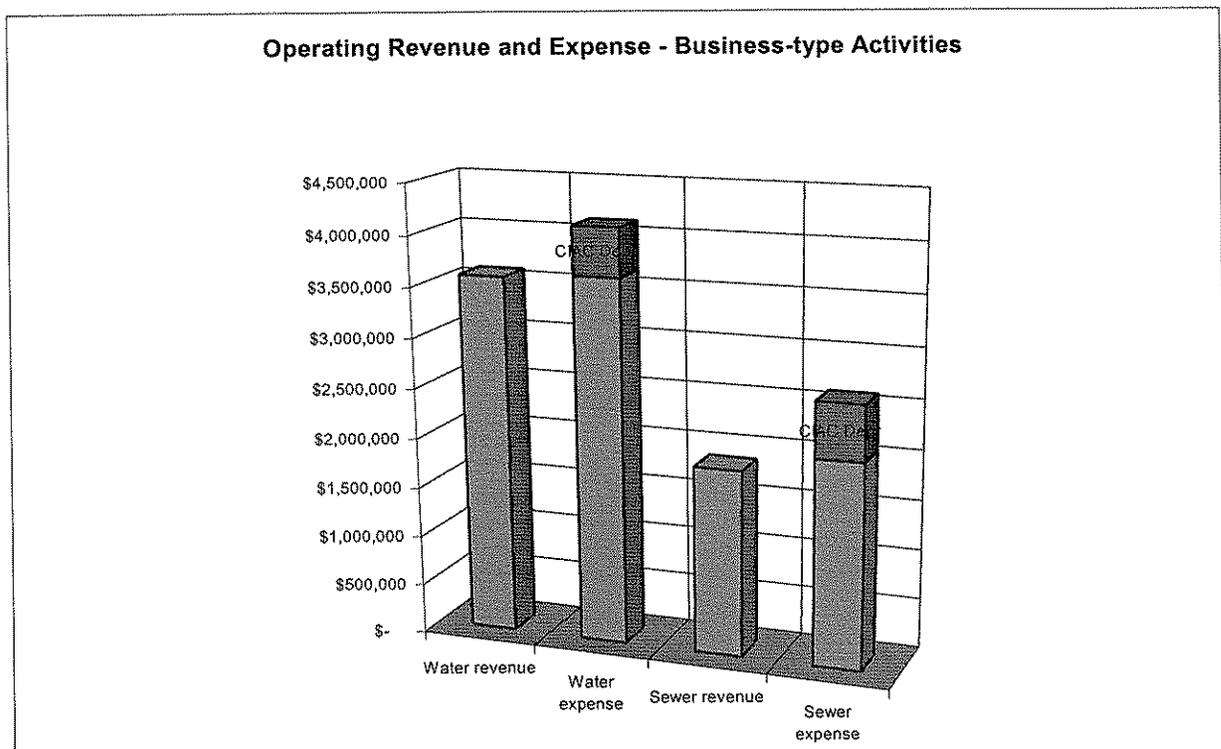
**Business-type activities.** In 2006, business-type activities increased the City's net assets by \$3,112,856 or 3.6 percent from the prior year. The key elements of this increase follow:

- The (loss) from operating activities (the change in net assets excluding capital contributions and its related depreciation expense) was \$(77,985). The goal of the business activities is to provide these services at a break even basis to minimize the cost to the users. The sewer revenue is currently below the level necessary to meet this goal.
- Developer contributions of water infrastructure - \$2,313,373 consisting of ten developer projects and four City projects
- Developer contributions of sewer infrastructure - \$1,911,741 consisting of three developer projects and three City projects
- Depreciation expense related to contributed assets - \$1,034,273

In 2005, business-type activities increased the City's net assets by \$4,102,677 or 4.9 percent from the prior year. The key elements of this increase follow:

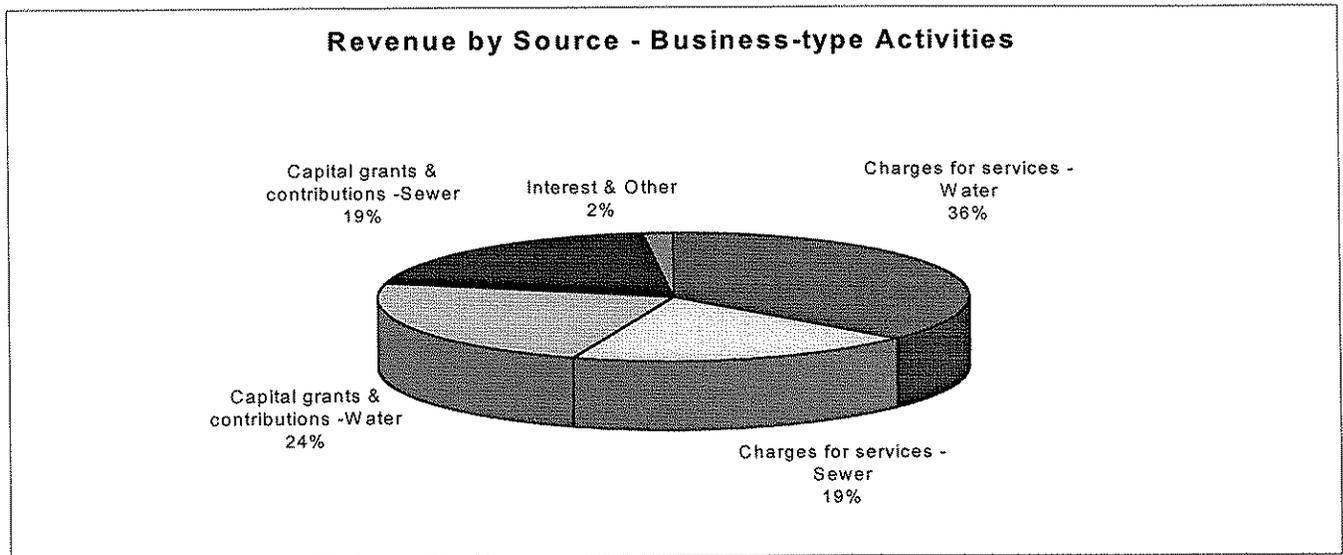
- The earnings from operating activities (the change in net assets excluding capital contributions and its related depreciation expense) was \$189,718. The goal of the business activities is to provide these services at a break even basis to minimize the cost to the users. The year 2005 was a dry year that resulted in greater return from water operations than planned.
- Developer contributions of water infrastructure - \$3,091,294 consisting of thirteen developer projects and two City projects
- Developer contributions of sewer infrastructure - \$1,802,150 consisting of eleven developer projects
- Depreciation expense related to contributed assets - \$980,485

The following graph compares the 2006 charges for services to the operating expenses for water and sewer activities.



Water and Sewer expenses exceed revenue due to the current policy of only including depreciation from City spending on capital assets in the rate formula. The large amount of new infrastructure that is being installed each year is the reason for this policy. When maintenance and replacement costs begin to increase this policy may need to be reevaluated.

As shown on the following chart, the Business-type revenue includes capital grants and contributions, investment earnings and miscellaneous income in addition to charges for services (operating revenue).



### 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, unreserved 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 \$23,735,465, a decrease of \$1,831,685 in comparison with the prior year. Approximately 24 percent or \$5,595,141 constitutes unreserved fund balance, which is available for spending at the government's discretion. Of this unreserved fund balance, the use of the following amounts were committed to specific types of activities; i.e., \$294,820 for special revenue fund activities, \$4,758,828 for capital project activities and a \$5,738,471 deficit in the TIF Districts activities.

The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$3,466,738), 2) for TIF District purposes (\$7,628,769) 3) for utility improvement purposes (\$478,801), 4) for

development purposes (\$3,484,891), 5) for library purposes (\$263,924), 6) uncompleted contracts (\$1,849,000), 7) encumbrances (\$693,000) and 8) for emergency medical services, prepaid expenses, inventories, donations and grants (\$275,201).

The **General Fund** is the chief operating fund of the City. As of December 31, 2006, the total fund balance of the general fund was \$7,021,834 of which \$6,279,964 was unreserved. This unreserved fund balance represents approximately 28 percent of 2007 total general fund expenditures.

The total fund balance of the general fund increased by \$552,774 in fiscal year 2006. The 2006 annual program budget for the City's general fund identified the appropriation of \$969,000 in fund balance to reduce the impact of taxes levied and to balance the budget. However, actual expenses were less than budgeted expenses by approximately 3 percent or \$733,232 and actual revenue was more than budget revenue in the general fund by \$778,542 or approximately 4 percent. The increase in revenue can be attributed to increased development activity resulting in more permit fees and increased interest revenue. The underexpenditures were mainly from vacancy in authorized positions and unused contingency.

The **Debt Service Fund** has a total fund balance of \$10,395,507, \$3,466,738 of which is reserved for the payment of debt service and \$6,928,769 is reserved for advances made to TIF Districts fund. The fund balance other than the TIF Districts portion reflects an increase of \$1,465,184 due primarily to lower amounts of principal and interest being due during 2006.

The **TIF Districts Fund** has an unreserved fund deficit of \$5,738,471 and a reserved fund balance of \$1,169,000 for a net fund deficit of \$4,569,471. The fund deficit is due to funding the districts in 2005 with long term advances from the Debt Service Fund rather than directly receiving the debt funds. Had the TIF Districts fund received the debt proceeds directly there would be an unreserved fund balance of \$1,190,298 instead of the fund deficit as shown.

**Proprietary fund.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Utility at the end of the year amounted to \$1,549,518, an increase of \$63,555 from December 31, 2005. The growth in total net assets was \$1,900,648.

Unrestricted net assets of the Sanitary Sewer Fund at the end of the year amounted to \$706,059, a decrease of \$188,407 from December 31, 2005. The growth in total net assets was \$1,212,208.

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

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. There were additional appropriations that came from other departments or from the contingency budgeted.

As identified earlier, total actual revenue and other sources exceeded the budgeted revenue by \$778,542. Building permits exceeded their budgets due to increased development activity and by increased interest income accounting for most of the revenue increase.

Actual expenditures were less than budgeted expenditures by \$733,232. This amount was across all functions. The Administration, Police, Highway and City Development departments accounted for the largest portion of the under expenditures. The unused portion of the contingency budget was \$376,200. The underexpenditures were reduced by overexpenditures in the fire, municipal buildings, unclassified and parks budgets.

Because revenue increased and expenditures declined, the need to draw upon existing fund balance was unnecessary. The combination of favorable variances in revenue and expenditures enabled the fund balance to increase by \$552,774.

### Capital assets.

The City's investment in capital assets for its governmental and business type activities as of December 31, 2006, amounts to \$133,848,562 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

	City's Investment in Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 7,870,390	\$ 6,885,868	\$ 426,384	\$ 426,384	\$ 8,296,774	\$ 7,312,252
Buildings and Improvements	22,037,727	21,288,949	2,373,341	2,342,139	24,411,068	23,631,088
Improvements other than buildings	14,368,653	11,998,351	100,027,157	96,067,431	114,395,810	108,065,782
Machinery and and equipment	12,111,100	11,742,433	1,928,364	1,887,905	14,039,464	13,630,338
Construction in process	<u>1,863,283</u>	<u>415,821</u>	<u>566,427</u>	<u>453</u>	<u>2,429,710</u>	<u>416,274</u>
Total capital assets	58,251,153	52,331,422	105,321,673	100,724,312	163,572,826	153,055,734
Less Accumulated depreciation	<u>(12,702,243)</u>	<u>(11,634,303)</u>	<u>(17,022,021)</u>	<u>(15,625,375)</u>	<u>(29,724,264)</u>	<u>(27,259,678)</u>
Capital assets net of Depreciation	<u>\$ 45,548,910</u>	<u>\$ 40,697,119</u>	<u>\$ 88,299,652</u>	<u>\$ 85,098,937</u>	<u>\$ 133,848,562</u>	<u>\$ 125,796,056</u>

The total increase in the City's net investment in capital assets for the current fiscal year was a total of \$8,052,506 net of depreciation or a 6.4 percent increase.

For further details on capital asset activity, refer to Note 1(D)5, Note 4(D) of the Notes to Financial Statements and Schedules 8 – 8.2.

### Long-term debt

At December 31, 2006, the City had general obligation note and bond issues outstanding totaling \$41,600,000. State statutes limit the amount of general obligation debt a governmental entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City is \$174,087,985., The City's current outstanding general obligation debt is 24% of the statutory debt limit. In the last 15 years the City has not exceeded 34 percent of the statutory debt limit. The City issued \$10,000,000 in new general obligation notes to refinance existing lease revenue bonds resulting in a present value savings in debt service of \$369,000. The City's present rating from Moody's for its general obligation debt is "Aa2".

The City also has outstanding \$5,195,000 of redevelopment revenue obligations that were issued in order to evidence a loan from the City's Community Development Authority (CDA) to the City. The CDA financed its loan to the City by issuing redevelopment lease revenue bonds. The proceeds of the redevelopment revenue obligations were used to finance the City's Business Park. The obligations are being repaid property tax revenue generated by the City's TIF District No. 2. The CDA debt is not subject to the City's statutory debt limit referred to in a preceding paragraph.

In early 2007 the City borrowed \$10,000,000 in taxable general obligation notes for the City's TIF District No. 3 purposes. Also in early 2007 the City borrowed \$9,925,000 in tax exempt general obligation bonds to refinance \$9,470,000 of existing general obligation bonds resulting in a present value savings of approximately \$450,000.

The Franklin Water Utility has no debt outstanding. The Board of Water Commissioners intention is to generally avoid debt by maintaining and building cash and investments and from time to time making improvements to its rate structure. The utility's plan is to make future infrastructure improvements including water main replacement and new water service from current reserves and from City collected impact fees.

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds and notes	\$ 41,600,000	\$ 32,900,000	\$ -	\$ -	\$ 41,600,000	\$ 32,900,000
Revenue bonds	5,195,000	17,715,000	-	-	5,195,000	17,715,000
Total	<u>\$ 46,795,000</u>	<u>\$ 50,615,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,795,000</u>	<u>\$ 50,615,000</u>

Additional information of the City's long-term debt can be found in note 4(F), Schedule 5 and Tables 10 – 12 in the statistical section of the report.

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

- The unemployment rate as of December 31, 2006 for the City was 3.1%, Milwaukee County which includes the City, is 5.3 percent. This compares with an unemployment rate of 4.5 percent for the State of Wisconsin.
- The local tax rate change for operations for the current and prior two years were -1.63% 1.89% and -1.99%, respectively.
- The tax levy increase for the current and prior two years were, \$666,700, \$1,085,689, and \$206,760, respectively.
- The 2007 budgets require a local tax rate that increased 1.93% which together with growth will result in a tax levy increase of \$935,000 or 5.32 percent.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all 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 or the Director of Administration, 9229 West Loomis Road, Franklin, WI 53132.

General information or more detailed financial and budget information relating to the City of Franklin, Wisconsin, can be found at the City's website, [www.franklinwi.gov](http://www.franklinwi.gov).

# **BASIC FINANCIAL STATEMENTS**

**CITY OF FRANKLIN**  
**Statement of Net Assets**  
**December 31, 2006**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 27,549,076	\$ 1,828,577	\$ 29,377,653
Receivables			
Accounts receivable	1,014,479	1,310,805	2,325,284
Taxes receivable	22,127,198	195,956	22,323,154
Special assessments receivable	2,726,612	-	2,726,612
Internal balances	178,764	(178,764)	-
Due from other governments	207,245	-	207,245
Prepaid items	11,850	-	11,850
Inventories	24,120	-	24,120
Restricted cash and investments	-	215,267	215,267
Capital assets (net of accumulated depreciation)			
Land	7,870,390	426,384	8,296,774
Buildings and improvements	17,222,725	1,731,540	18,954,265
Machinery and equipment	4,691,033	694,077	5,385,110
Improvements other than buildings	13,901,479	84,881,224	98,782,703
Construction in progress	1,863,283	566,427	2,429,710
Deferred charges	235,145	-	235,145
<b>Total assets</b>	<b>\$ 99,623,399</b>	<b>\$ 91,671,493</b>	<b>\$ 191,294,892</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,097,574	\$ 738,248	\$ 3,835,822
Accrued liabilities	1,371,870	52,555	1,424,425
Due to other governments	81,363	-	81,363
Accrued interest	642,649	-	642,649
Special deposits	493,684	1,600	495,284
Unearned revenue	21,650,328	-	21,650,328
Noncurrent liabilities:			
Due within one year	5,654,824	42,231	5,697,055
Due in more than one year	42,786,531	66,363	42,852,894
<b>Total liabilities</b>	<b>75,778,823</b>	<b>900,997</b>	<b>76,679,820</b>
<b>NET ASSETS</b>			
Investment in capital assets, net of related debt	5,673,474	88,299,652	93,973,126
Restricted for:			
Debt service	2,824,089	-	2,824,089
Library	263,924	-	263,924
Utility improvements	478,801	-	478,801
Development	3,484,891	-	3,484,891
Other purposes	243,331	215,267	458,598
Unrestricted	10,876,066	2,255,577	13,131,643
<b>Total net assets</b>	<b>\$ 23,844,576</b>	<b>\$ 90,770,496</b>	<b>\$ 114,615,072</b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN**  
**Statement of Activities**  
**Year Ended December 31, 2006**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government activities:	\$ 2,730,575	\$ 145,072	\$ 23,283	\$ -	\$ (2,562,220)	\$ -	\$ (2,562,220)
General government	13,987,313	2,784,237	170,734	-	(11,032,342)	-	(11,032,342)
Public safety	4,709,613	1,497,290	1,354,965	4,815,002	2,957,644	-	2,957,644
Public works	572,091	62,339	250,467	-	(259,285)	-	(259,285)
Health and human services	1,873,815	237,278	216,436	75,239	(1,344,862)	-	(1,344,862)
Culture and recreation	634,983	138,411	-	-	(496,572)	-	(496,572)
Conservation and development	2,574,761	-	-	-	(2,574,761)	-	(2,574,761)
Interest on long term debt	27,083,151	4,864,627	2,015,885	4,890,241	(15,312,398)	-	(15,312,398)
Total governmental activities							
Business-type activities:							
Water	3,342,925	3,585,661	-	1,314,688	-	1,557,424	1,557,424
Sewer	2,603,652	1,866,703	-	162,353	-	(574,596)	(574,596)
Total business-type activities	5,946,577	5,452,364	-	1,477,041	-	982,828	982,828
Total	\$ 33,029,728	\$ 10,316,991	\$ 2,015,885	\$ 6,367,282	(15,312,398)	982,828	(14,329,570)
General revenue:							
Property taxes levied for general purposes					15,350,390	-	15,350,390
Property taxes levied for debt service					2,210,000	-	2,210,000
Property taxes levied for TIF Districts					2,860,368	-	2,860,368
Other taxes					419,168	-	419,168
Intergovernmental revenue not restricted to specific programs					1,334,594	-	1,334,594
Investment earnings					2,531,912	112,453	2,644,365
Miscellaneous revenue					77,294	46,840	124,134
Transfers					(1,970,735)	1,970,735	-
Total general revenue and transfers					22,812,991	2,130,028	24,943,019
Change in net assets					7,500,593	3,112,856	10,613,449
Net assets - beginning					16,343,983	87,657,640	104,001,623
<b>Net assets - ending</b>					\$ 23,844,576	\$ 90,770,496	\$ 114,615,072

**CITY OF FRANKLIN**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2006**

	<u>General</u>	<u>Debt Service</u>	<u>TIF Districts</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 7,075,780	\$ 3,809,074	\$ 3,728,510	\$ 12,562,070	\$ 27,175,434
Receivables					
Accounts receivable	596,926	57,164	20,364	55,615	730,069
Taxes receivable	13,632,467	2,460,739	3,127,115	2,906,877	22,127,198
Special assessments receivable	-	1,380,188	-	1,346,424	2,726,612
Due from other funds	178,764	-	-	-	178,764
Due from other governments	140,820	-	-	66,425	207,245
Prepaid items	7,750	-	-	4,100	11,850
Inventories	24,120	-	-	-	24,120
Long term advances	700,000	6,928,769	-	-	7,628,769
<b>TOTAL ASSETS</b>	<u>\$ 22,356,627</u>	<u>\$ 14,635,934</u>	<u>\$ 6,875,989</u>	<u>\$ 16,941,511</u>	<u>\$ 60,810,061</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 593,832	\$ -	\$ 674,576	\$ 1,782,246	\$ 3,050,654
Accrued liabilities	942,501	-	15,000	18,369	975,870
Due to other governments	81,363	-	-	-	81,363
Special deposits	92,885	399,500	-	-	492,385
Deferred revenue	13,624,212	3,840,927	3,127,115	4,253,301	24,845,555
Long term advances	-	-	7,628,769	-	7,628,769
<b>Total Liabilities</b>	<u>15,334,793</u>	<u>4,240,427</u>	<u>11,445,460</u>	<u>6,053,916</u>	<u>37,074,596</u>
<b>FUND BALANCES</b>					
Reserved for:					
Inventories and prepaid items	31,870	-	-	4,100	35,970
Advances to other funds	700,000	6,928,769	-	-	7,628,769
Encumbrances	10,000	-	-	683,000	693,000
Contractual obligations	-	-	1,169,000	680,000	1,849,000
Debt service	-	3,466,738	-	-	3,466,738
Library services	-	-	-	259,824	259,824
Emergency medical services	-	-	-	11,452	11,452
Utility improvements	-	-	-	478,801	478,801
Development	-	-	-	3,484,891	3,484,891
Donations & grants	-	-	-	231,879	231,879
Unreserved balance (deficit) reported in:					
General Fund	6,279,964	-	-	-	6,279,964
Special Revenue Funds	-	-	-	294,820	294,820
Capital Project Funds	-	-	(5,738,471)	4,758,828	(979,643)
<b>Total fund balances</b>	<u>7,021,834</u>	<u>10,395,507</u>	<u>(4,569,471)</u>	<u>10,887,595</u>	<u>23,735,465</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 22,356,627</u>	<u>\$ 14,635,934</u>	<u>\$ 6,875,989</u>	<u>\$ 16,941,511</u>	<u>\$ 60,810,061</u>
<b>Total fund balances of governmental funds</b>					<u>\$ 23,735,465</u>
Amounts reported for governmental activities in the statement of net assets are different because:					
Capital assets used in government funds are not financial resources and are not reported in the funds.					45,548,910
Internal service net assets					213,833
Other long-term assets that are not available to pay for current period expenditures and are deferred in the funds.					3,195,227
Long-term liabilities, including long-term debt, are not due and payable in the current period and are not reported in the funds.					(48,848,859)
<b>Net assets of governmental activities</b>					<u>\$ 23,844,576</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN**  
**Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended December 31, 2006**

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUE</b>					
Taxes	\$ 13,284,558	\$ 2,210,000	\$ 2,860,368	\$ 2,485,000	\$ 20,839,926
Intergovernmental revenue	2,705,809	-	68,964	314,041	3,088,814
Licenses and permits	1,386,588	-	-	-	1,386,588
Fines, forfeitures and penalties	332,090	-	-	-	332,090
Public charges for services	1,474,178	685,966	-	-	2,160,144
Special assessments	-	412,849	-	3,275,897	3,688,746
Intergovernmental charges for services	574,835	-	-	-	574,835
Investment earnings	808,469	612,062	396,472	687,182	2,504,185
Miscellaneous revenue	130,677	-	19,547	601,983	752,207
<b>Total Revenue</b>	<u>20,697,204</u>	<u>3,920,877</u>	<u>3,345,351</u>	<u>7,364,103</u>	<u>35,327,535</u>
<b>EXPENDITURES</b>					
Current					
General government	2,481,293	-	-	5,778	2,487,071
Public safety	13,206,321	-	-	33,281	13,239,602
Public works	4,039,438	-	-	-	4,039,438
Health and human services	538,958	-	-	33,960	572,918
Culture, recreation and education	168,965	-	-	1,399,626	1,568,591
Conservation and development	470,340	-	117,922	40,372	628,634
Capital outlay	-	-	2,718,510	6,164,327	8,882,837
Debt service					
Principal	-	1,300,000	2,750,000	-	4,050,000
Interest	-	1,433,186	1,405,105	-	2,838,291
Debt issuance costs	-	-	35,700	-	35,700
<b>Total Expenditures</b>	<u>20,905,315</u>	<u>2,733,186</u>	<u>7,027,237</u>	<u>7,677,344</u>	<u>38,343,082</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(208,111)	1,187,691	(3,681,886)	(313,241)	(3,015,547)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	777,338	488,275	-	2,692,083	3,957,696
Transfers out	(16,453)	-	-	(3,163,905)	(3,180,358)
General obligation debt issued	-	-	10,000,000	-	10,000,000
Premium on debt issued	-	-	176,524	-	176,524
Principal payment on current refunding	-	-	(9,770,000)	-	(9,770,000)
<b>Net change in fund balances</b>	552,774	1,675,966	(3,275,362)	(785,063)	(1,831,685)
Fund balances (deficit) - beginning	<u>6,469,060</u>	<u>8,719,541</u>	<u>(1,294,109)</u>	<u>11,672,658</u>	<u>25,567,150</u>
<b>Fund balances (deficit) - ending</b>	<u>\$ 7,021,834</u>	<u>\$ 10,395,507</u>	<u>\$ (4,569,471)</u>	<u>\$ 10,887,595</u>	<u>\$ 23,735,465</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN**  
**Reconciliation of the Statement of Revenue**  
**Expenditures and Changes in Fund Balances of Governmental Funds**  
**To the Statement of Activities**  
**Year Ended December 31, 2006**

Net change in fund balances - total governmental funds	\$ (1,831,685)
Amounts reported for governmental activities in the statement of activities (page 25) are different because:	
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$5,360,536) exceeded depreciation (\$1,459,121) in the current period.	3,901,415
Contributed capital assets are reported as revenues in the statement of activities.	1,013,244
The issuance of long-term debt ( e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes current financial resources of government funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of differences in the treatment of long term debt.	3,820,000
Government funds report the effects of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of these items.	64,560
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	48,355
Revenue in the statement of activities not providing current financial resources are not reported as revenue in the funds	1,580,648
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities	(1,388,116)
Internal service fund change in net assets	<u>292,172</u>
<b>Net change in net assets of governmental activities</b>	<b><u>\$ 7,500,593</u></b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN**  
**General Fund**  
**Statement of Revenue, Expenditures and Changes in Fund Balances -**  
**Budget and Actual (on a Budgetary basis)**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 14,008,000	\$ 14,008,000	\$ 14,061,896	\$ 53,896
Intergovernmental revenue	2,601,000	2,601,000	2,705,809	104,809
Licenses and permits	1,161,450	1,161,450	1,386,588	225,138
Fines, forfeitures and penalties	450,000	450,000	332,090	(117,910)
Public charges for services	1,509,100	1,509,100	1,474,178	(34,922)
Intergovernmental charges for services	563,000	563,000	574,835	11,835
Investment earnings	262,500	262,500	808,469	545,969
Miscellaneous revenue	140,950	140,950	130,677	(10,273)
<b>Total Revenue</b>	<u>20,696,000</u>	<u>20,696,000</u>	<u>21,474,542</u>	<u>778,542</u>
<b>EXPENDITURES</b>				
Current				
General government	2,909,252	2,913,452	2,479,793	433,659
Public safety	13,305,286	13,305,286	13,196,321	108,965
Public works	4,138,537	4,134,337	4,045,238	89,099
Health and human services	551,678	551,678	538,958	12,720
Culture and recreation	187,616	187,616	182,118	5,498
Conservation and development	553,631	553,631	470,340	83,291
<b>Total Expenditures</b>	<u>21,646,000</u>	<u>21,646,000</u>	<u>20,912,768</u>	<u>733,232</u>
Net change in fund balance - budgetary basis	(950,000)	(950,000)	561,774	1,511,774
Adjustments to generally accepted accounting principles basis				
2006 encumbrances	10,000	10,000	10,000	-
2005 encumbrances	(19,000)	(19,000)	(19,000)	-
Net change in fund balance - generally accepted accounting principles basis	(959,000)	(959,000)	552,774	1,511,774
Fund Balances - beginning	<u>6,469,060</u>	<u>6,469,060</u>	<u>6,469,060</u>	<u>-</u>
<b>Fund Balances - ending</b>	<u>\$ 5,510,060</u>	<u>\$ 5,510,060</u>	<u>\$ 7,021,834</u>	<u>\$ 1,511,774</u>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN**  
**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2006**  
 (with comparative information for the year ended December 31, 2005)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Current Year Totals		
<b>ASSETS</b>							
Current assets							
Cash and investments	\$ 1,125,885	\$ 1,236,234	\$ 702,692	\$ 882,746	\$ 1,828,577	\$ 373,642	
Receivables							
Accounts receivable	814,189	804,164	496,616	449,934	1,310,805	284,410	
Taxes receivable	130,093	118,043	65,863	59,082	195,956	-	
Due from other funds	-	145,355	-	-	-	-	
Total current assets	2,070,167	2,303,796	1,265,171	1,391,762	3,335,338	658,052	
Noncurrent assets							
Restricted cash and investments	-	-	215,267	178,274	215,267	-	
Total restricted assets	-	-	215,267	178,274	215,267	-	
Capital assets							
Land	115,465	115,465	310,919	310,919	426,384	-	
Buildings and improvements	730,075	724,880	1,643,266	1,617,259	2,373,341	-	
Improvements other than buildings	49,118,159	46,503,747	50,908,998	49,563,684	100,027,157	-	
Machinery and equipment	1,385,336	1,369,043	543,028	518,862	1,928,364	-	
Construction in progress	-	453	566,427	-	566,427	-	
Less accumulated depreciation	(8,366,663)	(7,568,309)	(8,655,358)	(8,057,066)	(17,022,021)	-	
Total capital assets ( net of accumulated depreciation)	42,982,372	41,145,279	45,317,280	43,953,658	88,299,652	-	
Total noncurrent assets	42,982,372	41,145,279	45,532,547	44,131,932	88,514,919	-	
<b>Total assets</b>	<b>\$ 45,052,539</b>	<b>\$ 43,449,075</b>	<b>\$ 46,797,718</b>	<b>\$ 45,523,694</b>	<b>\$ 91,850,257</b>	<b>\$ 658,052</b>	

Continued

**CITY OF FRANKLIN**  
Statement of Net Assets  
Proprietary Funds  
December 31, 2006

(with comparative information for the year ended December 31, 2005)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Utility		Sanitary Sewer		Sanitary Sewer		
	Current Year	Prior Year	Current Year	Prior Year	Current Year	Totals	
<b>LIABILITIES</b>							
Current liabilities	\$ 417,340	\$ 413,063	\$ 320,908	\$ 281,274	\$ 738,248	\$ 46,920	
Accounts payable	7,391	425	45,164	21,241	52,555	396,000	
Accrued liabilities	-	102,368	-	-	-	-	
Due to other governments	40,021	252,829	138,743	146,633	178,764	1,299	
Due to other funds	1,600	1,000	-	-	1,600	-	
Special deposits	21,116	18,745	21,115	18,744	42,231	-	
Current portion of compensated absences	487,468	788,430	525,930	467,892	1,013,398	444,219	
Total current liabilities							
Noncurrent liabilities	33,181	29,403	33,182	29,404	66,363	-	
Accrued compensated absences	33,181	29,403	33,182	29,404	66,363	-	
Total noncurrent liabilities							
Total liabilities	520,649	817,833	559,112	497,296	1,079,761	444,219	
<b>NET ASSETS</b>							
Invested in capital assets	42,982,372	41,145,279	45,317,280	43,953,658	88,299,652	-	
Restricted for							
Sewer equipment replacement	-	-	215,267	178,274	215,267	213,833	
Unrestricted	1,549,518	1,485,963	706,059	894,466	2,255,577	-	
Total net assets	\$ 44,531,890	\$ 42,631,242	\$ 46,238,606	\$ 45,026,398	\$ 90,770,496	\$ 213,833	

See accompanying notes to the financial statements.

**CITY OF FRANKLIN**  
**Statement of Revenue, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended December 31, 2006**  
**(with comparative information for the year ended December 31, 2005)**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	
<b>OPERATING REVENUE</b>					
Metered sales	\$ 1,730,648	\$ 1,974,050	\$ 1,157,162	\$ 1,039,091	\$ 2,887,810
Residential	780,448	794,103	407,433	401,135	1,187,881
Commercial	226,547	214,133	113,873	105,783	340,420
Public authority	203,131	215,665	172,813	171,299	375,944
Industrial	2,940,774	3,197,951	1,851,281	1,717,308	4,792,055
Total metered sales					3,225,609
Group health & dental charges	530,743	516,484	-	-	530,743
Public fire protection service	84,927	77,054	-	-	84,927
Private fire protection service	29,217	23,706	15,422	15,429	44,639
Forfeited discounts, penalties and other	3,585,661	3,815,195	1,866,703	1,732,737	5,452,364
Total operating revenue					3,225,609
<b>OPERATING EXPENSES</b>					
Cost of sales and services	2,114,595	2,227,658	1,763,350	1,556,855	3,877,945
Depreciation	796,563	705,561	608,867	599,156	1,405,430
Administration	431,767	373,838	231,435	193,408	663,202
Total operating expenses	3,342,925	3,307,057	2,603,652	2,349,419	5,946,577
Operating income (loss)	242,736	508,138	(736,949)	(616,682)	(494,213)
<b>NON-OPERATING REVENUE (EXPENSES)</b>					
Investment earnings	76,707	26,079	35,746	18,017	112,453
Sundry	43,350	49,324	3,490	2,186	46,840
Total non-operating revenue (expenses)	120,057	75,403	39,236	20,203	159,293
Income (loss) before capital contributions and transfers	362,793	583,541	(697,713)	(596,479)	(334,920)
Capital contributions	2,313,373	1,519,889	1,911,741	1,661,445	4,225,114
Transfers in	-	1,571,405	-	140,705	-
Transfers out	(775,518)	(772,336)	(1,820)	(5,493)	(777,338)
Change in net assets	1,900,648	2,902,499	1,212,208	1,200,178	3,112,856
Net assets - beginning	42,631,242	39,728,743	45,026,398	43,826,220	87,657,640
<b>Net assets - ending</b>	<b>\$ 44,531,890</b>	<b>\$ 42,631,242</b>	<b>\$ 46,238,606</b>	<b>\$ 45,026,398</b>	<b>\$ 90,770,496</b>

See accompanying notes to the financial statements.

**CITY OF FRANKLIN**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended December 31, 2006**  
**(with comparative information for the year ended December 31, 2005)**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 3,389,001	\$ 3,713,116	\$ 1,814,980	\$ 1,728,000	\$ 5,203,981
Receipts for interfund services provided	226,897	227,675	1,750	1,879	228,647
Payments to suppliers	(2,335,502)	(2,145,318)	(1,318,372)	(1,149,637)	(3,653,874)
Payments to employees	(448,289)	(386,818)	(537,959)	(409,484)	(986,248)
Payments for interfund services used	85,600	(82,150)	(85,600)	(82,150)	-
Net cash flows provided by (used in) operating activities	917,707	1,326,505	(125,201)	88,608	792,506
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfer out - paid for tax equivalent	(775,518)	(775,989)	(1,820)	(1,840)	(777,338)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(329,245)	(86,994)	(51,786)	(21,086)	(381,031)
Net cash flows used in capital and related financing activities	(329,245)	(86,994)	(51,786)	(21,086)	(381,031)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earnings	76,707	26,079	35,746	18,017	112,453
Net increase (decrease) in cash and cash equivalents	(110,349)	489,601	(143,061)	83,699	(253,410)
Cash and cash equivalents - Beginning	1,236,234	746,633	1,061,020	977,321	2,297,254
<b>Cash and cash equivalents - Ending</b>	<b>\$ 1,125,885</b>	<b>\$ 1,236,234</b>	<b>\$ 917,959</b>	<b>\$ 1,061,020</b>	<b>\$ 2,043,844</b>
Cash and Investments - Unrestricted	\$ 1,125,885	\$ 1,236,234	\$ 702,692	\$ 882,746	\$ 1,828,577
Cash and Investments - Restricted	-	-	215,267	178,274	215,267
	<u>\$ 1,125,885</u>	<u>\$ 1,236,234</u>	<u>\$ 917,959</u>	<u>\$ 1,061,020</u>	<u>\$ 2,043,844</u>

Continued



**CITY OF FRANKLIN**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2006**

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<b>ASSETS</b>	<u><b>Agency Funds</b></u>
Cash and investments	\$ 45,608,263
Taxes receivable	9,888,126
Accounts receivable	<u>3,205</u>
<b>Total assets</b>	<u><b>55,499,594</b></u>
<b>LIABILITIES</b>	
Accounts payable	245,596
Due to other governments	55,242,359
Special deposits	<u>11,639</u>
<b>Total liabilities</b>	<u><b>55,499,594</b></u>
<b>Total net assets</b>	<u><u><b>\$ -</b></u></u>

See accompanying notes to the financial statements.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The accompanying summary of the City of Franklin's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be reviewed as an integral part of the accompanying financial statements. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. A summary of the significant accounting policies follows:

#### A. REPORTING ENTITY

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

#### **Blended Component Unit**

The Community Development Authority (Authority) was created by the City in 1992 to serve as a financing vehicle for a certain Tax Incremental Financing (TIF) development within the City. The Authority is governed by a seven member board appointed by the Mayor and confirmed by the Common Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and manage certain TIF development projects for the benefit of the City and its citizens. The Authority's operations are included in the governmental activities of the government-wide financial statements and in a TIF District capital projects fund. The Authority follows the accounting policies of the City. Separate financial statements are not published for the Authority.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

##### Government-Wide Financial Statements

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

The statement of activities demonstrates the degree that direct expenses of a given segment or function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate 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, liabilities, net assets/fund equity, revenue and expenditures/expenses.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though the latter is excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or non-major funds within the governmental and proprietary fund statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

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

#### Major Governmental Funds

General Fund – accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resource accumulation from taxes, special assessments and other revenue along with payments made for principal and interest on long-term debt other than enterprise fund debt.

TIF Districts Fund – A capital projects fund that accounts for resource accumulation from the tax increment and other revenue along with payments made for capital outlay, other expenditures, principal and interest on long-term debt obligations of the TIF Districts.

#### Major Enterprise Funds

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.

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.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

---

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

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

#### **Major Governmental Funds**

General Fund – accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resource accumulation from taxes, special assessments and other revenue along with payments made for principal and interest on long-term debt other than enterprise fund debt.

TIF Districts Fund – A capital projects fund that accounts for resource accumulation from the tax increment and other revenue along with payments made for capital outlay, other expenditures, principal and interest on long-term debt obligations of the TIF Districts.

#### **Major Enterprise Funds**

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.

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.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

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

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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 revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property taxes are recorded the year levied as receivable and deferred revenue 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 that are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are recorded as deferred revenue.

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 revenue.

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

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

---

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

##### Fund Financial Statements (continued)

Deferred revenue is reported on the governmental funds balance sheet. Deferred revenue arises from taxes levied in the current year that are for subsequent year's operations. For governmental funds financial statements deferred revenue arises where potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also 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 for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary funds financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Agency fund financial statements are reported using the accrual basis of accounting and do not have a measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. 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 Sewage District.

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 generally accepted accounting principles 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

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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#### D. ASSETS, LIABILITIES AND NET ASSETS 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.

Investments of City funds are restricted by state statutes. Investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- b. 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.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The Local Government Investment Pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category assigned of a nationally recognized rating agency.
- f. Securities of an open-ended management investment company or investment trust subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The City's investment policy restricts allowable investments to investments that follow state statutes. In addition the investment policy:

- a. Requires a minimum rating of AA by both Moody's and Standard & Poor's.
- b. Limits an issuer or asset class to less than 10% of the market value of the portfolio with the exception of U.S. Government Treasury and Agency securities.
- c. Specifies a minimum amount of cash equivalents be maintained, an average life of the portfolio not exceeding 2 ½ years and no individual issue with a maturity exceeding 5 years at the date of purchase.
- d. Limits investments highly sensitive to market changes through its duration and diversification policies.
- e. Prohibits the investment in foreign owned securities.
- f. Limits derivative investments to those with a final maturity or seven years or less.

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

- a. Custodial credit risk – investments are held by trustee or third party custodian.
  - deposits in excess of FDIC insurance limits are maintained in either the State LGIP or collateralized accounts in amounts at least 75% of the average yearly balances

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

---

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

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

- b. Credit risk – securities purchased need to have a AA or better investment rating.
- c. Concentration of credit risk - issuer or asset class not to exceed 10% of the market value of the portfolio with the exception of U.S. securities.
- d. Interest rate risk – managed by limiting the length of maturity and the average life of the portfolio.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of City accounting funds is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw funds in total on one day's notice. At December 31, 2006, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

##### 2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the municipality, taxes are collected for and remitted to the state government, county government, local school districts, technical college district and metropolitan sewerage district. Taxes for all other governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying fiduciary funds statement of fiduciary net assets.

Property tax calendar – 2006 tax roll:

Lien date and levy date	December 2006
Tax bills mailed	December 2006
Payment in full, or	January 31, 2007
First installment due	January 31, 2007
Second installment due	March 31, 2007
Third installment due	May 31, 2007
Personal property taxes in full	January 31, 2007
Final tax settlement with County	August 15, 2007
Tax deed by County – 2006	
Delinquent real estate taxes	October 2009

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

##### **2. Receivables (continued)**

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 (non-current portion) 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 assets. Any residual balances outstanding between the governmental activities and the proprietary activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

##### **3. Inventories and Prepaid Items**

Governmental fund inventory items, except fuel inventory, are charged to expenditures when purchased. The fuel inventory is recorded at cost on a first in first out basis using the consumption method of accounting. Year end inventory was not significant. Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for sale. Material and supplies on hand at year end are considered immaterial.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

##### **4. Restricted Assets**

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by bond agreements and other external parties. Current liabilities payable from restricted assets are so classified. The excess of restricted assets over current liabilities will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

---

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

##### 5. Capital Assets

###### Government-Wide Statements

Capital assets, which include property plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$10,000 for infrastructure assets and an estimated useful life of three years or more. All capital assets are recorded at historical cost or at estimated historical cost if actual amounts are not available. Donated capital assets are recorded at their estimated fair value at the date of donation.

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34 governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation.

Retroactive reporting of all major general infrastructure assets is encouraged but not required until January 1, 2007 when GASB 34 requires the City to retroactively report all major general infrastructure assets acquired since January 1, 1980. As of December 31, 2006, the City has not retroactively reported all network infrastructure acquired by its governmental fund types.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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 assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by asset type of follows:

Buildings and improvements	20-50 Years
Machinery and Equipment	5-30 Years
Water and sewer systems	20-100 Years
Infrastructure	30-90 Years

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

---

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

##### **5. 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.

##### **6. Other Assets**

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

##### **7. Compensated Absences**

Under terms of employment, employees may earn compensatory time and are granted sick leave, severance pay and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested compensatory time, sick leave, 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, as a result of employee resignations or retirements and are payable with expendable available resources.

Payments for vested compensatory time, sick leave, severance pay and vacation pay will be made at rates in effect when the benefits are used. Accumulated vested compensatory time, sick leave, severance pay and vacation pay liabilities are determined on the basis of current salary rates and include salary related payments.

The City also provides postemployment health and dental care benefits for all eligible employees. Eligibility and benefit levels are based on contractual agreements with employee groups, City ordinances and employee benefit policies. Some employees may leave their accumulated severance to pay for their portion of health care premiums. The City contribution to postretirement health care approximates 75% of the year of retirement premium cost with the employee paying any balance due plus the cost of any dental benefit selected. The City's portion of health care cost is recognized as expenditure in the period premiums are paid. Funding for those costs is provided out of the current operating budget of the City. The contributions are financed on a pay as you go basis.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

---

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

---

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

##### 8. Long-term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily 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 and proprietary fund statements, issuance costs, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

The City has approved issuance of industrial development revenue bonds (IDRB) for the benefit of private business enterprises. IDRB's are secured by mortgages or revenue agreements on associated projects of the business enterprises. The IDRB,s do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the financial statements.

##### 9. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the government funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in governmental fund financial statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year end.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

---

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

##### 10. Equity Classifications

###### Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding any unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

###### Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled “designated”. The balance of unreserved fund balance is labeled “undesignated”, which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

##### 11. Comparative data

The basic financial statements include comparative data for the prior year for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. This comparative data is not at the level of detail required for a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2005, from which the data was derived.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

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

Special Assessments	<u>\$3,195,227</u>
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Capital assets used in government funds are not financial resources and, therefore, are not reported in the funds.

Land	\$7,870,390
Buildings	22,037,727
Machinery and equipment	12,111,100
Infrastructure	14,368,653
Construction in progress	1,863,283
Less: Accumulated depreciation	<u>(12,702,243)</u>
Adjustment for capital assets	<u>\$45,548,910</u>

Long-term liabilities applicable to the City’s governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term-are reported in the statement of net assets.

General obligation debt	\$41,600,000
Lease revenue bonds	5,195,000
Deferred amounts for premiums	320,981
Unamortized debt issue costs	(235,145)
Compensated absences	1,325,374
Accrued interest	642,649
Combined adjustment for long-term liabilities	<u>\$48,848,859</u>

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

The governmental fund statement of revenue, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government wide statement of activities. One element of that reconciliation explains that “revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds”. The details of this difference are as follows:

Special assessment levies	<u>\$1,580,648</u>
---------------------------	--------------------

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental fund, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets”. The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds and notes	\$10,000,000
Principal repayments:	
General obligation debt	<u>13,820,000</u>
Net adjustment to decrease net changes	
In fund balances – total governmental	
Funds to arrive at changes in net	
Assets of governmental activities	<u>\$(3,820,000)</u>

Another element of that reconciliation states that “Governmental funds report the effects of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of the differences are as follows:

Debt issuance costs incurred	\$35,700
Premium received	(176,524)
Call Premium incurred	195,400
Amortization of issuance costs	(39,892)
Amortization of premium	<u>49,876</u>
Net adjustment to decrease net changes in fund	
balances-total governmental funds to arrive at	
changes in net assets of governmental activities	<u>\$64,560</u>

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

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

Compensated absences	\$76,305
Net Pension obligations	(129,381)
Loss on asset disposition	62,867
Accrued interest	<u>(58,146)</u>
Net adjustments to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$(48,355)</u>

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

Special assessment collections	<u>\$1,388,116</u>
Net adjustments to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$1,388,116</u>

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### NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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#### A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 C with the exception of encumbrances and tax equivalent from the water utility. Actual (Budgetary basis) expenditures presented reflect actual (GAAP) expenditures adjusted for expenditures liquidated under the prior period budget and encumbrances expected to be liquidated under the current period budget. Actual (budgetary basis) revenue present the tax equivalent from the water utility as tax revenue while the GAAP basis statements present this item as a transfer in.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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### **NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

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#### **A. BUDGETARY INFORMATION (continued)**

A budget has been adopted for the general, debt service, library, capital outlay, equipment replacement, capital improvement, street improvement, sanitary sewer and water utility funds. Budgets have not been formally adopted for other funds.

The budgeted amounts presented include any amendments made during the year. The City may authorize transfers of budgeted amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds vote of the common council. Supplemental appropriations during the year were not significant. Appropriations lapse at the end of the year unless specifically carried over. Carryovers to the following year were not material. Budgets are adopted at the function level of expenditure.

#### **B. DEFICIT BALANCES**

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. At December 31, 2006 the TIF Districts Fund had a deficit balance of \$4,569,471.

TIF District deficits are anticipated to be funded with future incremental taxes levied over the life of the districts, which is 27 years for TIF District #2 that was created before October 1, 1995, and 23 years for TIF Districts #3 & TIF District #4 created in 2005.

#### **C. LIMITATIONS ON THE CITY'S TAX LEVY**

As part of Wisconsin's Act 25 (2005), new legislation was passed that limits the city's tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or 2%. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit begins with the 2006 levy collected in 2006 and is set to expire after the 2006 levy.

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### **NOTE 4 - DETAILED NOTES ON ALL FUNDS**

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#### **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 assets 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 \$100,000 for interest bearing accounts and \$100,000 for non interest bearing accounts. The City's

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

bank accounts are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to the City. This coverage has not been considered in computing the insured or collateralized amounts.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by FDIC and State of Wisconsin Deposit Guarantee Fund insurance.

The City maintains a collateral arrangement with its main bank to provide collateralization in excess (about 20%) of deposits maintained at the bank. The collateral is maintained at the Federal Reserve and the City receives monthly reports of the collateral in place. The collateral balance at December 31, 2006 was \$31,329,898.

Cash and investments as shown on the December 31, 2006 City of Franklin Statement of Net Assets are subject to the following risks:

	Carrying Value	Bank Balances	Risks
Cash and demand deposits	\$ 49,289,677	\$ 27,714,794	Custodial
U.S. treasuries and agencies	5,572,921	5,572,921	Credit and interest rate
Asset backed securities	2,092,557	2,092,557	Credit and interest rate
Corporate bonds	294,739	294,739	Credit, interest rate and concentration of credit
Local Government Investment Pool	<u>17,951,289</u>	<u>17,951,289</u>	Credit and interest rate
<b>Total</b>	<u>\$ 75,201,183</u>	<u>\$ 53,626,300</u>	

Reconciliation to the financial statements is shown below:

Primary Government:	
Unrestricted cash and investments	\$ 29,377,653
Restricted cash and investments	215,267
Per Statement of Fiduciary Net Assets	<u>45,608,263</u>
	<u>\$ 75,201,183</u>

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

**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, 2006 \$1,359,027 of the City's total bank balances of \$27,256,340 was 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. The City does not have any investments that were exposed to custodial credit risks at December 31, 2006.

**Credit Risk** Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. As of December 31, 2006 the City's investments in treasuries, agencies and corporate bonds were rated Moody's Investor Service from AA3 to AAA with only 2.1% of the portfolio subject to credit risk in the lowest (AA3) rating. Higher rated corporate securities make up 26.3% and treasury and agency securities make up 66.1% of the portfolio subject to credit risk. Local Government Investment Pool is not rated and not subject to credit risk.

**Concentration of Credit Risk** Concentration of credit risk is the risk of loss attributed to a large investment position in a single issuer. As of the December 31, 2006 no issue other than the Local Government Investment Pool, treasury or agency securities had a position of greater than five 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 in portfolio value.

As of December 31, 2006 the City's investments were as follows:

Investment Type ( in thousands)	Fair Value	Investment Maturity in years		
		Less than 1	1 - 5	More than 5
Money Market	\$ 458,455	\$ 458,455	\$ -	\$ -
U.S. treasuries and agencies	5,572,921	550,481	4,904,692	117,748
Asset backed securities	2,092,557	-	2,092,557	-
Corporate bonds	294,739	224,636	70,103	-
Local Government Investment Pool	<u>17,951,289</u>	<u>17,951,289</u>	-	-
Total	<u>\$ 26,369,961</u>	<u>\$ 19,184,861</u>	<u>\$ 7,067,352</u>	<u>\$ 117,748</u>

**CITY OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

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

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**B. RECEIVABLES**

Receivables consist of accounts, taxes and special assessments from citizens and others. Receivables are reported net of uncollectible amounts. The reserve for bad debts, principally for personal property taxes and a general valuation allowance, was \$34,938 at December 31, 2006. Other than special assessment receivables, all other receivables are expected to be collected within one year.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and can not 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 deferred and unearned revenue reported in the financial statements were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental Funds:			
Property taxes receivable	\$ -	\$ 21,650,328	\$ 21,650,328
Special assessments not yet due	<u>3,195,227</u>	<u>-</u>	<u>3,195,227</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 3,195,227</u>	<u>\$ 21,650,328</u>	<u>\$ 24,845,555</u>

**C. RESTRICTED ASSETS**

**Sewer Equipment Replacement Account**

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 are accumulated and used for replacement of certain equipment. The balance in this account at December 31, 2006 is \$215,267.

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

**D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006 was as follows:

<b>Governmental Activities</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Capital assets not depreciated:				
Land	\$ 6,885,868	\$ 984,522	\$ -	\$ 7,870,390
Construction in progress	<u>415,821</u>	<u>1,447,462</u>	<u>-</u>	<u>1,863,283</u>
Total capital assets not depreciated	<u>7,301,689</u>	<u>2,431,984</u>	<u>-</u>	<u>9,733,673</u>
Capital assets depreciated:				
Buildings & improvements	21,288,949	748,778	-	22,037,727
Machinery & equipment	11,742,433	822,716	(454,049)	12,111,100
Infrastructure	<u>11,998,351</u>	<u>2,370,302</u>	<u>-</u>	<u>14,368,653</u>
Total capital assets depreciated	<u>45,029,733</u>	<u>3,941,796</u>	<u>(454,049)</u>	<u>48,517,480</u>
Less: Accumulated depreciation for:				
Buildings & improvements	4,309,083	505,919	-	4,815,002
Machinery & equipment	7,062,394	748,855	(391,182)	7,420,067
Infrastructure	<u>262,826</u>	<u>204,348</u>	<u>-</u>	<u>467,174</u>
Total accumulated depreciation	<u>11,634,303</u>	<u>1,459,122</u>	<u>(391,182)</u>	<u>12,702,243</u>
Net capital assets depreciated	<u>33,395,430</u>	<u>2,482,674</u>	<u>(62,867)</u>	<u>35,815,237</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 40,697,119</u>	<u>\$ 4,914,658</u>	<u>\$ (62,867)</u>	<u>\$ 45,548,910</u>

Under provisions of GASB 34 implementation of infrastructure assets prior to 2003 may be deferred until 2007, if necessary. The City of Franklin has elected to defer until 2007 the inclusion of prior infrastructure assets. The implication of this decision is capital assets and investment in capital assets net of related debt are lower than otherwise expected.

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 188,884
Public safety	594,894
Public works	487,833
Health & human services	3,054
Culture & recreation	178,987
Conservation & development	<u>5,469</u>
Total governmental activities depreciation expense	<u>\$ 1,459,121</u>

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

**D. CAPITAL ASSETS (continued)**

	Beginning Balance	Additions	Dispositions	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not depreciated:				
Land	\$ 426,384	\$ -	\$ -	\$ 426,384
Construction in progress	453	565,974	-	566,427
Total capital assets not depreciated	<u>426,837</u>	<u>565,974</u>	<u>-</u>	<u>992,811</u>
Capital assets depreciated:				
Buildings & improvements	2,342,139	31,202	-	2,373,341
Machinery & equipment	1,887,905	42,906	(2,447)	1,928,364
Infrastructure	<u>96,067,431</u>	<u>3,959,726</u>	<u>-</u>	<u>100,027,157</u>
Total capital assets depreciated	<u>100,297,475</u>	<u>4,033,834</u>	<u>(2,447)</u>	<u>104,328,862</u>
Less: Accumulated depreciation for:				
Buildings & improvements	565,839	75,962	-	641,801
Machinery & equipment	1,132,838	103,897	(2,447)	1,234,288
Infrastructure	<u>13,926,698</u>	<u>1,219,234</u>	<u>-</u>	<u>15,145,932</u>
Total accumulated depreciation	<u>15,625,375</u>	<u>1,399,093</u>	<u>(2,447)</u>	<u>17,022,021</u>
Net capital assets depreciated	<u>84,672,100</u>	<u>2,634,741</u>	<u>-</u>	<u>87,306,841</u>
Business-type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 85,098,937</u>	<u>\$ 3,200,715</u>	<u>\$ -</u>	<u>\$ 88,299,652</u>

Depreciation expense was charged to functions as follows.

Business-Type Activities:

Water	\$ 790,226
Sewer	<u>608,867</u>
	<u>\$ 1,399,093</u>

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

The interfund receivables and payables at December 31, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental funds:		
General	Water Utility	\$ 40,021
General	Sanitary Sewer	138,743
Subtotal - Fund Financial Statements		178,764
Less: Government-wide eliminations		<u>          -</u>
Total internal balances - Government-Wide Statement of Net Assets		<u>\$ 178,764</u>

The principal purpose of these interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. In all cases amounts are repaid within one year.

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

**Long Term Advances**

The debt service fund in 2005 advanced funds to TIF District #3 and TIF District #4. The amounts advanced were part of the proceeds of borrowing designed to enable the new TIF Districts to carry out their approved project plans. The debt service fund is charging the TIF Districts fund interest based upon the amount advanced at an interest rate based upon the interest rate incurred by the debt service fund on the borrowings. The advance will be repaid as the proportionate principal amounts in the debt service fund are due.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Amounts not due within one year</u>
Governmental funds:			
General Fund	TIF Districts	\$ 700,000	\$ 700,000
Debt service	TIF Districts	6,928,769	6,928,769
Less: Fund eliminations		<u>(7,628,769)</u>	
Total long-term advances - Government-Wide Statement of Net Assets		<u>\$ -</u>	

**CITY OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

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

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

**Interfund 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 during the year ended December 31, 2006 were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General	Enterprise - Water Utility	\$ 775,518
	Enterprise - Sanitary Sewer	1,820
Debt Service	Capital Projects - Development	488,275
Special Revenue: Civic Celebrations	General	16,453
Capital Projects Funds:		
Capital Improvements	Capital Projects - Street Improvement	72,800
	Capital Projects - Development	1,037,077
	Capital Projects - Utility Improvement	<u>1,565,753</u>
Subtotal - Fund financial statements		3,957,696
Less: Fund eliminations		(3,180,358)
Less: Government-wide eliminations		<u>(2,748,073)</u>
Total transfers - Government-wide Statement of Activities		<u>\$ (1,970,735)</u>

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

**F. LONG TERM OBLIGATIONS**

**General Obligation Debt**

Long-term liabilities for the year ended December 31, 2006 were as follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06	Amounts due within one year
<b>Governmental Activities</b>					
General obligation debt	\$ 32,900,000	\$ 10,000,000	\$ 1,300,000	\$ 41,600,000	\$ 2,350,000
Lease revenue debt	17,715,000	-	12,520,000	5,195,000	2,820,000
Unamortized premium	194,333	176,524	49,876	320,981	49,877
Sub-total	<u>50,809,333</u>	<u>10,176,524</u>	<u>13,869,876</u>	<u>47,115,981</u>	<u>5,219,877</u>
<b>Compensated absences</b>					
Accrued vacation pay	296,792	707,313	658,098	346,007	346,007
Accrued severance pay	863,667	31,276	4,516	890,427	-
Accrued compensatory time	88,610	182,416	182,086	88,940	88,940
Total compensated absences	<u>1,249,069</u>	<u>921,005</u>	<u>844,700</u>	<u>1,325,374</u>	<u>434,947</u>
Government activities					
Long-term liabilities	<u>\$ 52,058,402</u>	<u>\$ 11,097,529</u>	<u>\$ 14,714,576</u>	<u>\$ 48,441,355</u>	<u>\$ 5,654,824</u>

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

**Business-type Activities**

Compensated absences					
Accrued vacation pay	\$ 36,008	\$ 36,613	\$ 33,458	39,163	\$ 39,163
Accrued severance pay	58,807	7,555	-	66,362	-
Accrued compensatory time	1,481	7,410	5,823	3,068	3,068
Business-type activities					
Long-term liabilities	<u>\$ 96,296</u>	<u>\$ 51,578</u>	<u>\$ 39,281</u>	<u>\$ 108,593</u>	<u>\$ 42,231</u>

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

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

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

<u>Type</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Original Amount</u>	<u>Balance Outstanding 12/31</u>
General obligation promissory notes						
	5/ 1/99	3.5-4.3	5/1/00-09	5/1&11/1	\$ 7,850,000	\$ 3,375,000
	5/15/01	4.25-4.60	3/ 1/02-11	3/1& 9/1	10,000,000	8,450,000
	8/15/05	3.75-3.90	3/ 1/07-15	3/1& 9/1	10,000,000	10,000,000
	1/1/06	3.75-3.90	3/ 1/09-11	3/1& 9/1	10,000,000	10,000,000
General obligation refunding bonds						
	4/15/01	4.3-5.40	3/ 1/02-21	3/1& 9/1	10,000,000	<u>9,775,000</u>
						<u>\$ 41,600,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance Outstanding 12/31</u>
2006				\$ 41,600,000
2007	\$ 2,350,000	\$ 1,726,985	\$ 4,076,985	39,250,000
2008 *	2,925,000	1,613,366	4,538,366	36,325,000
2009 *	5,600,000	1,439,247	7,039,247	30,725,000
2010 *	5,925,000	1,205,173	7,130,173	24,800,000
2011 *	7,880,000	918,510	8,798,510	16,920,000
2012 - 2016 *	10,620,000	2,638,946	13,258,946	6,300,000
2017 - 2021 *	<u>6,300,000</u>	<u>859,507</u>	<u>7,159,507</u>	-
	<u>\$ 41,600,000</u>	<u>\$ 10,401,734</u>	<u>\$ 52,001,734</u>	

The City's statutory debt limit and margin of indebtedness at December 31, 2006 are \$174,087,985 and \$132,487,985, respectively.

\* The City issued in January 2007 \$9,925,000 in general obligation bonds for the purpose of refinancing \$9,470,000 of general obligation bonds issued on 4/15/2001. The issues advanced refunded were all maturities due in 2012 to 2021. The new bonds are scheduled to mature in amounts of \$100,000 to \$1,200,000 per year on March 1 from 2008 to 2021 and bear interest rates of 3.80%, payable semi-annually on March 1 and September 1 of each year.

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

\* The City also issued in January 2007 \$10,000,000 in taxable general obligation notes for its TIF District #3. The new notes are scheduled to mature in amounts of \$600,000 to \$6,195,000 per year on March 1 from 2008 to 2014 and bear interest rates of 4.95%, payable semi-annually on March 1 and September 1 of each year.

**Current Refunding**

The City issued in January 2006 \$10,000,000 in general obligation notes with an average interest rate of 3.92% to current refund \$9,770,000 of Lease Revenue Bonds with an average interest rate of 5.04%. The net proceeds of \$10,140,824 (after payment of \$35,700 in underwriting, insurance and other issuance costs) were used to call for prepayment on April 1 of 2006 \$9,770,000 of the CDA issued Redevelopment Lease Revenue Bonds.

The called Lease Revenue Bonds cash flow requirements from 2006 to 2011 the expected call date prior to the current refunding was \$11,875,155. The cash flow requirements on the general obligation notes issued will be \$11,726,250 from 2006 to 2011. The current refunding resulted in a present value economic gain of \$292,470.

**Lease Revenue Debt**

The Authority issued Redevelopment Lease Revenue Bonds for the purpose of financing a loan from the Authority to the City to finance project costs associated with the City's Tax Incremental District #2. The bonds are not general obligations of the Authority or the City, but are secured by the obligation of the City to make payments under a lease between the Authority and the City. The lease generally provides for payments by the City to the Authority in amounts equal to the principal and interest payments on the bonds on the dates such payments are due.

<u>Type</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Principal Payable</u>	<u>Interest Payable</u>	<u>Original Amount</u>	<u>Balance 12/31</u>
Redevelopment Lease Revenue Bonds						
	7/1/98	6.65-6.95	4/1/04-08	4/1&10/1	\$ 5,275,000	\$ 2,320,000
	7/1/98	3.90-5.20	4/1/99-08	4/1&10/1	18,145,000	<u>2,875,000</u>
						<u>\$ 5,195,000</u>

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

Annual principal and interest payments to maturity on Redevelopment Lease Revenue Bonded Debt are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Balance 12/31</u>
2006				\$ 5,195,000
2007	\$ 2,820,000	\$ 217,803	\$ 3,037,803	2,375,000
2008	2,375,000	69,606	2,444,606	-
	<u>\$ 5,195,000</u>	<u>\$ 287,409</u>	<u>\$ 5,482,409</u>	

**Conduit Debt Obligations**

Twelve series of Industrial Revenue Bonds originally issued with an aggregate principal amount of \$137,985,000 are outstanding with a December 31, 2006 balance of \$130,264,746.

**G. NET ASSETS/FUND BALANCES**

**Governmental Activities**

Government activities net assets reported on the government-wide statement of net assets at December 31, 2006 include the following:

Invested in capital assets, net of related debt	
Land	\$ 7,870,390
Construction in process	1,863,283
Other capital assets, net of accumulated depreciation	35,815,237
Less: related long term debt outstanding	<u>(39,875,436)</u>
Total invested in capital assets	<u>5,673,474</u>
Restricted for:	
Debt service	2,824,089
Library	263,924
Emergency medical services	11,452
Utility improvement	478,801
Development	3,484,891
Donations	114,269
Grants	<u>117,610</u>
Total restricted	<u>7,295,036</u>
Unrestricted	<u>10,876,066</u>
Total governmental activities net assets	<u>\$ 23,844,576</u>

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

**G. NET ASSETS/FUND BALANCES (continued)**

**Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at December 31, 2006 include the following:

Reserved - Major funds:	
General Fund - Inventories, prepaid items and encumbrances	\$ 41,870
General Fund - Advances to other funds	700,000
Debt Service Fund - subsequent year debt service	3,466,738
Debt Service Fund - advances to other funds	6,928,769
TIF Districts Fund - contractual obligations	1,169,000
Reserved - Non Major funds:	
Special Revenue Funds:	
Library services including prepaid item	263,924
Emergency medical services, donations and grants	243,331
Capital Project Funds:	
Equipment replacement - encumbrances	600,000
Capital Improvement - contractual obligations & encumbrances	763,000
Development	3,484,891
Utility improvement	478,801
Total reserved	<u>\$ 18,140,324</u>
Unreserved Major Fund - General Fund	
Designated for working capital	\$ 3,430,000
Designated for subsequent year expenditures	1,050,000
Undesignated	1,799,964
Total General Fund	<u>6,279,964</u>
Unreserved Major Fund - TIF Districts Fund	
Undesignated (Deficit)	<u>(5,738,471)</u>
Unreserved Non Major funds:	
Special Revenue funds	
Designated for master plan activities	189,395
Designated for civic celebration activities	105,425
Total Special Revenue funds	<u>294,820</u>
Capital project funds:	
Designated for Capital Outlay	146,325
Designated for Equipment Replacement	1,582,596
Designated for Capital Improvement	2,651,570
Designated for Street Improvement	378,337
Total Capital Project Funds	<u>4,758,828</u>
Total Unreserved Funds	<u>\$ 5,595,141</u>

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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### NOTE 5 – OTHER INFORMATION

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#### A. DEFINED BENEFIT PENSION PLANS

##### Wisconsin Retirement System

All eligible protective City of Franklin employees participate in the Wisconsin Retirement System ("System"), a cost-sharing multiple-employer defined benefit public employee retirement system ("PERS"). All such permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the general category are required by statute to contribute 5.9% of their salary (5.0% for protective occupations with social security, and 3.3% for protective occupations without social security) to the plan.

Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the System for the year ended December 31, 2006 was \$6,673,017; the employer's total payroll was \$11,900,447. The total required contribution paid entirely by the employer for the year ended December 31, 2006 was \$1,234,508 or 18.5% of covered payroll. Of the total required contribution, 100 percent was contributed for the current year. Total contributions for the years ended December 31, 2005 and 2004 were \$1,156,827 and \$1,089,239, respectively, equal to the required contributions for each year.

The System provides protective employees who retire at or after age 53 with 25 years or more of service or age 54 with less than 25 years of service are entitled to receive retirement benefits. Protective employees may retire at age 50 and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service and (3) a formula factor. Final Average Earnings is the average of the protective employee's three highest year's earnings. Protective employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 are immediately vested.

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

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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### NOTE 5 – OTHER INFORMATION (continued)

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

##### Public Works Employees Pension Plan

##### Plan Description

The City is also a participant in the City of Franklin Public Works Employees' Pension Plan, a non-contributory single employer defined benefit pension plan covering eligible public works employees. The assets of this Plan are administered by Principal Life Insurance Company. An annual financial report may be obtained by writing to the plan administrator at Principal Financial Group, P.O. Box 9693, Des Moines, IA 50306-9396.

Employees attaining the age of 60 are entitled to annual benefits of 1.98% of average compensation multiplied by the number of complete years of service subsequent to January 1, 1956. Average compensation is defined as the monthly total pay plus salary deferrals, compensation and overtime received for the three consecutive years out of the ten latest years which gives the highest average. Employees may retire early and receive reduced benefits at age 55 with at least ten years of service.

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

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

Employees do not make pension contributions. The City contributes all amounts necessary to fund the pension plan, using the aggregate actuarial cost method.

##### Funding Policy

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

During the year ended December 31, 2006, contributions totaling \$273,116 were made in accordance with contribution requirements determined by an actuarial valuation of the pension plan as of January 1, 2006. Employer contributions amount represented 21.8% of current year covered payroll.

**CITY OF FRANKLIN**

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

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

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

**Annual Pension Cost**

For 2006, the City's annual pension cost of \$273,116 for the pension plan was less than the City's actual contributions of \$402,497. The required contribution was determined during the January 1, 2006 actuarial valuation using the aggregate actuarial cost method. The remainder fully funded the 2005 contribution.

The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets ranging from 5.0% to 7.0% compounded annually, (b) projected salary increases of 2.00% per year compounded annually, attributable to inflation, and (c) additional projected salary increases ranging from 1.88% to 5.10% per year, depending on age, attributable to seniority/merit. The assumptions did not include post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period.

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2006	\$ 273,116	147%	\$ -
12/31/2005	288,381	55%	129,381
12/31/2004	204,665	100%	-

Three Year Trend Information

	(A)	(B)	(C)	(D)	(E)	(F)
Actual Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability (AAL) - Aggregate	Unfunded AAL (UAAL) [(B)-(A)]	Funded Ratio [(A)/(B)]	Covered Payroll	UAAL as Percentage of Covered Payroll [(C)/(E)]
1/1/2006	\$ 2,999,953	\$ 2,999,953	\$ -	100%	\$ 1,250,874	-%'
1/1/2005	2,929,045	3,058,426	129,381	96%	1,267,823	10%
1/1/2004	2,563,079	2,563,079	-	100%	1,064,464	-%

There were no significant changes in actuarial assumptions during the valuation year ended January 1, 2006.

# CITY OF FRANKLIN

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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### NOTE 5 – OTHER INFORMATION (continued)

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#### **B. DEFINED CONTRIBUTION PLAN**

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

Employees after completing six months of service with the City are eligible to participate. The Plan requires the City to make periodic contributions to each participant's account equal to 10% of such participant's annual compensation. Employees may but are not required to make contributions. 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 2006, the City made the required contribution amounting to \$353,890, or 10% of covered payroll and employees made \$6,616 in additional voluntary contributions to the plan. The City may make amendments to the Plan.

#### **C. POST RETIREMENT HEALTH CARE BENEFITS**

The City provides to longer term employees certain health care benefits at a reduced cost during the period from their normal retirement date until they reach age 65. The cost of this retiree health care benefit is recognized as expenditures when premiums are due. For 2006, 17 retired employees and their dependents received this benefit at a cost to the City of approximately \$121,100.

#### **D. CONTINGENCIES AND COMMITMENTS**

From time to time the City is party to various 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 or results of operations.

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 owners of property that the fees were originally charged.

The City has no material outstanding contractual commitments relating to various Public Works projects and equipment purchases at December 31, 2006.

**CITY OF FRANKLIN**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

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

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**E. CONTINGENCIES AND COMMITMENTS (continued)**

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. The State of Wisconsin is currently experiencing budget problems and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the future operating results of the City.

**F. 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 losses in excess of \$50,000 per year per individual. Liabilities are reported when it is probable that loss has occurred and the amount of the loss 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 three years ended December 31, 2006 are as follows:

	<u>Beginning of Year</u>	<u>Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year</u>
2006	\$ 366,000	\$ 2,746,730	\$ 2,716,730	\$ 396,000
2005	359,500	2,618,903	2,612,403	366,000
2004	294,500	2,248,233	2,183,233	359,500

## **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 Fund - This fund accounts for the operation of the City's Library.

Master Plan Fund - This fund accounts for resources dedicated to improving the Comprehensive Master Plan for the City.

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

Civic Celebrations Fund - This fund accounts for activity related to the City's Fourth of July, Fiftieth Anniversary or other celebrations.

Grant Fund – The City reports its grant activities in this fund. Grant activities include Fire Department, Police Department, Health Department, Community Development Block Grants and miscellaneous grants received by the City that are not accounted for elsewhere.

### **Capital Projects Funds**

Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Capital Outlay Fund – This fund accounts for the departmental capital outlays. These expenditures are funded by the tax levy, normally are less than \$25,000 and are under the direction of the department supervisor.

Equipment Replacement Fund - This fund accounts for the rolling stock replacement program that accumulates annual funding (from property taxes) for replacement of vehicles and similar equipment in lieu of using borrowed monies.

Capital Improvement Fund - This fund accounts for land acquisitions, building projects and all public works projects and are usually funded with borrowed money or funding from some other source other than the tax levy.

Street Improvement Fund - This fund accounts for the activities of the local road improvement program. Funding is provided by the tax levy and a every other year local road improvement grant from the State.

Utility Improvement Fund - This fund is used to account for water and sewer connection fees that are used for water and sewer construction projects.

Development Fund - This fund is used to account for impact fees restricted for use to capital improvements.

**CITY OF FRANKLIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

	Special Revenue Funds					Total
	Library Fund	Master Plan Fund	Donation Fund	Celebrations Fund	Grant Fund	
<b>ASSETS</b>						
Cash and investments	\$ 246,258	\$ 192,173	\$ 114,419	\$ 105,898	\$ 111,649	\$ 770,397
Receivables						
Accounts receivable	55,187	-	428	-	-	55,615
Taxes receivable	1,119,000	-	-	-	-	1,119,000
Special assessments receivable	-	-	-	-	30,845	30,845
Due from other governments	-	-	-	-	-	4,100
Prepaid items	4,100	-	-	-	-	4,100
<b>TOTAL ASSETS</b>	<b>\$ 1,424,545</b>	<b>\$ 192,173</b>	<b>\$ 114,847</b>	<b>\$ 105,898</b>	<b>\$ 142,494</b>	<b>\$ 1,979,957</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 23,252	\$ 2,778	\$ 578	\$ 473	\$ 13,432	\$ 40,513
Accrued liabilities	18,369	-	-	-	-	18,369
Deferred revenue	1,119,000	-	-	-	-	1,119,000
Total Liabilities	<u>1,160,621</u>	<u>2,778</u>	<u>578</u>	<u>473</u>	<u>13,432</u>	<u>1,177,882</u>
<b>FUND BALANCES</b>						
Reserved for						
Prepaid items	4,100	-	-	-	-	4,100
Encumbrances	-	-	-	-	-	-
Contractual obligations	-	-	-	-	-	-
Library services	259,824	-	-	-	11,452	259,824
Emergency medical services	-	-	-	-	-	11,452
Utility improvements	-	-	-	-	-	-
Development	-	-	114,269	-	117,610	231,879
Donations & grants	-	-	-	-	-	-
Unreserved reported in	-	189,395	-	105,425	-	294,820
Special Revenue Funds	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Total Fund Balances	<u>263,924</u>	<u>189,395</u>	<u>114,269</u>	<u>105,425</u>	<u>129,062</u>	<u>802,075</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,424,545</b>	<b>\$ 192,173</b>	<b>\$ 114,847</b>	<b>\$ 105,898</b>	<b>\$ 142,494</b>	<b>\$ 1,979,957</b>

(Continued)

**CITY OF FRANKLIN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2006**

	Capital Projects Funds					Total	Nonmajor Governmental Funds
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund		
<b>ASSETS</b>							
Cash and investments	\$ 179,218	\$ 2,194,422	\$ 4,056,916	\$ 378,337	\$ 605,508	\$ 11,791,673	\$ 12,562,070
Receivables	-	-	-	-	-	-	55,615
Accounts receivable	445,000	315,000	-	910,000	117,877	1,787,877	2,906,877
Taxes receivable	-	-	-	-	1,346,424	1,346,424	1,346,424
Special assessments receivable	-	-	-	-	-	35,580	66,425
Due from other governments	35,580	-	-	-	-	-	4,100
Prepaid items	-	-	-	-	-	-	-
	<u>\$ 659,798</u>	<u>\$ 2,509,422</u>	<u>\$ 4,056,916</u>	<u>\$ 1,288,337</u>	<u>\$ 2,069,809</u>	<u>\$ 14,961,554</u>	<u>\$ 16,941,511</u>
<b>TOTAL ASSETS</b>							
	\$ 68,473	\$ 11,826	\$ 642,346	\$ -	\$ 126,707	\$ 1,741,733	\$ 1,782,246
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	-	-	-	-	-	-	18,369
Accrued liabilities	445,000	315,000	-	910,000	1,464,301	3,134,301	4,253,301
Deferred revenue	513,473	326,826	642,346	910,000	1,591,008	4,876,034	6,053,916
Total Liabilities							
	-	-	-	-	-	-	4,100
	-	600,000	83,000	-	-	683,000	683,000
	-	-	680,000	-	-	680,000	680,000
	-	-	-	-	-	-	259,824
	-	-	-	-	-	-	11,452
	-	-	-	-	478,801	478,801	478,801
	-	-	-	-	-	3,484,891	3,484,891
	-	-	-	-	-	-	231,879
	-	-	-	-	-	-	294,820
	146,325	1,582,596	2,651,570	378,337	-	4,758,828	4,758,828
	<u>146,325</u>	<u>2,182,596</u>	<u>3,414,570</u>	<u>378,337</u>	<u>478,801</u>	<u>10,085,520</u>	<u>10,887,595</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>							
	\$ 659,798	\$ 2,509,422	\$ 4,056,916	\$ 1,288,337	\$ 2,069,809	\$ 14,961,554	\$ 16,941,511

**CITY OF FRANKLIN**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

	Special Revenue Funds					Total
	Library Fund	Master Plan Fund	Donation Fund	Celebrations Fund	Grant Fund	
<b>REVENUE</b>						
Taxes	\$ 1,082,000	\$ -	\$ -	\$ -	\$ -	\$ 1,082,000
Intergovernmental revenue	-	-	34,124	-	244,337	278,461
Special assessments	31,645	9,481	4,355	-	769	46,250
Investment earnings	142,670	-	18,316	311,044	6,243	478,273
Miscellaneous revenue	1,256,315	9,481	56,795	311,044	251,349	1,884,984
Total Revenue						
<b>EXPENDITURES</b>						
Current:						
General government	-	-	5,778	-	-	5,778
Public safety	-	-	10,306	-	22,975	33,281
Health and human services	-	-	882	-	33,078	33,960
Culture and recreation	1,132,406	-	428	250,496	14,487	1,397,817
Conservation and development	-	10,432	-	-	-	10,432
Capital outlay	108,159	-	8,500	-	152,837	269,496
Total Expenditures	1,240,565	10,432	25,894	250,496	223,377	1,750,764
Excess (Deficiency) of Revenue Over (Under) Expenditures	15,750	(951)	30,901	60,548	27,972	134,220
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	16,453	-	16,453
Transfers out	-	-	-	-	-	-
Net change in fund balances	15,750	(951)	30,901	77,001	27,972	150,673
Fund balances - beginning	248,174	190,346	83,368	28,424	101,090	651,402
Fund balances - ending	\$ 263,924	\$ 189,395	\$ 114,269	\$ 105,425	\$ 129,062	\$ 802,075

(Continued)

**CITY OF FRANKLIN**  
**Combining Statement of Revenue, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended December 31, 2006**

	Capital Projects Funds						Total	Nonmajor Governmental Funds
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund		
<b>REVENUE</b>								
Taxes	\$ 386,000	\$ 255,000	\$ -	\$ 762,000	\$ -	\$ -	\$ 1,403,000	
Intergovernmental revenue	35,580	-	-	-	-	-	35,580	
Special assessments	-	110,826	165,537	44,842	1,151,282	2,124,615	3,275,897	
Investment earnings	55,784	16,278	28,283	23,365	92,183	209,479	640,932	
Miscellaneous revenue	495,429	382,104	193,820	830,207	1,243,465	2,334,094	123,710	
Total Revenue							<u>5,479,119</u>	
<b>EXPENDITURES</b>								
Current:								
Public safety	-	-	-	-	-	-	-	
Health and human services	-	-	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	1,809	1,809	
Conservation and development	-	242,081	3,710,078	799,725	29,940	175,371	29,940	
Capital outlay	669,009	242,081	3,710,078	799,725	298,567	177,180	5,894,831	
Total Expenditures							<u>7,677,344</u>	
Excess (Deficiency) of Revenue Over (Under) Expenditures	(173,580)	140,023	(3,516,258)	30,482	914,958	2,156,914	(447,461)	
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	2,675,630	(72,800)	(1,565,753)	(1,525,352)	2,675,630	
Transfers out	-	-	-	-	-	-	(3,163,905)	
Net change in fund balances	(173,580)	140,023	(840,628)	(42,318)	(650,795)	631,562	(935,736)	
Fund balances - beginning	319,905	2,042,573	4,255,198	420,655	1,129,596	2,853,329	11,021,256	
Fund balances - ending	\$ 146,325	\$ 2,182,596	\$ 3,414,570	\$ 378,337	\$ 478,801	\$ 3,484,891	\$ 10,085,520	

**CITY OF FRANKLIN**  
General Fund

**Schedule of Revenue - Budget and Actual**  
Year Ended December 31, 2006

	Original and final Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>TAXES</b>				
General property taxes	\$ 12,871,000	\$ 12,871,000	\$ 12,865,390	\$ (5,610)
Water Utility - tax equivalent	738,000	738,000	777,338	39,338
Cable TV franchise fees	305,000	305,000	325,932	20,932
Mobile home assessments	42,000	42,000	34,489	(7,511)
Motel room tax	52,000	52,000	58,747	6,747
	<u>14,008,000</u>	<u>14,008,000</u>	<u>14,061,896</u>	<u>53,896</u>
<b>INTERGOVERNMENTAL REVENUE</b>				
State shared revenue	1,122,600	1,122,600	1,122,516	(84)
Fire insurance - dues	100,000	100,000	110,010	10,010
Local, state and federal grants and aids				
Computer Aid	46,400	46,400	143,114	96,714
Transportation aids	1,242,000	1,242,000	1,242,041	41
Recycling	80,000	80,000	77,344	(2,656)
Other	10,000	10,000	10,784	784
	<u>2,601,000</u>	<u>2,601,000</u>	<u>2,705,809</u>	<u>104,809</u>
<b>LICENSES, FEES AND PERMITS</b>				
Licenses:				
Liquor	27,200	27,200	30,040	2,840
Bartenders	13,500	13,500	12,912	(588)
Amusement and related	7,300	7,300	10,410	3,110
Peddlers	37,000	37,000	33,400	(3,600)
Food and related	11,500	11,500	14,167	2,667
Electrical contractors	14,500	14,500	17,325	2,825
Dog and cat	7,500	7,500	11,530	4,030
Other	5,850	5,850	4,292	(1,558)
Permits:				
Building	750,000	750,000	869,597	119,597
Electrical	110,000	110,000	151,272	41,272
Plumbing	140,000	140,000	176,470	36,470
Fire	9,000	9,000	7,720	(1,280)
Other	28,100	28,100	47,453	19,353
	<u>1,161,450</u>	<u>1,161,450</u>	<u>1,386,588</u>	<u>225,138</u>
<b>FINES, FORFEITURES AND PENALTIES</b>	<u>450,000</u>	<u>450,000</u>	<u>332,090</u>	<u>(117,910)</u>

(Continued)

CITY OF FRANKLIN  
General Fund

Schedule of Revenue - Budget and Actual  
Year Ended December 31, 2006

	Original and final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>PUBLIC CHARGES FOR SERVICES</b>			
<b>General government</b>			
Property reports and document fees	\$ 15,700	\$ 9,726	\$ (5,974)
<b>Public safety</b>			
Police Department and related	14,500	6,501	(7,999)
Ambulance service	390,000	396,729	6,729
Fire Department and related	88,000	156,402	68,402
Weights and measures	6,800	(4,400)	(11,200)
<b>Public works</b>			
Street lighting	3,000	3,096	96
Weed cutting	25,100	15,132	(9,968)
Engineering and DPW fees	202,000	136,156	(65,844)
Landfill siting fees	224,200	249,560	25,360
Landfill tippage fees	361,400	325,782	(35,618)
<b>Health and human services</b>			
Health Clinics	65,000	50,809	(14,191)
<b>Conservation and development</b>			
Zoning, subdivision and other filing fees	113,400	128,685	15,285
	<u>1,509,100</u>	<u>1,474,178</u>	<u>(34,922)</u>
<b>INTERGOVERNMENTAL CHARGES FOR SERVICES</b>	<u>563,000</u>	<u>574,835</u>	<u>11,835</u>
<b>INVESTMENT EARNINGS</b>	<u>262,500</u>	<u>808,469</u>	<u>545,969</u>
<b>MISCELLANEOUS REVENUE</b>			
Municipal property rental	50,000	41,955	(8,045)
Property sale	5,000	2,280	(2,720)
Refunds and reimbursements	32,050	63,095	31,045
Insurance dividend	30,000	-	(30,000)
Other revenue	23,900	23,347	(553)
	<u>140,950</u>	<u>130,677</u>	<u>(10,273)</u>
<b>TOTAL REVENUE</b>	<u>\$ 20,696,000</u>	<u>\$ 21,474,542</u>	<u>\$ 778,542</u>

**CITY OF FRANKLIN**  
**General Fund**

**Schedule of Expenditures - Budget and Actual (on a budgetary basis)**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>CURRENT</b>				
<b>General Government</b>				
Common council	\$ 112,703	\$ 112,703	\$ 111,910	\$ 793
Municipal court	174,788	174,788	162,564	12,224
City clerk	257,687	257,687	257,286	401
Elections	29,141	29,141	24,905	4,236
Information services	305,630	305,630	253,828	51,802
Administraton	408,748	408,748	335,583	73,165
Finance	458,102	458,102	466,622	(8,520)
Audit	24,200	24,200	21,590	2,610
Assessor	243,693	243,693	240,905	2,788
Legal counsel	201,000	211,000	224,589	(13,589)
Municipal buildings	248,560	248,560	269,905	(21,345)
Property and liability insurance	54,000	54,000	66,346	(12,346)
Other	-	9,000	43,760	(34,760)
Contingency	391,000	376,200	-	376,200
Total General Government	<u>2,909,252</u>	<u>2,913,452</u>	<u>2,479,793</u>	<u>433,659</u>
<b>Public Safety</b>				
Police:				
Police	6,679,490	6,679,490	6,487,377	192,113
Dispatchers	882,666	882,666	813,160	69,506
Fire				
Fire	4,618,784	4,618,784	4,778,158	(159,374)
Safety Training	4,000	4,000	1,775	2,225
Fire protection service charge	217,900	217,900	217,856	44
Building inspection	895,646	895,646	891,195	4,451
Sealer of weights and measures	6,800	6,800	6,800	-
Total Public Safety	<u>13,305,286</u>	<u>13,305,286</u>	<u>13,196,321</u>	<u>108,965</u>
<b>Public Works</b>				
Engineering	578,801	578,801	531,746	47,055
Highway	2,093,054	2,093,054	2,042,240	50,814
Refuse collection	1,195,682	1,191,482	1,202,095	(10,613)
Street lighting	245,900	245,900	254,495	(8,595)
Weed control	25,100	25,100	14,662	10,438
Total Public Works	<u>4,138,537</u>	<u>4,134,337</u>	<u>4,045,238</u>	<u>89,099</u>
<b>Health and Human Services</b>				
Public health	514,378	514,378	500,526	13,852
Animal control	37,300	37,300	38,432	(1,132)
Total Health and Human Services	<u>551,678</u>	<u>551,678</u>	<u>538,958</u>	<u>12,720</u>
<b>Culture and Recreation</b>				
St. Martin's fair	48,321	48,321	33,670	14,651
Civic celebrations	29,845	29,845	16,453	13,392
Senior travel program	10,000	10,000	9,510	490
Parks	99,450	99,450	122,485	(23,035)
Total Culture and Recreation	<u>187,616</u>	<u>187,616</u>	<u>182,118</u>	<u>5,498</u>
<b>Conservation and Development</b>				
City development	553,631	553,631	470,340	83,291
<b>TOTAL EXPENDITURES</b>	<u>\$ 21,646,000</u>	<u>\$ 21,646,000</u>	<u>\$ 20,912,768</u>	<u>\$ 733,232</u>

**CITY OF FRANKLIN**  
**Debt Service Fund**  
**Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>REVENUE</b>				
Taxes	\$ 2,210,000	\$ 2,210,000	\$ 2,210,000	\$ -
Intergovernmental revenue	-	-	-	-
Public charges for services - Landfill siting	676,400	676,400	685,966	9,566
Special assessments	-	-	412,849	412,849
Investment earnings	-	-	612,062	612,062
Total Revenue	<u>2,886,400</u>	<u>2,886,400</u>	<u>3,920,877</u>	<u>1,034,477</u>
<b>EXPENDITURES</b>				
Debt service				
Principal	1,300,000	1,300,000	1,300,000	-
Interest	1,433,188	1,692,188	1,433,186	259,002
Total Expenditures	<u>2,733,188</u>	<u>2,992,188</u>	<u>2,733,186</u>	<u>259,002</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	153,212	(105,788)	1,187,691	1,293,479
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	745,802	990,128	488,275	(501,853)
Transfers out	-	-	-	-
General obligation debt issued	-	10,000,000	-	(10,000,000)
Premium on debt issued	-	176,600	-	(176,600)
Net change in fund balances	899,014	11,060,940	1,675,966	(9,384,974)
Fund balances - beginning	<u>8,719,541</u>	<u>8,719,541</u>	<u>8,719,541</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,618,555</u>	<u>\$ 19,780,481</u>	<u>\$ 10,395,507</u>	<u>\$ (9,384,974)</u>

**CITY OF FRANKLIN**  
**Library Fund**  
**Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Year Ended December 31, 2006**

	Original and final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>REVENUE</b>			
Taxes	\$1,082,000	\$ 1,082,000	\$ -
Investment earnings	8,000	31,645	23,645
Miscellaneous revenue	35,000	142,670	107,670
Total Revenue	<u>1,125,000</u>	<u>1,256,315</u>	<u>131,315</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	1,050,736	1,132,406	(81,670)
Capital outlay	75,000	108,159	(33,159)
Total Expenditures	<u>1,125,736</u>	<u>1,240,565</u>	<u>(114,829)</u>
Net change in fund balances	(736)	15,750	16,486
Fund balances - beginning	<u>248,174</u>	<u>248,174</u>	<u>-</u>
Fund balances - ending	<u>\$ 247,438</u>	<u>\$ 263,924</u>	<u>\$ 16,486</u>

**CITY OF FRANKLIN**  
Capital Projects Funds

Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual (on a budgetary basis)  
Year Ended December 31, 2006

	Capital Outlay Fund			Equipment Replacement Fund			Variance with final budget - Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	
<b>REVENUE</b>							
Taxes	\$ 386,000	\$ 386,000	\$ 386,000	\$ 255,000	\$ 255,000	\$ 255,000	\$ -
Intergovernmental revenue	-	-	35,580	-	-	-	-
Investment earnings	8,000	8,000	18,065	35,000	35,000	110,826	75,826
Miscellaneous revenue	30,000	30,000	55,784	5,000	5,000	16,278	11,278
Total Revenue	<u>424,000</u>	<u>424,000</u>	<u>495,429</u>	<u>295,000</u>	<u>295,000</u>	<u>382,104</u>	<u>87,104</u>
<b>EXPENDITURES</b>							
Capital outlay	431,600	660,600	472,009	401,500	842,500	842,081	419
Total Expenditures	<u>431,600</u>	<u>660,600</u>	<u>472,009</u>	<u>401,500</u>	<u>842,500</u>	<u>842,081</u>	<u>419</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(7,600)	(236,600)	23,420	(106,500)	(547,500)	(459,977)	87,523
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Net changes in fund balances	<u>(7,600)</u>	<u>(236,600)</u>	<u>23,420</u>	<u>(106,500)</u>	<u>(547,500)</u>	<u>(459,977)</u>	<u>87,523</u>
Adjustments to generally accepted accounting principles basis							
2006 encumbrances			(197,000)			600,000	
2005 encumbrances			<u>319,905</u>			<u>2,042,573</u>	
Fund balances - beginning			<u>\$ 146,325</u>			<u>\$ 2,182,596</u>	
<b>Fund balances - ending</b>							

Continued

**CITY OF FRANKLIN**  
Capital Projects Funds

Schedule of Revenue, Expenditures and Changes in Fund Balance -  
Budget and Actual (on a budgetary basis)  
Year Ended December 31, 2006

	Capital Improvement Fund			Street Improvement Fund		
	Original Budget	Final Budget	Actual	Original and final Budget	Actual	Variance with final budget - Favorable (Unfavorable)
<b>REVENUE</b>						
Taxes	\$ -	\$ -	\$ -	\$ 762,000	\$ 762,000	\$ (75,000)
Intergovernmental revenue	-	-	-	75,000	-	30,842
Investment earnings	15,000	15,000	165,537	14,000	44,842	23,365
Miscellaneous revenue	-	-	28,283	-	23,365	(20,793)
Total Revenue	<u>15,000</u>	<u>15,000</u>	<u>193,820</u>	<u>851,000</u>	<u>830,207</u>	<u>(20,793)</u>
<b>EXPENDITURES</b>						
Capital outlay	2,564,354	2,970,522	3,789,078	893,000	799,725	93,275
Debt issuance costs	-	-	-	-	-	-
Total Expenditures	<u>2,564,354</u>	<u>2,970,522</u>	<u>3,789,078</u>	<u>893,000</u>	<u>799,725</u>	<u>93,275</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(2,549,354)	(2,955,522)	(3,595,258)	(42,000)	30,482	72,482
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,346,375	1,251,543	2,675,630	-	-	-
Transfers out	-	-	-	(72,800)	(72,800)	-
General obligation debt issued	-	-	-	-	-	-
Net changes in fund balances	<u>\$ (1,202,979)</u>	<u>\$ (1,703,979)</u>	<u>(919,628)</u>	<u>\$ (114,800)</u>	<u>(42,318)</u>	<u>\$ 72,482</u>
Adjustments to generally accepted accounting principles basis						
2006 encumbrances			83,000			
2005 encumbrances			(4,000)			
Fund balances - beginning			<u>4,255,198</u>		<u>420,655</u>	
<b>Fund balances - ending</b>			<u>\$ 3,414,570</u>		<u>\$ 378,337</u>	

**CITY OF FRANKLIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**December 31, 2006**

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**Governmental funds capital assets:**

Land	\$ 7,870,390
Buildings and improvements	22,037,727
Machinery and equipment	12,111,100
Infrastructure improvements	14,368,653
Construction in process	<u>1,863,283</u>

**Total governmental funds capital assets** \$ 58,251,153

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

Assets acquired prior to 1993	\$ 4,457,476
Assets acquired after 1992	
General Fund	1,830,309
Special Revenue Funds	648,198
Capital Projects Funds	37,559,918
Donations	<u>13,755,252</u>

**Total governmental funds capital assets** \$ 58,251,153

**CITY OF FRANKLIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**Year Ended December 31, 2006**

<u>Function and Activity</u>	<u>Land</u>	<u>Buildings and Improvements</u>	<u>Machinery and Equipment</u>	<u>Infrastructure Improvements</u>	<u>Construction In process</u>	<u>Total</u>
<b>General Government:</b>						
Mayor	\$ -	\$ -	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	-	-	4,769	-	-	4,769
Municipal court	-	-	7,446	-	-	7,446
City clerk	-	-	6,435	-	-	6,435
Elections	-	-	36,352	-	-	36,352
Information services	-	-	326,691	-	-	326,691
Administration	-	-	586,433	-	-	586,433
Human resources	-	-	1,295	-	-	1,295
Finance	-	-	28,103	-	-	28,103
Assessor	-	-	43,681	-	-	43,681
Treasurer	-	-	33,214	-	-	33,214
Attorney	-	-	1,400	-	-	1,400
Municipal buildings	<u>710,717</u>	<u>3,016,291</u>	<u>529,547</u>	-	-	<u>4,256,555</u>
Total General Government	<u>710,717</u>	<u>3,016,291</u>	<u>1,607,568</u>	-	-	<u>5,334,576</u>
<b>Public Safety:</b>						
Police	1,201,829	8,418,912	2,384,462	-	-	12,005,203
Fire	5,000	2,433,978	2,627,967	-	-	5,066,945
Building inspection	-	-	271,472	-	-	271,472
Total Public Safety	<u>1,206,829</u>	<u>10,852,890</u>	<u>5,283,901</u>	-	-	<u>17,343,620</u>
<b>Public Works:</b>						
Engineering	-	-	205,068	-	-	205,068
Highway	84,610	2,617,136	3,797,554	-	-	6,499,300
Street Lighting	-	-	1,097	-	-	1,097
Infrastructure	4,348,482	-	-	14,368,653	-	18,717,135
Construction in process	-	-	-	-	1,863,283	1,863,283
Total Public Works	<u>4,433,092</u>	<u>2,617,136</u>	<u>4,003,719</u>	<u>14,368,653</u>	<u>1,863,283</u>	<u>27,285,883</u>
<b>Health &amp; Human Services:</b>						
Health	-	-	48,287	-	-	48,287
<b>Culture and Recreation:</b>						
Library	16,769	4,903,626	817,947	-	-	5,738,342
Parks	<u>1,502,983</u>	<u>647,784</u>	<u>270,727</u>	-	-	<u>2,421,494</u>
Total Culture and Recreation	<u>1,519,752</u>	<u>5,551,410</u>	<u>1,088,674</u>	-	-	<u>8,159,836</u>
<b>Conservation and Development:</b>						
Community development	-	-	-	-	-	-
Planning	-	-	78,951	-	-	78,951
Total Conservation and Development	-	-	<u>78,951</u>	-	-	<u>78,951</u>
<b>Total governmental funds capital assets</b>	<u>\$ 7,870,390</u>	<u>\$ 22,037,727</u>	<u>\$ 12,111,100</u>	<u>\$ 14,368,653</u>	<u>\$ 1,863,283</u>	<u>\$ 58,251,153</u>

**CITY OF FRANKLIN**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**Year Ended December 31, 2006**

<u>Function and Activity</u>	<u>Governmental Funds Capital Assets</u>			
	<u>12/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/06</u>
<b>General Government:</b>				
Mayor	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	4,769	-	-	4,769
Municipal court	7,446	-	-	7,446
City clerk	4,232	2,203	-	6,435
Elections	2,500	33,852	-	36,352
Information services	316,524	10,167	-	326,691
Administration	582,896	3,537	-	586,433
Human resources	1,295	-	-	1,295
Finance	26,966	1,137	-	28,103
Assessor	42,567	1,114	-	43,681
Treasury	29,101	4,113	-	33,214
Attorney	1,400	-	-	1,400
Municipal buildings	3,843,574	412,981	-	4,256,555
Total General Government	<u>4,865,472</u>	<u>469,104</u>	<u>-</u>	<u>5,334,576</u>
<b>Public Safety:</b>				
Police	11,864,701	211,316	70,814	12,005,203
Fire	5,149,336	248,122	330,513	5,066,945
Building inspection	267,019	4,453	-	271,472
Total Public Safety	<u>17,281,056</u>	<u>463,891</u>	<u>401,327</u>	<u>17,343,620</u>
<b>Public Works:</b>				
Engineering	216,975	6,043	17,950	205,068
Highway	6,373,372	145,378	19,450	6,499,300
Street Lighting	-	1,097	-	1,097
Infrastructure	15,460,674	3,256,461	-	18,717,135
Construction in process	415,821	1,447,462	-	1,863,283
Total Public Works	<u>22,466,842</u>	<u>4,856,441</u>	<u>37,400</u>	<u>27,285,883</u>
<b>Health &amp; Human Services:</b>				
Health	<u>62,474</u>	<u>1,135</u>	<u>15,322</u>	<u>48,287</u>
<b>Culture and Recreation:</b>				
Library	5,645,601	92,741	-	5,738,342
Parks	1,932,834	488,660	-	2,421,494
Total Culture and Recreation	<u>7,578,435</u>	<u>581,401</u>	<u>-</u>	<u>8,159,836</u>
<b>Conservation and Development:</b>				
Community development	9,145	(9,145)	-	-
City development	67,998	10,953	-	78,951
Total Conservation and Development	<u>77,143</u>	<u>1,808</u>	<u>-</u>	<u>78,951</u>
<b>Total governmental funds capital assets</b>	<b>\$ 52,331,422</b>	<b>\$ 6,373,780</b>	<b>\$ 454,049</b>	<b>\$ 58,251,153</b>

**CITY OF FRANKLIN**  
**Fiduciary Funds**  
**Combining Statement of Changes in Assets and Liabilities - Agency Funds**  
**Year Ended December 31, 2006**

PROPERTY TAX AGENCY FUND	<u>12/31/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>12/31/06</u>
<b>ASSETS</b>				
Cash and investments	\$ 41,626,099	\$ 77,211,043	\$ 73,240,518	\$ 45,596,624
Receivables				
Taxes receivable	10,287,184	55,242,359	55,641,417	9,888,126
Accounts receivable	<u>-</u>	<u>3,205</u>	<u>-</u>	<u>3,205</u>
<b>Total assets</b>	<b><u>\$ 51,913,283</u></b>	<b><u>\$ 132,456,607</u></b>	<b><u>\$ 128,881,935</u></b>	<b><u>\$ 55,487,955</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 248,676	\$ 245,596	\$ 248,676	\$ 245,596
Due to other governments	<u>51,664,607</u>	<u>55,242,359</u>	<u>51,664,607</u>	<u>55,242,359</u>
<b>Total liabilities</b>	<b><u>\$ 51,913,283</u></b>	<b><u>\$ 55,487,955</u></b>	<b><u>\$ 51,913,283</u></b>	<b><u>\$ 55,487,955</u></b>
<b>OTHER AGENCY FUND</b>				
<b>ASSETS</b>				
Cash and investments	<u>\$ 12,554</u>	<u>\$ 18,754</u>	<u>\$ 19,669</u>	<u>\$ 11,639</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,619	\$ 2,639	\$ 4,258	\$ -
Special deposits	<u>10,935</u>	<u>18,898</u>	<u>18,194</u>	<u>11,639</u>
<b>Total liabilities</b>	<b><u>\$ 12,554</u></b>	<b><u>\$ 21,537</u></b>	<b><u>\$ 22,452</u></b>	<b><u>\$ 11,639</u></b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 41,638,653	\$ 77,229,797	\$ 73,260,187	\$ 45,608,263
Receivables				
Taxes receivable	10,287,184	55,242,359	55,641,417	9,888,126
Accounts receivable	<u>-</u>	<u>3,205</u>	<u>-</u>	<u>3,205</u>
<b>Total assets</b>	<b><u>\$ 51,925,837</u></b>	<b><u>\$ 132,475,361</u></b>	<b><u>\$ 128,901,604</u></b>	<b><u>\$ 55,499,594</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 250,295	\$ 248,235	\$ 252,934	\$ 245,596
Due to other governments	51,664,607	55,242,359	51,664,607	55,242,359
Special deposits	<u>10,935</u>	<u>18,898</u>	<u>18,194</u>	<u>11,639</u>
<b>Total liabilities</b>	<b><u>51,925,837</u></b>	<b><u>55,509,492</u></b>	<b><u>51,935,735</u></b>	<b><u>55,499,594</u></b>
<b>Total net assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 76,965,869</u></b>	<b><u>\$ 76,965,869</u></b>	<b><u>\$ -</u></b>

# **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 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 10

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 13

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 15

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

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

## CITY OF FRANKLIN

Net Assets by Component  
Last Four Years  
(accrual basis of accounting)

	Fiscal Year		
	2006	2005	2004
<b>Governmental activities</b>			
Invested in capital assets, net of related debt	\$ 5,673,474	\$ 1,634,674	\$ (5,824,448)
Restricted			
Debt service	2,824,089	-	-
Library	263,924	248,174	235,895
Utility improvements	478,801	1,129,596	765,805
Development	3,484,891	2,853,329	2,743,066
Other purposes	243,331	236,147	147,544
Unrestricted	10,876,066	10,242,063	8,907,518
Total governmental activities net assets	\$ 23,844,576	\$ 16,343,983	\$ 6,975,380
<b>Business-type activities</b>			
Invested in capital assets, net of related debt	\$ 88,299,652	\$ 85,098,937	\$ 81,402,130
Restricted			
Utility improvements	-	-	-
Development	-	-	-
Other purposes	215,267	178,274	132,035
Unrestricted	2,255,577	2,380,429	2,020,798
Total business-type activities net assets	\$ 90,770,496	\$ 87,657,640	\$ 83,554,963
<b>Total</b>			
Invested in capital assets, net of related debt	\$ 93,973,126	\$ 86,733,611	\$ 75,577,682
Restricted			
Debt service	2,824,089	248,174	-
Library	263,924	1,129,596	235,895
Utility improvements	478,801	2,853,329	765,805
Development	3,484,891	414,421	2,743,066
Other purposes	458,598	12,622,492	279,579
Unrestricted	13,131,643	10,928,316	12,737,484
Total net assets	\$ 114,615,072	\$ 104,001,623	\$ 90,530,343
			\$ 64,567,428

Note Infrastructure for the years prior to 2003 was not included in the 2003 - 2006 totals

**CITY OF FRANKLIN**  
 Changes in Net Assets, Last Four Years  
 (accrual basis of accounting)

	Fiscal Year			
	2006	2005	2004	2003
<b>Expenses</b>				
<b>Governmental activities:</b>				
General government	\$ 2,730,575	\$ 2,588,256	\$ 2,535,943	\$ 2,560,386
Public safety	13,987,313	13,533,975	13,054,488	12,344,323
Public works	4,709,613	4,673,462	4,152,452	3,581,846
Health and human services	572,091	510,520	538,850	574,163
Culture and recreation	1,873,815	1,561,066	1,428,499	1,290,360
Conservation and development	634,983	666,277	498,096	451,957
Interest on long term debt	2,574,761	2,204,881	2,345,610	2,600,130
Total governmental activities expenses	<u>27,083,151</u>	<u>25,738,437</u>	<u>24,553,938</u>	<u>23,403,165</u>
<b>Business-type activities</b>				
Water	3,342,925	3,307,057	2,572,320	2,528,709
Sewer	2,603,652	2,349,419	2,143,916	2,032,336
Total business-type activities expenses	<u>5,946,577</u>	<u>5,656,476</u>	<u>4,716,236</u>	<u>4,561,045</u>
Total expenses	<u>\$ 33,029,728</u>	<u>\$ 31,394,913</u>	<u>\$ 29,270,174</u>	<u>\$ 27,964,210</u>
<b>Program Revenue</b>				
<b>Governmental activities:</b>				
Charges for services:	\$ 145,072	\$ 148,803	\$ 195,401	\$ 199,732
General government	2,784,237	2,715,134	2,478,751	2,238,099
Public safety	1,497,290	1,543,476	1,473,029	1,344,447
Public works	62,339	91,767	61,273	46,549
Health and human services	237,278	212,301	201,129	229,366
Culture and recreation	138,411	72,864	116,390	114,278
Conservation and development	2,015,885	1,838,699	1,886,800	1,623,847
Operating grants and contributions	4,890,241	6,728,526	10,048,400	5,465,904
Capital grants and contributions	11,770,753	13,351,570	16,461,173	11,262,222
Total governmental activities program revenue				
<b>Business-type activities</b>				
Charges for services:				
Water	3,585,661	3,815,195	2,810,730	3,098,124
Sewer	1,866,703	1,732,737	1,515,084	1,508,987
Capital grants and contributions	1,477,041	3,181,334	13,431,131	3,292,803
Total business-type activities program revenue	<u>6,929,405</u>	<u>8,729,266</u>	<u>17,756,945</u>	<u>7,899,914</u>
Total program revenue	<u>\$ 18,700,158</u>	<u>\$ 22,080,836</u>	<u>\$ 34,218,118</u>	<u>\$ 19,162,136</u>

continued

**CITY OF FRANKLIN**  
Changes in Net Assets, Last Four Years  
(accrual basis of accounting)

	Fiscal Year			
	2006	2005	2004	2003
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (15,312,398)	\$ (12,386,867)	\$ (8,092,765)	\$ (12,140,943)
Business-type activities	982,828	3,072,790	13,040,709	3,338,869
Total net expense	<u>\$ (14,329,570)</u>	<u>\$ (9,314,077)</u>	<u>\$ 4,947,944</u>	<u>\$ (8,802,074)</u>
<b>General Revenue and other Changes in Net Assets</b>				
<b>Governmental activities:</b>				
Property taxes levied for general purposes	\$ 15,350,390	\$ 14,576,053	\$ 13,397,596	\$ 12,873,459
Property taxes levied for debt service	2,210,000	2,310,000	2,410,211	2,610,624
Property taxes levied for TIF Districts	2,860,368	2,919,738	2,729,979	2,631,082
Other taxes	419,168	381,116	376,038	352,280
Intergovernmental revenue not restricted to specific programs	1,334,594	1,271,794	1,335,925	1,593,937
Investment earnings	2,531,912	1,111,774	516,683	573,903
Miscellaneous revenue	77,294	119,276	164,526	233,884
Transfers	(1,970,735)	(934,281)	(1,633,645)	(1,583,871)
Total governmental activities	<u>22,812,991</u>	<u>21,755,470</u>	<u>19,297,313</u>	<u>19,285,298</u>
<b>Business-type activities:</b>				
Investment earnings	112,453	44,096	18,455	18,399
Miscellaneous revenue	46,840	51,510	65,558	53,774
Transfers	1,970,735	934,281	1,633,645	1,583,871
Total business-type activities	<u>2,130,028</u>	<u>1,029,887</u>	<u>1,717,658</u>	<u>1,656,044</u>
Total	<u>\$ 24,943,019</u>	<u>\$ 22,785,357</u>	<u>\$ 21,014,971</u>	<u>\$ 20,941,342</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 7,500,593	\$ 9,368,603	\$ 11,204,548	\$ 7,144,355
Business-type activities:	3,112,856	4,102,677	14,758,367	4,994,913
Total	<u>\$ 10,613,449</u>	<u>\$ 13,471,280</u>	<u>\$ 25,962,915</u>	<u>\$ 12,139,268</u>

## CITY OF FRANKLIN

Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>General Fund</b>										
Reserved for:										
Inventories and prepaid items	\$ 31,870	\$ 38,391	\$ 28,928	\$ 13,691	\$ 20,876	\$ 12,355	\$ 18,950	\$ 13,479	\$ 25,520	\$ 70,377
Encumbrances	10,000	19,000	103,000	-	90,000	102,000	53,000	119,500	35,000	42,963
Advances to other funds	700,000	-	-	-	1,200,000	-	-	-	-	-
Unreserved	6,279,964	6,411,669	6,150,910	6,092,549	4,236,941	4,624,529	4,882,489	3,767,517	3,483,639	2,930,809
<b>Total general fund</b>	<b>7,021,834</b>	<b>6,469,060</b>	<b>6,282,838</b>	<b>6,106,240</b>	<b>5,547,817</b>	<b>4,738,884</b>	<b>4,954,439</b>	<b>3,900,496</b>	<b>3,544,159</b>	<b>3,044,149</b>
<b>All other government funds</b>										
Reserved for:										
Encumbrances and prepaids	687,100	211,032	16,000	22,000	120,000	1,608,000	3,346,743	1,909,181	180,579	40,503
Advances to other funds	6,928,769	6,717,987	208,274	101,096	1,380,000	1,513,971	4,669,590	293,171	274,896	403,586
Contractual obligations	1,849,000	623,142	126,566	1,572,038	2,177,942	1,397,696	1,445,005	1,622,485	1,531,724	986,360
Debt service	3,466,738	2,001,554	-	-	-	-	-	-	-	-
Library services	259,824	-	-	14,334	11,035	10,329	5,107	13,691	22,017	17,908
Emergency medical services	11,452	16,624	11,261	1,521,678	2,379,691	2,425,482	2,552,082	2,455,853	2,028,873	1,529,167
Utility improvements	478,801	1,129,596	765,805	977,495	706,055	346,290	1,021,678	1,504,150	1,037,465	967,772
Development	3,484,891	2,853,329	2,743,066	96,561	-	-	-	-	-	-
Donations & grants	231,879	167,834	136,283	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	294,820	218,770	184,079	122,892	217,953	1,510,705	1,762,883	1,703,954	1,655,562	1,494,829
Capital projects funds	(979,643)	5,158,222	3,680,288	4,535,777	1,580,555	3,381,858	743,576	1,173,283	332,954	2,646,260
<b>Total all other government funds</b>	<b>16,713,631</b>	<b>19,098,090</b>	<b>7,871,622</b>	<b>8,963,871</b>	<b>8,573,231</b>	<b>12,194,331</b>	<b>15,546,664</b>	<b>10,675,768</b>	<b>7,064,070</b>	<b>8,086,385</b>
<b>Total fund balances</b>	<b>\$ 23,735,465</b>	<b>\$ 25,567,150</b>	<b>\$ 14,154,460</b>	<b>\$ 15,070,111</b>	<b>\$ 14,121,048</b>	<b>\$ 16,933,215</b>	<b>\$ 20,501,103</b>	<b>\$ 14,576,264</b>	<b>\$ 10,608,229</b>	<b>\$ 11,130,534</b>

\* Prior to 2002 the Sanitary Service Fund was accounted for as a Special Revenue Fund. In 2002 it was restated and reported as an Enterprise Fund.

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

	Fiscal Year									
	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>Revenue</b>										
Taxes	\$ 20,839,926	\$ 20,186,907	\$ 16,183,845	\$ 15,836,363	\$ 15,363,328	\$ 14,063,238	\$ 12,347,118	\$ 10,905,928	\$ 10,327,052	\$ 9,610,555
Intergovernmental revenue	3,088,814	2,917,513	3,065,509	3,067,155	3,051,785	2,430,911	2,477,565	2,625,717	2,396,372	2,061,040
Licenses and permits	1,386,588	1,486,966	1,258,457	1,030,984	1,254,563	1,029,645	993,387	1,093,408	1,105,878	942,388
Fines, forfeitures and penalties	332,090	361,656	397,169	362,638	414,878	440,039	419,194	518,050	291,751	277,801
Public charges for services	2,160,144	2,087,870	2,063,984	1,883,878	1,642,046	2,980,283	2,896,031	2,247,268	2,153,083	1,996,825
Special assessments	3,688,746	3,620,814	3,787,927	3,213,453	2,230,968	2,068,979	1,714,101	1,717,424	1,935,061	1,849,619
Intergovernmental charges for services	574,835	591,834	575,009	628,953	607,395	592,155	574,219	563,627	535,871	542,514
Investment earnings	2,504,185	1,127,163	495,190	604,777	1,472,269	2,492,397	2,692,823	1,631,358	1,584,248	1,720,262
Miscellaneous revenue	752,207	806,105	447,992	531,152	5,094	237,862	230,000	151,200	147,000	147,000
<b>Total revenue</b>	<b>35,327,535</b>	<b>33,186,828</b>	<b>28,275,082</b>	<b>27,159,353</b>	<b>26,042,326</b>	<b>26,335,509</b>	<b>24,344,438</b>	<b>21,453,980</b>	<b>20,476,316</b>	<b>19,148,004</b>
<b>Expenditures</b>										
Current	2,487,071	2,314,862	2,262,025	2,293,969	2,069,034	2,442,096	2,394,779	2,152,603	2,031,206	1,851,567
General government	13,239,602	12,677,768	12,109,107	11,250,298	10,589,766	9,739,870	8,552,675	7,745,359	7,253,571	6,233,501
Public safety	4,039,438	3,746,773	3,580,392	3,395,468	3,134,753	4,654,552	4,118,938	3,723,049	3,605,266	3,414,159
Public works	572,918	499,496	531,422	558,538	496,220	463,430	410,470	404,047	370,082	328,421
Health and human services	1,568,591	1,270,440	1,135,822	1,075,349	1,081,661	938,043	747,812	686,083	662,658	616,823
Culture, recreation and education	628,634	654,928	378,216	434,847	382,853	519,149	408,818	367,056	263,411	260,131
Conservation and development	8,882,837	3,735,408	2,248,893	1,497,147	5,834,266	16,697,369	8,490,538	7,525,477	4,157,325	2,668,239
Capital outlay	4,050,000	4,215,000	4,000,000	2,660,000	2,050,000	2,800,000	2,210,000	2,005,000	1,980,000	1,640,000
Debt service	2,838,291	2,123,340	1,311,211	1,461,563	1,519,296	1,648,888	1,085,569	727,271	675,128	725,474
Principal	35,700	46,250	-	-	-	-	-	-	-	-
Interest	2,802,591	2,077,090	1,311,211	1,461,563	1,519,296	1,648,888	1,085,569	727,271	675,128	725,474
Debt issuance costs	38,343,082	31,284,265	27,557,088	24,626,419	27,157,849	39,903,397	28,419,599	25,335,945	20,998,647	17,738,315
<b>Total expenditures</b>	<b>(3,015,547)</b>	<b>1,902,563</b>	<b>717,994</b>	<b>2,532,934</b>	<b>(1,115,523)</b>	<b>(13,567,888)</b>	<b>(4,075,161)</b>	<b>(3,881,965)</b>	<b>(522,331)</b>	<b>1,409,689</b>
<b>Excess of revenue over (under) expenditures</b>										
<b>Other financing sources (uses)</b>										
Debt issued	10,000,000	10,000,000	-	-	-	20,000,000	10,000,000	7,850,000	-	-
Premium on debt issued	176,524	204,561	-	-	-	(10,000,000)	-	-	-	-
Principal payment on current refunding	(9,770,000)	-	-	-	1,389,971	4,588,401	3,364,154	1,376,635	1,057,769	1,559,422
Transfers in	3,957,696	3,486,467	3,273,639	7,213,563	(1,389,971)	(4,588,401)	(3,364,154)	(1,376,635)	(1,057,769)	(1,559,422)
Transfers out	(3,180,358)	(4,420,748)	(4,907,284)	(8,797,434)	(1,389,971)	(4,588,401)	(3,364,154)	(1,376,635)	(1,057,769)	(1,559,422)
<b>Net change in fund balances</b>	<b>\$ (1,831,685)</b>	<b>\$ 1,172,843</b>	<b>\$ (915,651)</b>	<b>\$ 949,063</b>	<b>\$ (1,115,523)</b>	<b>\$ (3,567,888)</b>	<b>\$ 5,924,839</b>	<b>\$ 3,968,035</b>	<b>\$ (522,331)</b>	<b>\$ 1,409,689</b>
<b>Debt service as a percentage of non capital expenditures</b>	23.5%	23.2%	21.0%	17.8%	16.7%	19.2%	16.5%	15.3%	15.8%	15.7%

**CITY OF FRANKLIN**

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Years

Value As of 1/1	Real property		Personal property		Total Assessed value	Total Direct Tax Rate	Total Estimated actual value	Ratio of Assessed to Estimated value
	Assessed value	Estimated actual value	Assessed value	Estimated actual value				
2006 *	\$ 3,384,763,640	\$ 3,406,252,800	\$ 75,577,300	\$ 75,506,900	\$ 3,460,340,940	\$ 5.58	\$ 3,481,759,700	99.38%
2005	2,617,341,900	2,955,304,500	64,650,760	75,511,400	2,681,992,660	6.83	3,030,815,900	88.49%
2004	2,490,166,000	2,631,564,000	50,652,170	50,381,500	2,540,818,170	6.95	2,681,945,500	94.74%
2003 *	2,372,417,000	2,341,523,800	55,465,640	59,241,700	2,427,882,640	6.80	2,400,765,500	101.13%
2002	1,941,915,300	2,163,203,000	53,763,740	59,807,500	1,995,679,040	8.17	2,223,010,500	89.77%
2001	1,879,099,900	1,972,111,000	51,974,570	54,560,300	1,931,074,470	8.06	2,026,671,300	95.28%
2000 *	1,799,970,800	1,820,406,200	50,301,130	51,132,100	1,850,271,930	7.61	1,871,538,300	98.86%
1999	1,567,625,300	1,665,355,900	46,380,610	48,548,400	1,614,005,910	7.59	1,713,904,300	94.17%
1998 *	1,476,480,400	1,477,089,900	44,525,240	48,421,900	1,521,005,640	7.05	1,525,511,800	99.70%
1997	1,307,500,700	1,391,832,800	36,013,030	34,377,200	1,343,513,730	7.42	1,426,210,000	94.20%

**Assessed Valuation by School District - 2006**

* Reassessment year	Franklin School District	Oak Creek/ Franklin School District	Whitnall School District
Within sewerage district	\$ 2,536,163,240	\$ 562,105,400	\$ 238,143,500
Outside sewerage district	100,353,100	23,575,700	-
<b>Total</b>	<b>\$ 2,636,516,340</b>	<b>\$ 585,681,100</b>	<b>\$ 238,143,500</b>

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

Table 6

## CITY OF FRANKLIN

Estimated Actual Property Value and Construction Data  
Last Ten Years

Fiscal year	(1)				(2)			
	Estimate Actual Property value				Residential Construction		Nonresidential Construction	
	Residential	Commercial and Manufacturing	Agricultural, Swamp and Other	Total	# of Units	Value	# of Permits	Value
2006	\$ 2,611,111,600	\$ 769,933,200	\$ 25,208,000	\$ 3,406,252,800	308	\$ 55,690,187	91	\$ 116,376,447
2005	2,236,076,000	696,096,000	23,132,500	2,955,304,500	458	86,085,165	49	49,075,431
2004	2,012,614,000	594,978,200	23,971,800	2,631,564,000	503	74,586,030	55	14,352,822
2003	1,787,275,700	530,582,600	23,665,500	2,341,523,800	349	48,274,386	16	47,915,016
2002	1,670,088,100	468,985,700	24,129,200	2,163,203,000	333	46,788,277	41	99,018,727
2001	1,512,872,800	436,680,100	22,558,100	1,972,111,000	362	48,697,266	49	18,557,129
2000	1,371,755,900	428,038,100	20,612,200	1,820,406,200	391	45,645,198	67	15,310,444
1999	1,285,963,000	355,905,700	23,487,200	1,665,355,900	455	54,801,996	82	24,059,762
1998	1,154,902,500	299,542,300	22,645,100	1,477,089,900	353	43,582,213	68	42,380,268
1997	1,107,506,048	266,794,565	17,532,187	1,391,832,800	362	38,315,063	55	22,284,483

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

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

**CITY OF FRANKLIN**

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

Budget year	City of Franklin Direct Rates										Overlapping Rates					Total Rate (**)					
	General		Library		Debt Service		Capital Outlay		Equipment Revolving		Street Improvement		Total		School Districts		Milwaukee Area		Milwaukee Metropolitan Sewerage District		
2007 *	\$ 4.10	\$ 0.34	\$ 0.64	\$ 0.13	\$ 0.09	\$ 0.28	\$ 5.58	\$ 10.05	\$ 6.95	\$ 9.15	\$ (1.38)	\$ 1.78	\$ 3.95	\$ 1.31	\$ 0.17	\$ 21.46					
2006	5.00	0.42	0.86	0.10	0.15	0.30	6.83	12.01	8.90	10.32	(1.40)	2.13	4.81	1.60	0.21	26.19					
2005	5.06	0.40	0.95	0.14	0.10	0.30	6.95	12.61	7.93	11.30	(1.50)	2.05	4.81	1.62	0.21	26.75					
2004 *	4.88	0.38	1.04	0.09	0.11	0.30	6.80	12.74	8.42	10.80	(1.55)	1.95	4.72	1.57	0.20	26.43					
2003	5.67	0.45	1.37	0.20	0.14	0.34	8.17	13.86	10.19	12.71	(1.92)	2.24	5.67	1.89	0.22	30.13					
2002	5.32	0.43	1.52	0.26	0.25	0.28	8.06	14.50	9.95	12.52	(1.99)	2.13	5.65	1.78	0.21	30.34					
2001 *	5.80	-	1.25	-	0.36	0.20	7.61	13.89	8.98	13.22	(2.10)	2.05	5.60	1.72	0.20	28.97					
2000	5.87	-	1.14	-	0.37	0.21	7.59	16.19	9.13	13.48	(2.39)	2.17	5.83	1.81	0.21	31.41					
1999 *	5.34	-	1.13	-	0.36	0.22	7.05	16.68	9.26	13.43	(2.39)	2.00	5.68	1.70	0.20	30.92					
1998	5.47	-	1.31	-	0.40	0.24	7.42	17.25	10.72	14.16	(2.46)	2.15	6.09	1.79	0.21	32.45					

Note: \* Reassessment impact

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

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

Source: City of Franklin budget documents

Table 8

**CITY OF FRANKLIN**

Principal Property Tax Payers  
Current year and Nine Years Ago

Taxpayer	Type of Business	2006			1997		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Nothwestern Mutual	Insurance Services	\$ 81,698,400	1	2.36%	\$ -	-	-
Whitnall Pointe Apartments	Apartments	20,329,800	2	0.59%	16,217,140	1	1.21%
Waste Management	Landfill and refuse collection	19,920,000	3	0.58%	11,621,760	4	0.87%
Manchester Oaks	Apartments	19,249,100	4	0.56%	14,470,610	2	1.08%
Wal-Mart	Retailer	19,187,400	5	0.55%	11,542,070	5	0.86%
Harley Davidson	Motorcycle manufacturing	15,870,500	6	0.46%	14,022,500	3	1.04%
Mission Hills Apts	Apartments	15,820,200	7	0.46%	8,195,640	7	0.61%
Menard Inc	Retail - Home Improvement	15,366,500	8	0.44%	-	-	-
Lowe's	Retail - Home Improvement	13,183,600	9	0.38%	-	-	-
All Glass Aquarium	Aquariums and fluorescent lights	13,080,300	10	0.38%	6,261,500	8	0.47%
Krones Inc	High speed labeling and filler machines	-	-	-	11,217,600	6	0.83%
Franklin Plaza	Retail shopping	-	-	-	5,924,200	9	0.44%
O'Braun Corporation	Retail shopping	-	-	-	5,677,300	10	0.42%
		<u>\$ 233,705,800</u>		<u>6.76%</u>	<u>\$ 105,150,320</u>		<u>7.83%</u>

Source: City of Franklin Assessor's Office

**CITY OF FRANKLIN**  
Property Tax Levies and Collections  
Last Ten Years

Fiscal year	City Tax levy			Total collections	% of levy collected	Outstanding combined delinquent PP taxes
	Tax increment financing	Local	Total			
2006	\$ 2,860,368	\$ 17,566,000	\$ 20,426,368	\$ 20,420,758	99.97%	\$ 42,150
2005	2,925,386	16,899,300	19,824,686	19,811,739	99.93%	52,998
2004	2,729,979	15,813,611	18,543,590	18,537,786	99.97%	65,425
2003	2,631,082	15,606,851	18,237,933	18,115,165	99.33%	57,488
2002	2,686,561	14,861,543	17,548,104	17,483,984	99.63%	83,606
2001	2,220,643	13,487,899	15,708,542	15,717,957	100.06%	51,020
2000	1,886,513	11,780,580	13,667,093	13,668,358	100.01%	32,365
1999	1,434,790	10,369,960	11,804,750	11,781,618	99.80%	42,827
1998	799,660	9,782,325	10,581,985	10,577,203	99.95%	40,742
1997	159,352	9,078,570	9,237,922	9,238,633	100.01%	32,226

Source: City of Franklin

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

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

**CITY OF FRANKLIN**

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Years**

Fiscal year	General Bonded Debt										(1)	
	Governmental					Business-type					Net General Bonded Debt	Percent of Estimated Actual Property Value
	General Obligations Bonds	General Obligations Notes	Lease Revenue Bonds	Water General Obligations	Total General Bonded Debt	Less Debt Service Fund Balances	Less Amounts due from Tax Incremental Financing Districts	Less Amounts due from Future Development	Percent of Personal Income	Per Capita		
2006	\$ 9,775,000	\$ 31,825,000	\$ 5,195,000	\$ -	\$ 46,795,000	\$ (10,395,507)	\$ (15,195,000)	\$ (4,497,000)	\$ 16,707,493	0.49%	N/A	506
2005	9,825,000	23,075,000	17,715,000	-	50,615,000	(8,719,542)	(17,715,000)	(4,754,000)	19,426,458	0.66%	2.04%	597
2004	10,725,000	14,075,000	20,030,000	-	44,830,000	(126,566)	(20,030,000)	(4,943,000)	19,730,434	0.75%	2.21%	620
2003	11,075,000	17,725,000	22,270,000	-	51,070,000	(1,572,038)	(22,270,000)	(5,028,767)	22,199,195	0.95%	2.58%	705
2002	11,425,000	20,035,000	23,570,000	940,000	55,970,000	(2,177,942)	(23,570,000)	(5,132,500)	25,089,558	1.16%	3.00%	816
2001	11,750,000	21,760,000	24,655,000	990,000	59,155,000	(1,397,696)	(24,655,000)	-	33,102,304	1.68%	4.15%	1,096
2000	2,050,000	24,260,000	25,270,000	1,040,000	52,620,000	(1,445,005)	(25,270,000)	-	25,904,995	1.42%	3.06%	878
1999	2,350,000	16,170,000	25,645,000	1,085,000	45,250,000	(1,622,485)	(25,645,000)	-	17,982,515	1.08%	2.45%	647
1998	2,650,000	10,025,000	26,210,000	1,130,000	40,015,000	(1,531,724)	(26,210,000)	-	12,273,276	0.83%	1.81%	451
1997	2,950,000	11,705,000	24,435,000	1,175,000	40,265,000	(986,360)	(24,435,000)	-	14,843,640	1.07%	2.39%	558

(1) Estimate Actual Property value are found in Table 6

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

Notes: In 2006 the City issued \$10,000,000. The proceeds were used to refinance existing Lease revenue Bonds  
 In 2005 the City issued \$10,000,000. The proceeds were used to provide funding for two new TIF Districts and public works projects  
 In 2002 th City established an impact fee ordinance that allows for new development to pay for a portion of the police station, fire station and library  
 In 2001 the City issued \$10,000,000. The proceeds were used for building a new library fire station and public works projects  
 In 2000 the City issued \$10,000,000. The proceeds were used for building a new police station  
 In 1999 the City issued \$7,850,000. The proceeds were used for public works projects

**CITY OF FRANKLIN**  
**SCHEDULE OF DIRECT AND OVERLAPPING DEBT**  
 December 31, 2006

Jurisdiction	Net general obligation bonded debt outstanding		Percentage applicable to City		Amount applicable to City		Total
	\$		%		\$		
Milwaukee County	\$ 462,988,014		5.4120%		\$ 25,056,911		
Whitnall School District	6,515,000		15.3105%		997,479		
Oak Creek - Franklin School District	37,545,000		15.0540%		5,652,024		
Franklin School District	19,545,000		100.0000%		19,545,000		
Milwaukee Area Technical College	65,035,000		4.4512%		2,894,865		
Milwaukee Metropolitan Sewerage District	741,994,272		5.3202%		39,475,550		
<b>Total Overlapping Debt</b>	<b>1,333,622,286</b>				<b>93,621,829</b>		
City of Franklin	41,600,000		100.0000%		41,600,000		
<b>Total</b>	<b>\$ 1,375,222,286</b>				<b>\$ 135,221,829</b>		

History	Milwaukee County		School Districts		MMSD	Overlapping Debt Total	City of Franklin	Total
	Franklin	Oak Creek/Franklin	Whitnall	MATC				
2006	\$ 25,056,911	\$ 19,545,000	\$ 997,479	\$ 5,652,024	\$ 2,894,865	\$ 93,621,829	\$ 41,600,000	\$ 135,221,829
2005	24,889,812	22,100,000	1,190,187	5,572,164	3,253,837	94,820,976	32,900,000	127,720,976
2004	24,242,972	24,505,000	984,609	4,397,036	3,067,016	92,106,686	24,800,000	116,906,686
2003	23,590,876	26,800,000	1,085,129	3,890,811	3,105,710	90,565,450	28,800,000	119,365,450
2002	24,017,363	28,970,000	1,217,714	4,182,879	3,138,871	87,947,412	32,400,000	120,347,412
2001	23,253,427	31,050,000	1,291,253	4,270,581	3,180,458	87,277,922	34,500,000	121,777,922
2000	23,732,320	32,330,000	1,538,775	1,369,729	3,118,897	81,465,393	27,350,000	108,815,393
1999	21,314,924	34,201,668	1,587,855	1,596,901	3,141,971	80,240,384	19,605,000	99,845,384
1998	21,385,757	36,185,689	494,994	1,425,085	2,428,633	79,788,011	13,805,000	93,593,011
1997	20,640,283	37,166,140	810,533	1,501,225	2,451,219	80,404,646	15,830,000	96,234,646

Source: Debt information supplied by each taxing jurisdiction and applicable percentages from the State Department of Revenue.

Note: Debt outstanding provided by each governmental unit and percentage determined by the Department of Revenue. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the resident and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping district.

**CITY OF FRANKLIN**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**Last Ten Years**

Fiscal year	(1) Equalized Valuation	5% of Equalized Value	Total Debt Applicable to Limit	Legal Debt Margin	Percent Used
2006	\$ 3,481,759,700	\$ 174,087,985	\$ 41,600,000	\$ 132,487,985	23.90%
2005	3,030,815,900	151,540,795	32,900,000	118,640,795	21.71%
2004	2,681,945,500	134,097,275	24,800,000	109,297,275	18.49%
2003	2,400,765,500	120,038,275	28,800,000	91,238,275	23.99%
2002	2,223,010,500	111,150,525	32,400,000	78,750,525	29.15%
2001	2,026,671,300	101,333,565	34,500,000	66,833,565	34.05%
2000	1,871,538,300	93,576,915	27,350,000	66,226,915	29.23%
1999	1,713,904,300	85,695,215	19,605,000	66,090,215	22.88%
1998	1,525,511,800	76,275,590	13,805,000	62,470,590	18.10%
1997	1,426,210,000	71,310,500	15,830,000	55,480,500	22.20%

(1) From Table 5

Note: Under state statutes the City's outstanding general obligation debt may not exceed five percent of total equalized property value.

Table 13

**CITY OF FRANKLIN**

Demographic and Economic Statistics  
Last Ten Years

Fiscal year	(1) Population	(2) Personal Income	(2) Per capita adjusted gross income			(3) Unemployment rates		
			City of Franklin	Milwaukee County	State of Wisconsin	City of Franklin	Milwaukee County	State of Wisconsin
2006	33,000	N/A	N/A	N/A	N/A	3.1%	5.3%	4.5%
2005	32,548	\$ 951,934,636	\$ 29,247	\$ 19,372	\$ 22,214	3.4%	5.2%	4.5%
2004	31,804	893,501,576	28,094	18,240	21,055	3.5%	5.2%	4.3%
2003	31,467	859,395,237	27,311	17,900	20,606	4.6%	5.9%	4.9%
2002	30,749	836,126,808	27,192	17,492	19,809	4.9%	6.5%	5.3%
2001	30,199	796,951,610	26,390	18,082	20,091	3.5%	5.6%	4.6%
2000	29,494	846,536,788	28,702	18,067	20,503	2.6%	4.7%	3.5%
1999	27,780	733,225,320	26,394	17,400	19,657	2.2%	3.8%	3.0%
1998	27,186	678,616,932	24,962	16,342	18,275	2.3%	4.0%	3.4%
1997	26,591	620,846,668	23,348	15,389	17,040	2.5%	4.3%	3.7%

(1) Bureau of Census, State of Wisconsin  
 (2) Wisconsin Department of Revenue, Division of Research and Analysis  
 (3) US Bureau of Labor Statistics  
 N/A Not Available

## CITY OF FRANKLIN

## Principal Employers

## Current year and Nine Years Ago

Taxpayer	Type of Business	2006			1997		
		Employees	Rank	Percent of Total City of Total City Employment	Employees	Rank	Percent of Total City of Total City Employment
Nothwestern Mutual	Insurance/Investment Services	1,100	1	6.25%	-	-	-
Franklin Public Schools	K-12 Education	541	2	3.07%	506	2	3.85%
Milwaukee County	Government	450	3	2.56%	258	4	1.96%
House of Correction	Government	400	4	2.27%	-	-	-
General Automotive Mfg LLC	Off-road engine components	400	5	2.27%	700	1	5.33%
Krones, Incorporated	High speed labeling machines and high speed filler	-	-	-	-	-	-
Waste Management	Landfill and refuse collection	340	6	1.93%	-	-	-
Wal-Mart	Retailer	280	7	1.59%	280	3	2.13%
City of Franklin	Government	256	8	1.45%	251	5	1.91%
Conway Transport	General Freight Trucking	250	9	1.42%	-	-	-
Pick & Save	Retail grocery store	-	-	-	187	6	1.42%
Menards	Home Improvement Center	-	-	-	180	7	1.37%
All Glass Aquarium	Aquariums and fluorescent lights	-	-	-	176	8	1.34%
Harley Davidson	Distribution Center	250	10	1.42%	139	9	1.06%
Supersaver Foods	Retail grocery store	-	-	-	115	10	0.88%
		4,267		24.24%	2,792		21.25%

Source: Past Debt offering Official Statements and employer surveys

**CITY OF FRANKLIN**

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

Department	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
<b>General Government</b>											
Common Council	0.48							0.20	0.20	0.20	0.20
Municipal Buildings	2.00	2.00	0.50	0.45	0.45	0.45	0.20	0.20	0.20	0.20	0.20
Clerk <sup>1</sup>	3.53	3.50	3.50	3.50	3.50	3.50	3.50	3.50	5.50	5.00	5.00
Information Services	-	-	-	-	-	-	1.00	2.00	1.00	1.00	1.00
Administration <sup>1</sup>	3.80	3.80	3.75	3.25	3.00	3.00	3.00	3.00	-	-	-
Finance	7.30	7.30	7.45	7.45	7.18	7.38	7.38	7.33	6.76	6.74	6.74
Assessor	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Municipal Buildings	4.83	4.90	4.68	4.68	5.06	4.56	4.06	3.06	2.58	2.58	2.28
<b>Total General Government</b>	<b>22.94</b>	<b>22.98</b>	<b>20.88</b>	<b>21.33</b>	<b>21.19</b>	<b>20.89</b>	<b>21.14</b>	<b>21.09</b>	<b>18.04</b>	<b>17.52</b>	<b>17.22</b>
<b>Public Safety</b>											
Police	77.25	77.25	78.75	78.75	78.75	78.75	76.75	76.50	71.50	66.50	58.50
Fire	45.45	44.00	44.00	44.00	44.00	44.50	44.00	38.00	34.50	31.50	31.50
Paid on Call Fire	-	-	-	-	-	6.00	6.00	21.00	35.00	45.00	31.00
Building Inspection	10.00	10.00	12.00	11.00	12.00	11.00	11.00	11.00	10.38	9.38	8.00
<b>Total Public Safety</b>	<b>132.70</b>	<b>131.25</b>	<b>134.75</b>	<b>133.75</b>	<b>134.75</b>	<b>140.25</b>	<b>137.75</b>	<b>146.50</b>	<b>151.38</b>	<b>152.38</b>	<b>129.00</b>
<b>Public Works</b>											
Engineering	9.80	9.80	9.80	9.80	9.80	9.80	9.80	8.70	8.70	7.35	7.35
Highway	22.00	22.00	22.00	21.00	22.00	21.00	19.75	19.75	18.75	16.75	15.75
Parks	1.79	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
<b>Total Public Works</b>	<b>33.59</b>	<b>33.05</b>	<b>33.05</b>	<b>32.05</b>	<b>33.05</b>	<b>32.05</b>	<b>30.80</b>	<b>29.70</b>	<b>28.70</b>	<b>25.35</b>	<b>24.35</b>
Public Health	6.63	6.50	6.50	6.35	6.35	6.35	6.16	6.16	6.10	6.00	6.00
City Development	7.60	6.60	6.60	5.21	6.49	5.84	5.09	5.15	3.90	3.95	3.76
<b>Total General Fund</b>	<b>203.46</b>	<b>200.38</b>	<b>201.78</b>	<b>198.69</b>	<b>201.83</b>	<b>205.38</b>	<b>200.94</b>	<b>208.60</b>	<b>208.12</b>	<b>205.20</b>	<b>180.33</b>
Public Health - Grant	-	-	0.25	0.60	0.60	0.60	0.60	-	-	-	-
Library	17.22	16.92	16.10	15.59	15.04	15.29	12.81	11.77	10.15	10.37	9.50
Sewer & Water	12.85	12.85	11.10	10.80	9.80	10.75	9.75	9.75	8.75	8.75	8.75
<b>Total (including paid on call)</b>	<b>233.53</b>	<b>230.15</b>	<b>229.23</b>	<b>225.68</b>	<b>227.27</b>	<b>232.02</b>	<b>224.10</b>	<b>230.12</b>	<b>227.02</b>	<b>224.32</b>	<b>198.58</b>
<b>Total FTE's</b>	<b>233.53</b>	<b>230.15</b>	<b>229.23</b>	<b>225.68</b>	<b>227.27</b>	<b>226.02</b>	<b>218.10</b>	<b>209.12</b>	<b>192.02</b>	<b>179.32</b>	<b>167.58</b>

<sup>1</sup> Prior to 2000 the Clerk Department and included the Administration and Human Resource position  
<sup>2</sup> Prior to 2001 the Library was part of the General Fund

CITY OF FRANKLIN

Operating Indicators by Function/Program  
Last Ten Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Police	800	775	765	822	681	754	743	743	726	750
Part 1 Major Crimes	2,000	1,954	1,754	1,682	1,817	2,282	2,114	1,772	1,552	1,390
Arrests	5,900	5,945	6,740	5,403	6,460	6,882	7,181	5,191	3,706	3,071
Traffic Citations	2,100	2,076	1,892	1,732	1,899	1,919	1,787	1,492	1,739	1,102
Parking Citations	81,500	77,146	81,790	87,053	82,488	83,268	79,654	73,486	68,595	59,043
Call to Dispatch	59	59	59	59	59	59	55	55	50	45
Number of sworn officers										
Fire	514	514	557	531	463	510	559	551	495	413
Fire Responses	2,610	2,451	2,225	2,114	2,235	2,163	1,896	1,653	1,409	1,272
EMS Responses	2,200	2,056	1,800	1,770	1,610	1,593	1,376	1,436	1,203	1,145
Fire Inspections	44	43	43	43	43	43	37	33	30	30
Number of full-time firefighters	-	-	-	-	6	6	21	35	45	31
Number of paid on call firefighters										
Highway	21	19	17	21	15	19	12	11	10	7
Miles of crack sealing	1,000	823	988	1,101	1,000	1,058	852	299	150	564
Tress pruned	150	150	150	149	147	145	140	130	123	98
Vehicles maintained										
Solid Waste	8,300	8,296	8,372	5,722	6,669	6,992	7,008	7,013	5,958	5,624
Non-recyclable refuse collected (tons)	3,040	3,132	3,097	2,617	2,810	2,451	2,502	2,307	2,372	3,126
Recyclables collected (tons)	168	193	246	277	282	84	250	175	294	100
Yard Waste (tons)										
Health	1,500	1,440	946	660	605	690	817	913	818	760
Home Visits	3,250	3,140	2,550	3,088	2,877	2,376	2,678	2,886	3,095	3,134
Immunization Clinic visits	450	420	454	483	420	430	446	408	365	324
Sanitarian Inspections										
Animal Control	190	208	214	175	193	190	170	174	186	N/A
Animal Control Pickups										
Library	460,000	452,382	434,568	400,986	350,000	269,549	231,220	200,657	176,565	161,394
Circulation	120,000	117,804	110,376	65,000	60,000	56,000	54,038	52,023	46,719	48,213
Collection size	50,000	46,364	39,059	35,050	21,145	8,133	7,067	4,318	-	-
Internet use										
Sanitary Sewer	9,100	8,920	8,769	8,580	8,380	8,075	7,794	7,561	7,219	6,990
Number of Customers	250,000	317,042	222,461	247,681	217,000	230,000	314,500	224,120	227,040	267,513
Feet of sewer cleaned										
Water	7,288	7,142	5,311	4,695	4,670	4,572	4,460	3,931	3,640	3,424
Number of Customers -average	2,269,000	2,519,000	1,929,000	1,864,000	1,875,000	1,815,000	1,618,000	1,602,000	1,360,000	1,219,000
Average daily consumption	5,023,029	5,737,376	4,612,000	5,270,000	5,063,000	5,159,000	2,589,000	3,422,000	4,044,000	4,157,000
Peak daily Consumption										

## CITY OF FRANKLIN

Capital Asset Statistics by Function/Program  
Last Ten Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Area in square miles	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Area in acres:										
Total acres	22,180	22,180	22,180	22,180	22,180	22,180	22,180	22,180	22,180	22,180
Taxable acres (approximate)	15,642	17,700	17,700	17,700	17,700	17,300	17,300	17,300	17,300	17,300
Acres developed (approximate)	10,210	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200	6,200
Acres in park and open space	3,684	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Miles of road:										
State	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85
County	23.74	23.74	23.74	23.74	23.74	23.74	23.14	23.14	23.14	23.14
Local	164.74	162.78	159.85	155.68	152.55	150.89	149.29	147.48	138.38	134.24
Fire protection and ambulance service:										
Number of manned fire stations	3	3	3	3	3	3	2	2	2	2
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sub stations	1	1	1	1	1	1	1	1	1	1
Sewer and water service:										
Miles of sanitary sewer	180	176	163	154	147	144	144	143	141	135
Miles of watermain	163	157	124	98	95	89	89	82	78	74
Number of fire hydrants	1,980	1,828	1,726	1,362	1,295	1,242	1,186	1,084	1,024	959
Recreation and culture:										
Number of city parks	11	11	11	11	11	11	11	10	10	10
Number of county parks	8	8	8	8	8	8	8	8	8	8
Number of libraries	1	1	1	1	1	1	1	1	1	1
Municipal Buildings (square footage):										
City Hall	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206
Law Enforcement building	68,300	68,300	68,300	68,300	68,300	-	-	-	-	-
Fire Stations	26,480	26,480	26,480	26,480	26,480	21,060	21,060	21,060	21,060	21,060
Library	40,000	40,000	40,000	40,000	40,000	-	-	-	-	-
Public Works Building	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450
Sewer & Water Building	6,620	6,620	6,620	6,620	6,620	6,620	6,620	6,620	6,620	6,620