



CITY OF FRANKLIN, WISCONSIN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

**PREPARED BY THE
DEPARTMENT OF FINANCE**

**DIRECTOR OF FINANCE & TREASURER
PAUL ROTZENBERG, CPA**

CITY OF FRANKLIN, WISCONSIN

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INTRODUCTORY SECTION

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May 17, 2018

Citizens of Franklin, Honorable Mayor and Common Council members:

Introduction

The Comprehensive Annual Financial Report of the City of Franklin, Wisconsin for the fiscal year ended December 31, 2017, is hereby submitted. State law requires that all local governments with a population over 25,000 publish a complete set of financial statements that are presented in conformity with general accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the City of Franklin (City). Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The City's financial statements have been audited by Baker Tilly Virchow Krause, LLP, a firm of certified public accountants experienced in auditing governmental entities. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The City early adopted GASB 74 and 75 related to OPEB liabilities as of January 1, 2017. Baker Tilly Virchow Krause, LLP 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, 2017, 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 36,046. Over the last ten years the City has experienced an average annual population increase of 0.1% per year. The city is a residential community (75.2%) with a commercial and industrial component (24.8%). Median Family Income of \$95,302 is 140% of the national average. Approximately one third of the acreage in the City is undeveloped, which demands attention to growth issues. It is considered to be one of the more desirable communities in the Milwaukee metropolitan area in which to live and work. The City provides a typical range of municipal services for a suburban community including police, fire protection, emergency medical/paramedic, maintenance of streets and other infrastructure, library, public health services, recreational activities, building inspection, zoning control, refuse collection, recycling collection, sanitary sewer, storm sewer and water services, both construction and maintenance. The City is authorized to levy property tax on real and personal property located within its boundaries to support the services provided.

The City operates under the mayor/council form of government. Policy making and legislative authority are vested in a governing council consisting of a mayor and six council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring management. The City's Mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The Council is elected, by district, on a non-partisan basis. The Mayor and Council members serve staggered three-year terms. The City is organized into departments, headed by ten officials appointed by the Mayor or Director of Administration and confirmed by the Common Council. Numerous boards, commissions and committees allow for citizen involvement in government by providing a forum for policy input to the Council and guidance to the departments. Library service is provided through a separate Library Board that functions like a department of the City and engages the Library Director. Water service is provided through a separate Water Utility that functions like a department of the City. The Water Utility also has a Board of Water Commissioners which oversees water utility operations. These two areas therefore have been included as an integral part of the City's financial statements. The City also is financially accountable for a legally separate Community Development Authority (Authority). The Authority's activities are reported within the City's financial statements. Additional information on the Authority can be found in Note 1 in the notes to the financial statements.

The budgetary process serves as the foundation of the City's financial planning and control system. The objective of the budgetary process is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Common Council. The preparation of a forecast for the existing programs for the following year is prepared during July and August. Departmental requests for personnel changes and new capital outlay expenditures are made by the middle of August. The Mayor then reviews the forecast including recommended personnel and capital expenditures and determines by mid- August the personnel and capital expenditures that will be included in the initial departmental requested budgets. The departments take this information and submit their requested budgets by the end of August. The budgets are reviewed and the Mayor submits his recommended budget by the middle of September. The Council reviews the recommended budget and agrees on a proposed budget by mid-October. The Council is required to hold a public hearing on the proposed budget in early November, and then adopts a final budget in mid-November. The adopted budget is prepared by fund, function (e.g. Public Safety), and

department (e.g. Police). Transfers of appropriations between funds, functions or department require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each larger governmental fund with an adopted budget. The General Fund comparison is presented in Exhibit F as part of the basic financial statements for the governmental funds and in Schedules 3 & 4 of the supplementary information. For governmental funds other than the General Fund with adopted budgets, this comparison is presented in the supplementary information section of this report.

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

Economic Condition and Outlook

The economic activity in Franklin in both the residential and the non-residential sectors was stable. New construction was marginally elevated in 2017 compared to 2016 as evidenced by increased construction permit revenues. Prospects in 2018 for residential, commercial and industrial development are anticipated to be meaningfully higher.

Estimated actual property values have grown at an average annual rate of (0.01)% since 2008. The new growth was \$19 million in 2017, \$23 million in 2016, and \$33.7 million in 2015. 2018 growth is expected to be in the \$20 to \$30 million dollar range reflecting the level of economic activity. This growth has allowed the City to maintain a relatively low municipal tax rate while still funding the increased cost of services required as a result of the City's growth.

Residential Growth

Over the past ten years, residential valuation has stagnated, rising just .03%. The recession of 2008 had longer impacts than many expected. The development activity increased in 2017, with several large developments in various stages of approval. Longer range, the City has the most developable land in the County and anticipates new subdivisions as economic activity increases again.

Commercial and Industrial Growth

Over the past ten years, commercial and industrial valuation has decreased at an average annual rate of (0.22) %.

In 2005, two TIF Districts (#3 & #4) were established on the eastern side of the City. The two districts have equalized value tax increments of \$62 and \$47 million, respectively. In 2016, a new District #5 was established to aid the Ballpark Commons project. A Developers agreement was signed in Q1 2018. The project projects \$100+ million in new taxable development.

Expansion of the commercial and industrial tax base is a goal of the City with respect to the overall tax rate. Currently 75.2% of the City's property value is residential compared to 74.9% ten years ago. Future tax relief will need to come from industrial and commercial tax base expansion.

Organizational and Service Growth

2017 was a year where overall revenue of \$33.7 million fell 2.9% compared to last year. The decrease was the result of reduced TID revenues and development activity.

2017 was a revaluation year. The last reassessment was done in 2010. A re-valuation was completed in 2013 and 2016. Performing revaluations on a regular basis is in line with the

Common Council policy to schedule a revaluation every three years to keep property values in line with current market values. The State determined that the local assessment, after reassessment, was 99.1% of fair value. The estimated actual value of City properties was approximately \$3.8 billion. The City recently rose to the third largest city in Milwaukee County based upon equalized value. While the local tax levy remained unchanged, for the fifth year, individual property owners experienced tax changes based upon the shift of values between property classes.

The challenge for the operating departments in 2017 was to continue to maintain service levels at a time of flat revenues and growth of 0.63% in new property base.

One threat the City faces is the challenge by larger retail property owners of assessed values. Should that group be successful in reducing their assessed values, the tax burden shifts to other property owners.

Internal Controls

The City's internal control structure is subject to ongoing evaluation by management. The City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws, regulations and good financial policies. The results of the City's audit for the fiscal year ended December 31, 2017 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws or regulations.

As a recipient of federal and state financial assistance, if the level of grant expenditures exceeds an established level, currently \$750,000, a single audit of grants is required. The City was not required to have a single audit of grants in 2017.

Financial Planning

Long range financial planning is in place, especially for the capital funds and debt service funds, to ensure that resources are in place to meet committed projects, that there is adequate funding for projects prior to their approval, and that adequate funding is in place for debt that has been or will be incurred, with an appropriate plan for repayment.

Financial Policies

The City maintains policies on fund balance level, debt levels and term, investment policies, budget forecasting policy and a capitalization policy. The City also takes advantage of policies that has new development to finance infrastructure needs caused by the new development via special assessments and impact fees. Conservative management and the enumerated policies above have served the City well. The existence of a fund balance enabled the fund balance to be utilized in 2009 during the revenue decline and replenished in 2010 and 2011 when revenue stabilized. In 2016, a 2001 debt offering was refunded for the second time to take advantage of declining interest rates, with a savings of \$390,000 over its remaining life. Debt Service planning has permitted a steadily declining Debt Service levy since 2008.

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, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance

Mayor, Common Council and Citizens
May 8, 2018

with the highest standards for preparation of state and local government financial reports. This was the 24rd consecutive year that the City has received this award.

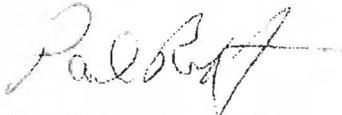
In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. 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 2017 Certificate.

Acknowledgments

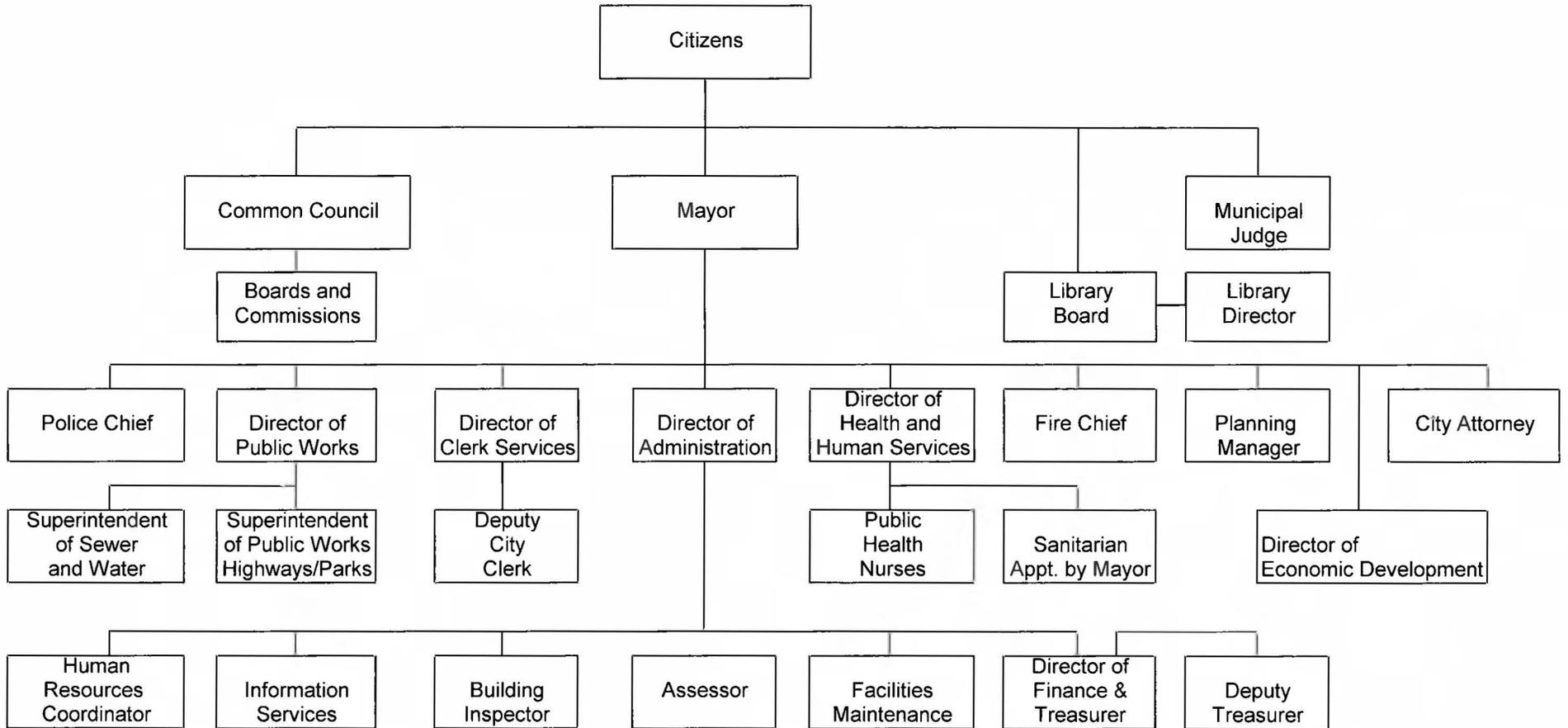
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff. Appreciation is also extended to all other City employees who contributed to its preparation. Thanks are also extended to the Mayor, Common Council,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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul Rotzenberg", with a long horizontal flourish extending to the right.

Paul Rotzenberg, CPA
Director of Finance & Treasurer

**CITY OF FRANKLIN, WISCONSIN
Organization Chart**



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

Elected Officials

<u>Title</u>	<u>Name</u>
Mayor	Stephen R Olson
Aldermen:	
District No. 1	Mark Dandrea
District No. 2	Daniel M Mayer
District No. 3	Kristen Wilhelm
District No. 4	Steve F Taylor
District No. 5	Mike Barber
District No. 6	John Nelson
Municipal Judge	Fred F Klimetz

Non-elected Officials

Assessor	Mark Link
Building Inspector	Fred Baumgart
City Attorney	Jesse Wesolowski
City Clerk	Sandi Wesolowski
City Engineer/Public Works Director	Glen Morrow
Director of Administration	Mark Luberda
Director of Economic Development	Aaron Hertzberg
Director of Finance & Treasurer	Paul Rotzenberg
Director of Health & Human Services	Bill Wucherer
Fire Chief	Adam Remington
Human Resources Coordinator	Dana Zahn
Information Services Manager	James Matelski
Library Director	Jennifer Loeffel
Planning Manager	Joel Dietl
Police Chief	Rick Oliva
Superintendent of Public Works	Jerry Schaefer
Superintendent of Sewer & Water	Mike Roberts



Government Finance Officers Association

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

Presented to

**City of Franklin
Wisconsin**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Wisconsin, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Franklin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Franklin's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Franklin's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Mayor and Common Council
City of Franklin

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Wisconsin, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I, the City of Franklin adopted the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective January 1, 2017. Our opinions are not modified with respect to this matter.

As discussed in Note I, the City of Franklin adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Mayor and Common Council
City of Franklin

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

We have previously audited the City of Franklin's 2016 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated April 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baker Tilly Virchow Krause, LLP

Milwaukee, Wisconsin
May 17, 2018

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

As management of the City of Franklin (City), the following offers readers of the City's financial statements an overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2017. Readers are encouraged to consider this information in conjunction with additional information contained in the letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2017, by \$248,574,088 (**net position**). Of this amount, \$15,637,898 (**unrestricted net position**) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by a net amount of \$1,977,323 (excluding the prior period adjustment for the OPEB Net Position). Net investment in capital assets increased by \$3,512,441, while unrestricted net position decreased by \$2,754,566 and restricted net position decreased by \$1,122,820. The increase in investment in capital assets was related to capital asset additions offset by debt payments, net of unspent bond proceeds and accumulated depreciation. The largest net asset addition was a jurisdictional transfer to the City of W St. Martin's Road from Milwaukee County. The unrestricted decrease was the result of the GASB 75 related to OPEB Net Obligations.
- The City's governmental funds reported, as of December 31, 2017, combined ending fund balances of \$23,438,415, an increase of \$401,952 from the prior year. The primary reasons were the collection of Advances from the Sewer Fund used partially to make a \$605,000 extraordinary payment to the Public Works Pension plan and the proceeds of a \$1.63 million note issuance.
- The Nonspendable fund balances are \$247,198, a decrease of \$2,049,034 due to the collection of the Sewer Fund Advance.
- The restricted fund balances in total are \$10,322,090, an increase of \$591,794, which resulted from the new Tourism Commission fund collection of hotel taxes totaling \$211,793 and net collections in the Development and Utility Development funds.
- The assigned fund balances in total of \$6,897,179 has an increase of \$1,151,028 related to the sale of \$1.63 million in new notes.
- The unassigned fund balance as of December 31, 2017 for the General Fund was \$6,190,398. This represents approximately 23.8 percent of total anticipated 2018 General Fund expenditures. The unassigned fund balance increased by \$708,164 was the result the collection of the \$2.2 Sewer advance net of the \$1.1 million deficit in 2017.
- The City's Governmental activities debt decreased a net \$1.4 million from scheduled repayments. See table 11 for complete debt activity details. A new \$1.63 million note was issued in December, 2017 for the 2018 Capital Improvement program to preserve levy increases under the State Levy Limits.
- The City's Business type activities generated a \$2.15 million loss, most of which is depreciation on contributed assets and the Ryan Creek Sanitary Interceptor sewer.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. These basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report

also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between the categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Table 1 provides a ten year history of Net Position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave). Table 2 provides a ten year history of the statement of activities.

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

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

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

Fund financial statements

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

Governmental funds

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

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

of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General, Debt Service and TIF Districts Funds, that are all considered to be major funds. Data from the remaining 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report.

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

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, TIF District, Library Operating Fund, Library Auxiliary Fund, Solid Waste Fund, Donations, Grant, Civic Celebrations, St Martin's Fair, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Development Fund, Utility Development Fund, Sanitary Sewer Fund and the Franklin Water Utility. A budgetary comparison statement has been provided for all governmental funds demonstrating compliance with their budgets.

Proprietary funds

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

The proprietary fund financial statements can be found on Exhibits G, H & I 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, a post-employment benefits trust to hold funds until needed to pay designated health benefits for eligible current and future retirees and other agency funds.

The basic fiduciary fund financial statements can be found on Exhibit J & K of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages 40 – 88 of this report.

Other information

In addition to the basic financial statements, notes and accompanying notes, this report also presents certain **required supplementary information** concerning the City of Franklin's progress in funding its retiree health obligations to eligible full time employees and its participation in the Wisconsin

Retirement System and City of Franklin Defined Benefit Pension Plans. Required supplementary information can be found on pages 89 - 94 of this report.

The combining and individual fund financial statements and schedules section presents combining statements in connection with non-major governmental funds, a detailed budgetary comparison schedule for the General Fund, Special Revenue, Capital Projects and TIF Funds to demonstrate compliance with the budget complementing the statement included in the basic governmental fund financial statements, and other information related to the individual funds are presented immediately following the required supplementary information. Schedules 1 to 12.2 can be found on pages 95 - 118 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$248,574,088 and \$248,939,033 at the end of 2017 and 2016, respectively.

CITY OF FRANKLIN NET POSITION December 31, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 54,462,094	\$ 53,076,382	\$ 7,417,875	\$ 6,730,520	\$ 61,879,969	\$ 59,806,902
Long term Note Rec	-	-	18,799,969	20,014,692	18,799,969	20,014,692
Capital assets	<u>121,923,878</u>	<u>118,399,446</u>	<u>107,713,836</u>	<u>110,484,366</u>	<u>229,637,714</u>	<u>228,883,812</u>
Total assets	<u>176,385,972</u>	<u>171,475,828</u>	<u>133,931,680</u>	<u>137,229,578</u>	<u>310,317,652</u>	<u>308,705,406</u>
Deferred Outflows	<u>7,287,434</u>	<u>8,455,769</u>	<u>833,543</u>	<u>356,959</u>	<u>8,120,977</u>	<u>8,812,728</u>
Current liabilities	3,612,319	2,403,969	1,639,382	1,415,431	5,251,701	3,819,400
Long-term liabilities	<u>15,369,145</u>	<u>14,689,207</u>	<u>22,098,478</u>	<u>22,899,975</u>	<u>37,467,623</u>	<u>37,589,182</u>
Total liabilities	<u>18,981,464</u>	<u>17,093,176</u>	<u>23,737,860</u>	<u>24,315,406</u>	<u>42,719,324</u>	<u>41,408,582</u>
Deferred Inflows	<u>27,074,967</u>	<u>27,060,233</u>	<u>70,250</u>	<u>110,286</u>	<u>27,145,217</u>	<u>27,170,519</u>
Net position:						
Net Investment in capital assets	115,417,617	110,638,152	86,584,568	88,115,672	201,846,895	198,334,454
Restricted	10,896,013	10,617,660	20,193,282	21,594,455	31,089,295	32,212,115
Unrestricted	<u>11,303,345</u>	<u>14,522,376</u>	<u>4,179,263</u>	<u>3,450,718</u>	<u>15,637,898</u>	<u>18,392,464</u>
Total net position	<u>\$ 137,616,975</u>	<u>\$ 135,778,188</u>	<u>\$ 110,957,113</u>	<u>\$ 113,160,845</u>	<u>\$ 248,574,088</u>	<u>\$ 248,939,033</u>

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities. Amounts will not cross-foot as a result. See Note 3-G.

The largest portion of the City's net position (approximately 88 and 87 percent, in 2017 and 2016, respectively) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, net position is not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Investment in capital assets accounted for \$201,846,895 and \$198,753,824 in 2017 and 2016, respectively of the year end net position. The inclusion in 2016, of the Ryan Creek Sanitary Interceptor Sewer (\$22.5 million) is the major cause for the increase in net capital assets that year.

Major 2017 projects were the acceptance of W St. Martin's Road (\$2.8 million jurisdictional transfer from Milwaukee County), the completion of the S 27th Street reconstruction by the State and City enhanced elements, the replacement of a bridge on W St. Martin's Road, and the replacement of an ambulance.

Major 2016 projects were acceptance of S North Cape Road (\$3 million jurisdictional transfer from Milwaukee County), completion of Kayla's Playground (an all-inclusive, all-accessible playground), work on three trails (\$369,000), a Public Safety dispatch console (\$242,000), a replacement roof (\$76,000) on fire station #1, and utility costs associated with the S 27th Street reconstruction project.

The City early adopted GASB 75 related to OPEB obligations. That added over \$2 million in long term obligations.

Deferred Outflows decreased in 2017 related to changes in the WRS pension and Defined Benefit plan.

Deferred Outflows increased in 2016 from changes in WRS pension plan results.

The City contributed water infrastructure on S 27th Street via TID #3 and utility assets in Kayla's playground to the Business-type activities totaling \$659,283 in 2016. Developers also contributed two water main extensions.

An additional portion of the City's net position (12% and 13% in 2017 and 2016, respectively) represent resources that are subject to external restrictions on how they may be used. There were \$31,089,295 and \$32,212,115 respectively in those net positions that were restricted to specific purposes.

The 2017 \$1.1 million reduction in restricted net position relates to the collection of the intergovernmental cooperation agreement.

The 2016 increase in restricted net position reported is due principally to the intergovernmental cooperation agreement and TIF balances upon the retirement of internal advances and new TIF resources without current project costs.

The remaining balance in unrestricted net position of \$15,637,898 and \$18,392,464 in 2017 and 2016, respectively, may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current and prior fiscal years the City reported positive balances in the unrestricted net position for both the governmental and for its business-type activities. A \$2,342,268 reduction in unrestricted net position relates to the prior period adjustment for the OPEB obligations recognized in the GASB 75 adoption.

Government-wide activities

The details of changes in net position follow:

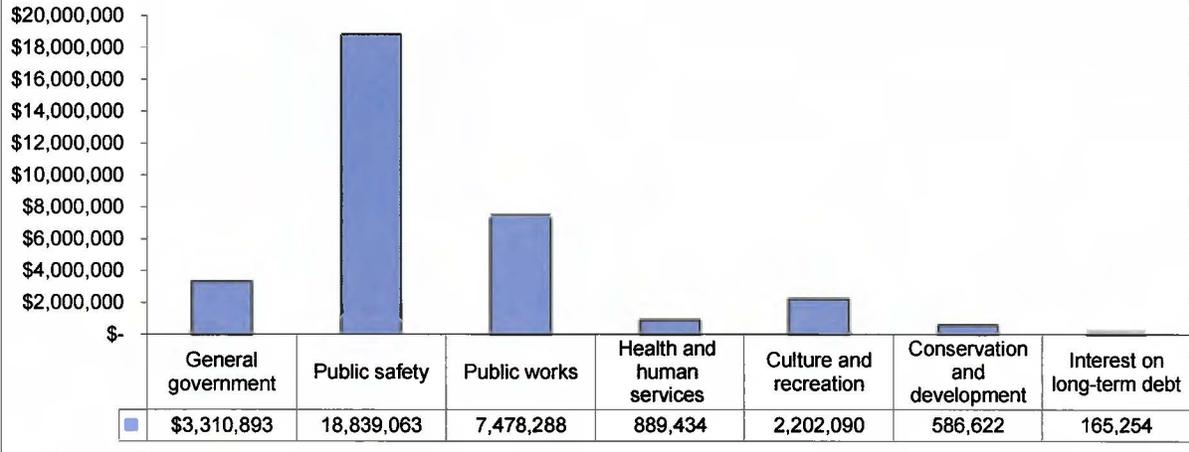
City of Franklin Changes in Net Position For the Years Ending December 31, 2017 and 2016

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue:						
Charges for services	\$ 5,760,983	\$ 5,772,042	\$ 9,370,939	\$ 9,383,123	\$ 15,131,922	\$ 15,155,165
Operating grants & contributions	1,829,490	1,882,406	-	-	1,829,490	1,882,406
Capital grants & contributions	3,143,577	3,677,886	-	341,915	3,143,577	4,019,801
General revenue:						
Property taxes	22,925,176	23,669,025	-	-	22,925,176	23,669,025
Other taxes	1,020,027	863,735	-	-	1,020,027	863,735
Intergovernmental	1,404,222	1,350,257	-	-	1,404,222	1,350,257
Investment earnings	406,902	315,376	529,004	437,909	935,906	753,285
Other	127,280	161,381	85,943	58,832	213,223	220,213
Total revenue	<u>36,617,657</u>	<u>37,692,108</u>	<u>9,985,886</u>	<u>10,221,779</u>	<u>46,603,543</u>	<u>47,913,887</u>
Expenses:						
General government	3,310,893	3,215,423	-	-	3,310,893	3,215,423
Public safety	18,839,063	18,398,830	-	-	18,839,063	18,398,830
Public works	7,478,288	8,124,372	-	-	7,478,288	8,124,372
Health & human services	889,434	794,502	-	-	889,434	794,502
Culture & recreation	2,202,090	1,872,691	-	-	2,202,090	1,872,691
Conservation & development	586,622	547,060	-	-	586,622	547,060
Interest on long-term debt	165,254	313,301	-	-	165,254	313,301
Water	-	-	5,429,943	5,549,508	5,429,943	5,549,508
Sewer	-	-	5,724,633	5,729,314	5,724,633	5,729,314
Total expenses	<u>33,471,644</u>	<u>33,266,179</u>	<u>11,154,576</u>	<u>11,278,822</u>	<u>44,626,220</u>	<u>44,545,001</u>
Increase in net position						
before transfers	3,146,013	4,425,929	(1,168,690)	(1,057,043)	1,977,323	3,368,886
Transfers	989,602	305,112	(989,602)	(305,112)	-	-
Change in net position	<u>4,135,615</u>	<u>4,731,041</u>	<u>(2,158,292)</u>	<u>(1,362,155)</u>	<u>1,977,323</u>	<u>3,368,886</u>
Net position - beginning	135,778,188	131,047,147	113,160,845	92,071,540	248,939,033	223,118,687
Restatement - pension	(2,296,828)	-	(45,440)	22,451,460	(2,342,268)	22,451,460
Net position - beginning (restated)	<u>133,481,360</u>	<u>131,047,147</u>	<u>113,115,405</u>	<u>114,523,000</u>	<u>246,596,765</u>	<u>245,570,147</u>
Net position - ending	<u>\$ 137,616,975</u>	<u>\$ 135,778,188</u>	<u>\$ 110,957,113</u>	<u>\$ 113,160,845</u>	<u>\$ 248,574,088</u>	<u>\$ 248,939,033</u>

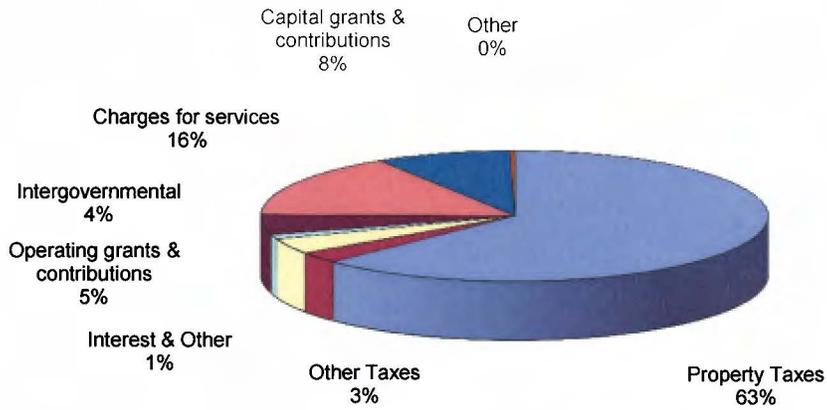
The 2017 Governmental Activities increase of \$4,135,615 was principally generated by the \$2.8 million jurisdictional transfer of W St. Martin's Road by Milwaukee County. The Adoption of GASB 75 for OPEB obligations reduced the City Net Position by \$2.3 million.

The 2016 Governmental Activities increased the City's net position by \$4,731,041 or 135% of the total growth in net position. Biggest element of this increase, \$3 million was the donation of S North Cape Road by Milwaukee County and TIF resources with no related project costs. The 2016 Business-type Activities decrease in net position of \$1,362,155 reflects depreciation charges on contributed assets which is not being recovered via operations.

Expenses by Function - Governmental Activities



Revenue by Source - Governmental Activities

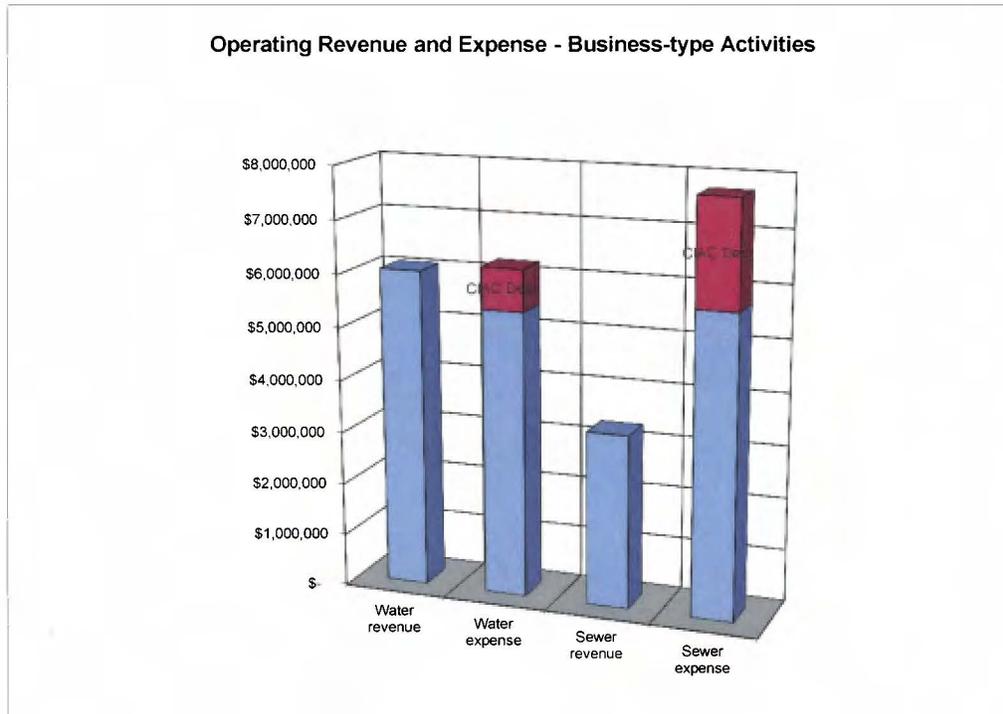


Business-type activities

In 2017, business-type activities decreased the City's net position by \$2,158,292 (or 61% of the total net change). Depreciation on contributed assets and the Ryan Creek Interceptor Sewer are the major reasons for the reduction in net position. The City has not set rates to recover the contributed assets. Rates will eventually need to provide for the replacement of those contributed assets, but until such time, the City's policy has been to hold rates down. The Sewer Fund purchased a replacement camera truck for \$240,985.

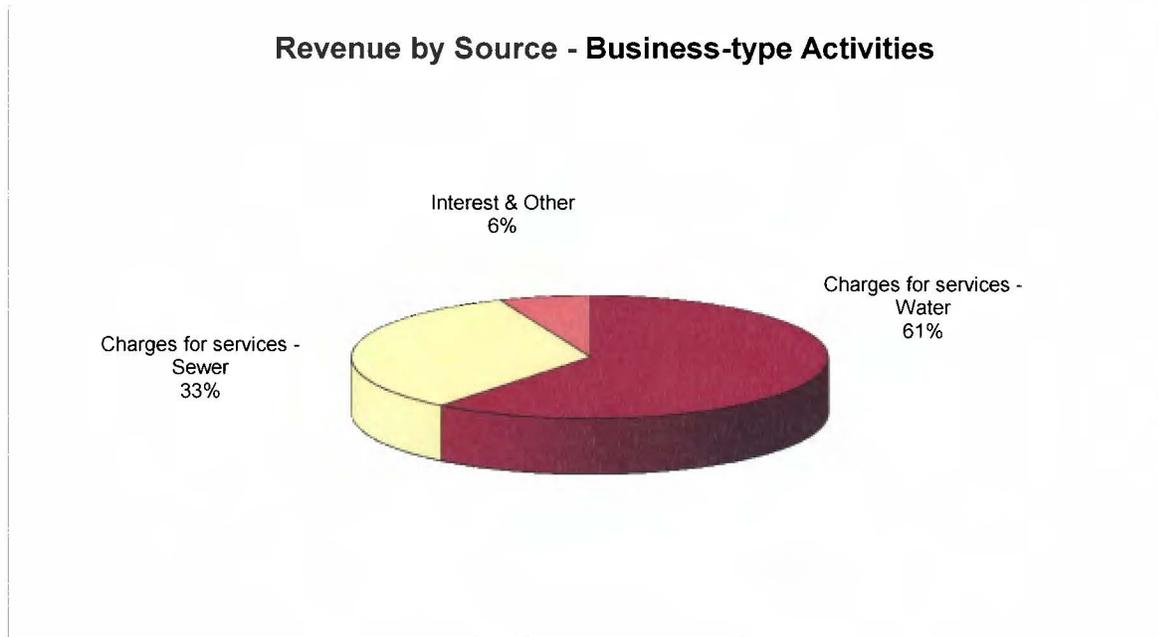
In 2016, business-type activities decreased the City's net position by \$1,362,155 or 40.4%. Depreciation of contributed assets totaled \$2,795,955, with the Ryan Creek Interceptor Sewer amounting to \$1,425,000 of that total. The Ryan Creek Interceptor Sewer will be donated to Milwaukee Metropolitan Sewer District (MMSD) when the Clean Water Fund Loan is retired in 2031 by intergovernmental agreement. The City must maintain the asset until that time, no significant maintenance costs are expected, however some maintenance costs will likely occur.

The following graph compares the 2017 charges for services to the operating expenses for water and sewer activities.



Water and Sewer expenses can exceed revenue due to the current policy of including only depreciation from City spending on capital assets in the rate formula. The large amount of new infrastructure that has been contributed is the reason for this policy. Over 88% of the Business-type assets have been contributed by developers or new growth resources. When maintenance and replacement costs increase, this policy may need to be reevaluated. The City replaced \$284,000 of contributed water mains in 2015 and none in 2016 or 2017. A \$1 million replacement project is planned for 2018.

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).



2017 Water revenues increased slightly (less than \$3,000) as volumes in 2017 were lower than 2016. The water usage reduction more than offset the 2016 rate increase. The Common Council reduced sewer rates for 2017 (from 2016 levels). This resulted in 0.4% less revenue (\$14,700). There were no capital contributions from developers in 2017.

2016 Water Revenues increased \$444,645 (7.9%) which resulted from increased customer demand as measured by volume and an 8% rate increase approved by the State regulator in June 2016. The Water Utility was successful in reducing un-billed water to 10% of water purchases, which is down from 15% the prior year. This improved Water Utility results in 2016. The Water Utility also incurred significant professional costs successfully contesting a Construction Authorization request by its wholesale supplier.

Sewer revenues were substantially unchanged from the prior year. Capital grants are dependent upon new development in the City. 2017 had no development activity.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's **governmental funds** is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,438,415, an increase of \$401,952 from the prior year. At year end the unassigned fund balance was \$5,971,948. Of this total \$6,190,398 was for General Fund activities. This amount was offset by deficits in the TIF Districts and Nonmajor Governmental Funds. Newly created TIF District #5 has an advance from the General Fund for organizational expenses.

The City has assigned fund balances for activities of the Capital Projects of \$6,746,614. In addition, \$150,565 of General Fund Balance has been assigned for purchase commitments into 2018.

Outside party restrictions have resulted in restricted fund balances:

- 1) to pay debt service -\$735,022,
- 2) for utility improvements - \$1,413,378,
- 3) for development purposes - \$4,166,500,
- 4) for TIF Districts of \$2,405,999,
- 5) for library services \$580,430
- 6) for Solid Waste services \$393,677 and
- 7) for donations, health, grant funds, tourism and recreational activities – totaling \$627,084.

The City also has nonspendable fund balances to indicate that it is not available for new spending because it has already been committed for prepaid expenses and inventories (\$16,498) and for advances to other funds (\$230,700). The General Fund provided a 10 year advance to the Water Utility to finance an extraordinary contribution to the Public Works Retirement plan (in excess of the Actuarially Determined Contribution). This was financed out of the collection of the Sewer Fund advance.

The **General Fund** is the chief operating fund of the City. As of December 31, 2017, the total fund balance of the General Fund was \$6,587,511 of which \$6,190,398 was unassigned. This unassigned fund balance represents approximately 25% of 2017 General Fund budgeted expenditures.

The total General fund balance decreased by \$1,103,173 during fiscal year 2017. With the repayment of the \$2.2 million advance to the Sewer Fund in January 2017 a \$900,000 extraordinary contribution to the Public Works retirement plan was made. \$605,700 of that was charged to the General Fund, and \$155,700 was advanced to the Water Utility to finance its contribution.

The **Debt Service Fund** has a total fund balance of \$735,022, restricted for the payment of debt service. The fund balance increase of \$83,724 related to a \$51,071 premium on a December 2017 new issue.

The **TIF Districts Fund** has total fund balance of \$2,222,001; a restricted fund of \$2,405,999 and a deficit fund balance of \$183,998 related to start-up costs in Ballpark Commons (TID5).

The **Nonmajor Governmental Funds** have a total fund balance of \$13,893,881. The fund balance increase of \$1,731,241 came principally from the proceeds of a December, 2017 new debt issue. The new issue was sold to finance the 2018 Capital Improvement Fund projects and to protect levy limit provisions.

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

Unrestricted net position of the Water Utility at the end of the year amounted to \$2,710,007, an increase of \$550,064 from the prior year coming out of operating results.

Unrestricted net position of the Sanitary Sewer Fund at the end of the year amounted to \$1,469,256, an increase of \$178,481 from the prior year. The increase is the result of spending down the Restricted Replacement fund for the purchase of the camera truck.

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

General Fund Budgetary Highlights

Revenue trailed budget by \$537,939. Building permit revenues were below budget by \$305,037 related to delays in the start up of the Ballpark Commons development. Ambulance fees also trailed expectations by \$86,974.

Actual expenditures were less than budgeted expenditures by \$840,413. The City established a \$625,000 contingency reserve in the Adopted Budget. \$266,000 of that contingency was not spent. Public Safety underspent the final budget by 1.8% or \$303,894.

A \$1,161,924 deficit before transfers out, compares favorably to the amended budgeted deficit of \$1,464,398.

Capital assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2017, amounts to \$229,637,714, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

City of Franklin's Investment in Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 25,072,951	\$ 24,623,751	\$ 888,479	\$ 888,479	\$ 25,961,430	\$ 25,512,230
Buildings and Improvements	26,860,342	26,770,132	6,682,442	6,677,157	33,542,784	33,447,289
Improvements other than buildings	104,393,846	98,419,149	134,189,113	134,145,872	238,582,959	232,565,021
Machinery and and equipment	18,562,309	17,924,405	5,749,838	5,385,346	24,312,147	23,309,751
Construction in process	<u>442,805</u>	<u>1,019,925</u>	<u>-</u>	<u>-</u>	<u>442,805</u>	<u>1,019,925</u>
Total capital assets	175,332,253	168,757,362	147,509,872	147,096,854	322,842,125	315,854,216
Less Accumulated depreciation	<u>(53,408,375)</u>	<u>(50,357,916)</u>	<u>(39,796,036)</u>	<u>(36,612,488)</u>	<u>(93,204,411)</u>	<u>(86,970,404)</u>
Capital assets net of depreciation	<u>\$ 121,923,878</u>	<u>\$ 118,399,446</u>	<u>\$ 107,713,836</u>	<u>\$ 110,484,366</u>	<u>\$ 229,637,714</u>	<u>\$ 228,883,812</u>

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was \$753,902 or 0.3%. The increase is principally the result of the jurisdictional transfer of W St. Martin's Road from Milwaukee County.

For further details on capital asset activity refer to Note 1(D)6 and Note 3(E) of the Notes to Financial Statements and Schedules 12 – 12.2.

Long-term debt

State statutes limit the amount of general obligation debt a governmental entity may issue up to 5 percent of its total equalized valuation. At December 31, 2017, the City had general obligation note and bond issues outstanding totaling \$29,984,693. The current legal debt limitation for the City is \$194,446,310. The City's current outstanding general obligation debt is 15.4% of the statutory debt limit. This is the lowest level in the last ten years.

By City policy, outstanding general obligation debt is limited to 2% of total equalized value or \$77,778,524. Outstanding debt represents 39% of this internal limit, leaving an internal debt limit margin of \$47,793,831.

The City's present rating from Moody's for its general obligation debt is "Aa2". This rating was reduced from "Aa1", when a bond issue took place in December, 2017.

In April 2016, the City refunded the 2007 bonds with a notional value of \$5,895,000 with new bonds valued at \$5,770,000. See the debt footnote for further details.

In December, 2017, the City issued \$1,630,000 of notes. The notes will finance the 2018 Capital Improvement programs.

City of Franklin's Outstanding Debt (All purposes)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation						
Premium (Discount)	\$ 217,622	\$ 260,403	\$ (10,425)	\$ (11,534)	\$ 207,197	\$ 248,869
Bonds	4,560,000	5,770,000	21,139,693	22,380,228	25,699,693	28,150,228
Notes	4,285,000	4,475,000	-	-	4,285,000	4,475,000
Total	\$ 9,062,622	\$ 10,505,403	\$ 21,129,268	\$ 22,368,694	\$ 30,191,890	\$ 32,874,097

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

Other Changes of Significance

Post Employment Health Care Benefits

The City of Franklin provides retiree health care benefits to certain retiree groups from the date of retirement until age 65. Prior to 2008 the City's portion of health care cost was recognized as an expenditure in the period premiums were paid. Funding for those costs was provided out of the current operating budget of the City. This was referred to as financing on a pay as you go basis.

The Government Accounting Standards Board (GASB) issued Statement #45 effective for the City of Franklin on January 1, 2008 that said that the expense of these benefits has to be recognized over the working lives of the employees. The Common Council concluded that the City of Franklin should not only recognize the expense on its financial statements but should fund those amounts out of its general revenue starting in 2008 with the establishment of a section 115 trust. The actuarial computed annual required contribution under GASB #45 was \$342,872 for 2016.

In 2017, the City adopted GASB 75, which treats OPEB liabilities similarly to pension obligations. This resulted in a prior period adjustment of \$2,342,268. The OPEB liability as of December 31, 2017 was \$7,607,514 and the plan fiduciary net position was \$5,573,763 for a net OPEB liability of \$2,033,751.

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

Economic Factors, Tax Rates and Next Year's Budgets

- The unemployment rate as of December 31, 2017 for the City was 3.2% and Milwaukee County which includes the City, was 3.1%. This compares with an unemployment rate of 3.2% for the State of Wisconsin.
- The local assessed tax rate decreased to \$5.61 from \$5.69 for operations for 2017. In the prior two years the tax rate of \$5.61 and \$5.69 was relatively unchanged. The 2017 rate reduction was the result of a revaluation in the City and a frozen tax levy. The tax levy was unchanged the past four years, excluding the TIF Districts.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance & Treasurer, City of Franklin 9229 West Loomis Road, Franklin, WI 53132.

General information or more detailed financial and budget information relating to the City of Franklin can be found at the City's website, www.franklinwi.gov - Finance Department tab.

BASIC FINANCIAL STATEMENTS

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CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
As of December 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 27,461,271	\$ 3,408,317	\$ 30,869,588
Receivables			
Accounts	804,402	2,327,450	3,131,852
Taxes	24,935,171	258,871	25,194,042
Special assessments	845,384	-	845,384
Internal balances	(13,857)	13,857	-
Due from other governments	256,025	1,214,723	1,470,748
Prepaid items	14,207	-	14,207
Inventories	3,791	-	3,791
Long term advances	155,700	(155,700)	-
Restricted cash	-	178,590	178,590
Due from other governments - long term	-	18,799,969	18,799,969
Regulatory asset	-	171,767	171,767
Capital assets (net of accumulated depreciation)			
Land	25,072,951	888,479	25,961,430
Buildings and improvements	15,950,890	4,965,477	20,916,367
Machinery and equipment	7,024,232	1,852,209	8,876,441
Infrastructure	73,433,000	100,007,671	173,440,671
Construction in progress	442,805	-	442,805
Total assets	176,385,972	133,931,680	310,317,652
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	7,287,434	833,543	8,120,977
Total deferred outflow of resources	7,287,434	833,543	8,120,977
LIABILITIES			
Accounts payable	2,226,285	1,511,784	3,738,069
Accrued liabilities	1,106,906	34,642	1,141,548
Due to other governments	116,915	-	116,915
Accrued interest	54,488	92,956	147,444
Special deposits	107,725	-	107,725
Noncurrent liabilities			
Benefit obligations due within one year	725,102	78,886	803,988
Benefit obligations due in more than one year	5,581,421	890,324	6,471,745
General obligation debt due within one year	2,315,000	1,269,723	3,584,723
General obligation debt due in more than one year	6,747,622	19,859,545	26,607,167
Total liabilities	18,981,464	23,737,860	42,719,324
DEFERRED INFLOWS OF RESOURCES			
Pension related	2,340,698	70,250	2,410,948
Subsequent year property taxes	24,734,269	-	24,734,269
Total Deferred Inflow of Resources	27,074,967	70,250	27,145,217
NET POSITION			
Net Investment in capital assets	115,417,617	86,584,568	201,846,895
Restricted for			
Debt service	552,375	-	552,375
Utility improvements	2,169,298	-	2,169,298
Development	4,166,500	-	4,166,500
TID Funds	2,405,999	-	2,405,999
Library	581,080	-	581,080
Solid Waste	393,677	-	393,677
Recreation services	65,727	-	65,727
Health	199,428	-	199,428
Donations	150,136	-	150,136
Tourism Commission	211,793	-	211,793
Sewer equipment replacement	-	178,590	178,590
Intergovernmental Cooperation Agreement	-	20,014,692	20,014,692
Unrestricted	11,303,345	4,179,263	15,637,898
Total net position	\$ 137,616,975	\$ 110,957,113	\$ 248,574,088

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,310,893	\$ 150,998	\$ 572	\$ 2,695	\$ (3,156,628)	\$ -	\$ (3,156,628)
Public safety	18,839,063	2,371,577	327,997	50,987	(16,088,502)	-	(16,088,502)
Public works	7,478,288	2,699,691	1,162,177	3,003,921	(612,499)	-	(612,499)
Health and human services	889,434	181,625	216,091	-	(491,718)	-	(491,718)
Culture and recreation	2,202,090	204,845	122,653	85,974	(1,788,618)	-	(1,788,618)
Conservation and development	586,622	152,247	-	-	(434,375)	-	(434,375)
Interest on long term debt	165,254	-	-	-	(165,254)	-	(165,254)
Total governmental activities	33,471,644	5,760,983	1,829,490	3,143,577	(22,737,594)	-	(22,737,594)
Business-type activities:							
Water	5,429,943	6,057,085	-	-	-	627,142	627,142
Sewer	5,724,633	3,313,854	-	-	-	(2,410,779)	(2,410,779)
Total business-type activities	11,154,576	9,370,939	-	-	-	(1,783,637)	(1,783,637)
Total primary government	\$ 44,626,220	\$ 15,131,922	\$ 1,829,490	\$ 3,143,577	(22,737,594)	(1,783,637)	(24,521,231)
General revenue:							
Property taxes levied for general purposes					19,209,536	-	19,209,536
Property taxes levied for debt service					1,300,000	-	1,300,000
Property taxes levied for TIF Districts					2,415,640	-	2,415,640
Other taxes					1,020,027	-	1,020,027
Intergovernmental revenue not restricted to specific programs					1,404,222	-	1,404,222
Investment earnings					406,902	529,004	935,906
Miscellaneous revenue					27,612	85,943	113,555
Gain on sale of capital assets					99,668	-	99,668
Transfers					989,602	(989,602)	-
Total general revenue and transfers					26,873,209	(374,655)	26,498,554
Change in net position					4,135,615	(2,158,292)	1,977,323
Net position - beginning					135,778,188	113,160,845	248,939,033
Restatement - (See Note 4.F)					(2,296,828)	(45,440)	(2,342,268)
Net position - beginning (restated)					133,481,360	113,115,405	246,596,765
Net position - ending					\$ 137,616,975	\$ 110,957,113	\$ 248,574,088

CITY OF FRANKLIN, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2017

	<u>General</u>	<u>Debt Service</u>	<u>TIF Districts</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 7,098,754	\$ 702,878	\$ 3,696,480	\$ 13,863,094	\$ 25,361,206
Receivables					
Accounts	551,983	-	-	201,773	753,756
Taxes	16,951,582	1,332,144	2,471,104	4,180,341	24,935,171
Special assessments	-	89,463	-	755,921	845,384
Due from other funds	65,742	-	-	-	65,742
Due from other governments	111,159	-	-	144,866	256,025
Prepaid items	12,057	-	-	650	12,707
Inventories	3,791	-	-	-	3,791
Advances to other funds	230,700	-	-	25,000	255,700
TOTAL ASSETS	\$ 25,025,768	\$ 2,124,485	\$ 6,167,584	\$ 19,171,645	\$ 52,489,482
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 557,932	\$ -	\$ 1,324,784	\$ 343,254	\$ 2,225,970
Accrued liabilities	700,783	-	-	115,423	816,206
Due to other funds	18,352	-	24,695	36,552	79,599
Due to other governments	116,915	-	-	-	116,915
Special deposits	107,725	-	-	-	107,725
Advance from other funds	-	-	125,000	-	125,000
Total liabilities	1,501,707	-	1,474,479	495,229	3,471,415
DEFERRED INFLOWS OF RESOURCES					
Unearned & unavailable revenue	16,936,550	1,389,463	2,471,104	4,782,535	25,579,652
FUND BALANCES					
Nonspendable:					
Inventories and prepaid items	15,848	-	-	650	16,498
Advances to other funds	230,700	-	-	-	230,700
Restricted:					
Debt service	-	735,022	-	-	735,022
Utility improvements	-	-	-	1,413,378	1,413,378
Development	-	-	-	4,166,500	4,166,500
TIF Districts	-	-	2,405,999	-	2,405,999
Donations	-	-	-	150,136	150,136
Health services	-	-	-	199,428	199,428
Library services	-	-	-	580,430	580,430
Solid waste	-	-	-	393,677	393,677
Recreational services	-	-	-	65,727	65,727
Tourism	-	-	-	211,793	211,793
Assigned:					
Purchases on order	150,565	-	-	-	150,565
Capital projects	-	-	-	6,746,614	6,746,614
Unassigned (deficit)	6,190,398	-	(183,998)	(34,452)	5,971,948
Total fund balances	6,587,511	735,022	2,222,001	13,893,881	23,438,415
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 25,025,768	\$ 2,124,485	\$ 6,167,584	\$ 19,171,645	\$ 52,489,482

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of December 31, 2017

Fund balances - total governmental funds	\$ 23,438,415
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and are therefore are not reported in the funds	
Capital assets, net of depreciation	121,923,878
Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenues when earned in the government-wide statements	
Special assessments	845,383
Deferred outflows of resources and deferred inflows of resources related to pensions are applicable to future periods, and, therefore are not reported in fund statements	
Deferred outflows	7,287,434
Deferred inflows	(2,340,698)
Internal Service Fund net position	1,886,196
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	
General obligation debt	(8,845,000)
Compensated absences	(2,022,103)
Net pension and OPEB obligations	(4,284,420)
Unamortized debt premiums	(217,622)
Accrued Interest	(54,488)
	<hr/>
Net position of governmental activities	<u>\$ 137,616,975</u>

CITY OF FRANKLIN, WISCONSIN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE					
Taxes	\$ 17,093,625	\$ 1,300,000	\$ 2,415,641	\$ 3,005,893	\$ 23,815,159
Intergovernmental revenue	2,264,961	-	474,156	389,852	3,128,969
Licenses and permits	773,877	-	-	25,885	799,762
Fines, forfeitures and penalties	485,407	-	-	-	485,407
Public charges for services	1,603,247	-	-	2,536,224	4,139,471
Special assessments	-	106,779	-	424,950	531,729
Intergovernmental charges for services	172,796	-	-	-	172,796
Investment earnings	189,275	11,613	41,332	154,343	396,563
Miscellaneous revenue	148,853	-	-	147,046	295,899
Total revenue	<u>22,732,041</u>	<u>1,418,392</u>	<u>2,931,129</u>	<u>6,684,193</u>	<u>33,765,755</u>
EXPENDITURES					
Current					
General government	2,940,898	-	61,072	-	3,001,970
Public safety	16,660,351	-	-	36,101	16,696,452
Public works	3,852,472	-	37,378	1,575,395	5,465,245
Health and human services	675,875	-	-	182,566	858,441
Culture, recreation and education	187,959	-	-	1,451,667	1,639,626
Conservation and development	520,314	-	39,758	-	560,072
Capital outlay	-	-	1,353,609	3,392,327	4,745,936
Debt service					
Principal	-	1,355,000	1,675,000	-	3,030,000
Interest	-	144,736	74,152	-	218,888
Debt issuance costs	-	-	-	40,442	40,442
Total expenditures	<u>24,837,869</u>	<u>1,499,736</u>	<u>3,240,969</u>	<u>6,678,498</u>	<u>36,257,072</u>
Excess (deficiency) of revenue over expenditures	<u>(2,105,828)</u>	<u>(81,344)</u>	<u>(309,840)</u>	<u>5,695</u>	<u>(2,491,317)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	179,355	179,355
Transfers in	1,059,793	113,997	-	57,799	1,231,589
Transfers out	(57,138)	-	-	(141,608)	(198,746)
General obligation debt issued	-	-	-	1,630,000	1,630,000
Premium on debt issued	-	51,071	-	-	51,071
Total other financing sources and uses	<u>1,002,655</u>	<u>165,068</u>	<u>-</u>	<u>1,725,546</u>	<u>2,893,269</u>
Net change in fund balances	(1,103,173)	83,724	(309,840)	1,731,241	401,952
Fund balances - beginning	<u>7,690,684</u>	<u>651,298</u>	<u>2,531,841</u>	<u>12,162,640</u>	<u>23,036,463</u>
Fund balances - ending	<u>\$ 6,587,511</u>	<u>\$ 735,022</u>	<u>\$ 2,222,001</u>	<u>\$ 13,893,881</u>	<u>\$ 23,438,415</u>

CITY OF FRANKLIN, WISCONSIN
Reconciliation of the Statement of Revenue
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$	401,952
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense or losses when disposed of.		
Capital outlays		4,177,822
Depreciation		(3,435,868)
Net book value of assets disposed		(79,687)
Contributed capital assets are reported as revenues in the statement of activities.		
		2,862,164
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes current financial resources of government funds. Neither transaction, however, has any effect on net position.		
Principal paid on long-term debt		3,030,000
Proceeds from long-term debt, net of premium/discount		(1,681,071)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the government funds		
Compensated absences		(194,285)
Accrued interest payable		34,737
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities		
Net special assessments		(120,270)
Internal service fund change in net position		(859,879)
Net change in net position of governmental activities	\$	<u>4,135,615</u>

CITY OF FRANKLIN, WISCONSIN
General Fund
Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Taxes	\$ 18,200,458	\$ 18,200,458	\$ 18,126,468	\$ (73,990)
Intergovernmental revenue	2,237,400	2,237,400	2,264,961	27,561
Licenses and permits	1,051,865	1,051,865	773,877	(277,988)
Fines, forfeitures and penalties	500,000	500,000	485,407	(14,593)
Public charges for services	1,753,250	1,764,250	1,603,247	(161,003)
Intergovernmental charges for services	203,200	203,200	172,796	(30,404)
Investment earnings	220,000	220,000	189,275	(30,725)
Miscellaneous revenue	125,650	125,650	148,853	23,203
Total revenue	<u>24,291,823</u>	<u>24,302,823</u>	<u>23,764,884</u>	<u>(537,939)</u>
EXPENDITURES				
Current				
General government	3,314,937	3,058,849	2,994,101	64,748
Public safety	16,768,325	17,010,635	16,706,741	303,894
Public works	4,196,359	4,183,759	3,835,608	348,151
Health and human services	684,797	695,797	675,875	19,922
Culture and recreation	172,218	194,504	186,969	7,535
Conservation and development	623,677	623,677	527,514	96,163
Total expenditures	<u>25,760,313</u>	<u>25,767,221</u>	<u>24,926,808</u>	<u>840,413</u>
Excess (deficiency) of revenue over (under) expenditures	(1,468,490)	(1,464,398)	(1,161,924)	302,474
OTHER FINANCING SOURCES (USES)				
Transfers in	-	26,950	26,950	-
Transfers out	(24,000)	(57,138)	(57,138)	-
Net change in fund balance - budgetary basis	(1,492,490)	(1,494,586)	(1,192,112)	302,474
Adjustments to generally accepted accounting principles basis				
2017 encumbrances	-	150,565	150,565	-
2016 encumbrances	-	(61,626)	(61,626)	-
Net change in fund balance - generally accepted accounting principles basis	(1,492,490)	(1,405,647)	(1,103,173)	302,474
Fund Balances - beginning	<u>7,690,684</u>	<u>7,690,684</u>	<u>7,690,684</u>	<u>-</u>
Fund Balances - ending	<u>\$ 6,198,194</u>	<u>\$ 6,285,037</u>	<u>\$ 6,587,511</u>	<u>\$ 302,474</u>

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2017
(with comparative information for December 31, 2016)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
ASSETS						
Current assets						
Cash and investments	\$ 1,900,126	\$ 1,189,005	\$ 1,508,191	\$ 519,301	\$ 3,408,317	\$ 2,100,065
Receivables						
Accounts receivable	1,474,084	1,415,091	853,366	866,739	2,327,450	50,646
Taxes receivable	161,856	183,461	97,015	121,939	258,871	-
Due from other funds	39,260	26,276	44,650	56,171	83,910	-
Due from other governments	-	-	1,214,723	3,940,408	1,214,723	-
Prepaid expenses	-	2,304	-	2,214	-	1,500
Advance to other funds	-	-	-	-	-	25,000
Total current assets	<u>3,575,326</u>	<u>2,816,137</u>	<u>3,717,945</u>	<u>5,506,772</u>	<u>7,293,271</u>	<u>2,177,211</u>
Noncurrent assets						
Restricted cash and investments	-	-	178,590	394,227	178,590	-
Due from other governments	-	-	18,799,969	20,014,692	18,799,969	-
Regulatory assets	171,767	303,391	-	-	171,767	-
Capital assets						
Land	162,885	162,885	725,594	725,594	888,479	-
Buildings and improvements	3,010,304	3,049,279	3,298,163	3,292,878	6,308,467	-
Improvements other than buildings	55,434,661	55,420,201	78,754,451	78,725,671	134,189,112	-
Machinery and equipment	5,067,718	4,908,476	1,056,096	811,870	6,123,814	-
Construction in progress	-	-	-	-	-	-
Less accumulated depreciation	(19,203,715)	(18,128,361)	(20,592,321)	(18,484,127)	(39,796,036)	-
Total capital assets (net of accumulated depreciation)	<u>44,471,853</u>	<u>45,412,480</u>	<u>63,241,983</u>	<u>65,071,886</u>	<u>107,713,836</u>	<u>-</u>
Total noncurrent assets	<u>44,643,620</u>	<u>45,715,871</u>	<u>82,220,542</u>	<u>85,480,805</u>	<u>126,864,162</u>	<u>-</u>
Total assets	<u>48,218,946</u>	<u>48,532,008</u>	<u>85,938,487</u>	<u>90,987,577</u>	<u>134,157,433</u>	<u>2,177,211</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	447,267	188,850	386,276	168,109	833,543	-

Continued

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2017
(with comparative information for December 31, 2016)

	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	
LIABILITIES						
Current liabilities						
Accounts payable	\$ 711,295	\$ 730,533	\$ 800,489	\$ 558,085	\$ 1,511,784	\$ 315
Accrued liabilities	6,558	689	28,084	27,937	34,642	290,700
Accrued interest payable	10,829	11,196	82,127	86,991	92,956	-
Due to other funds	49,145	70,899	20,908	20,492	70,053	-
Current portion of long-term advances	16,000	-	-	-	16,000	-
Current portion of long-term obligations	55,000	91,219	1,214,723	1,221,754	1,269,723	-
Total current liabilities	<u>848,827</u>	<u>904,536</u>	<u>2,146,331</u>	<u>1,915,259</u>	<u>2,995,158</u>	<u>291,015</u>
Noncurrent liabilities						
Net pension liability	418,383	202,705	361,331	180,443	779,714	-
Net OPEB liability	19,727	-	19,727	-	39,454	-
General obligation notes payable	1,059,575	1,077,247	18,799,970	19,978,474	19,859,545	-
Accrued compensated absences	75,021	74,066	75,021	74,067	150,042	-
Total noncurrent liabilities	<u>1,572,706</u>	<u>1,354,018</u>	<u>19,256,049</u>	<u>20,232,984</u>	<u>20,828,755</u>	<u>-</u>
Long-term advances	139,700	-	-	2,198,616	139,700	-
Total liabilities	<u>2,561,233</u>	<u>2,258,554</u>	<u>21,402,380</u>	<u>24,346,859</u>	<u>23,963,613</u>	<u>291,015</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related	37,695	58,347	32,555	51,939	70,250	-
NET POSITION						
Net investment in capital assets	43,357,278	44,244,014	43,227,290	43,871,658	86,584,568	-
Restricted						
Sewer equipment replacement	-	-	178,590	394,227	178,590	-
Intergovernmental cooperation agreement	-	-	20,014,692	21,200,228	20,014,692	-
Unrestricted	2,710,007	2,159,943	1,469,256	1,290,775	4,179,263	1,886,196
Total net position	<u>\$ 46,067,285</u>	<u>\$ 46,403,957</u>	<u>\$ 64,889,828</u>	<u>\$ 66,756,888</u>	<u>\$ 110,957,113</u>	<u>\$ 1,886,196</u>

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Revenue, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017
(with comparative information for December 31, 2016)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year		
OPERATING REVENUE						
Metered sales						
Residential	\$ 3,008,260	\$ 3,040,247	\$ 1,801,699	\$ 1,789,296	\$ 4,809,959	\$ -
Multi-Family	741,401	717,806	447,952	457,801	1,189,353	-
Commercial	848,981	819,012	492,742	487,248	1,341,723	-
Industrial	475,367	467,973	396,229	406,631	871,596	-
Public authority	258,312	270,342	143,731	151,190	402,043	-
Total metered sales	5,332,321	5,315,380	3,282,353	3,292,166	8,614,674	-
Group health & dental charges	-	-	-	-	-	3,035,082
Unmetered sales	7,355	27,284	-	-	7,355	-
Public fire protection service	541,486	534,028	-	-	541,486	-
Private fire protection service	122,350	122,290	-	-	122,350	-
Forfeited discounts, penalties and other	53,573	55,591	31,501	36,384	85,074	-
Total operating revenue	6,057,085	6,054,573	3,313,854	3,328,550	9,370,939	3,035,082
OPERATING EXPENSES						
Cost of sales and services	3,444,137	3,609,058	2,279,953	2,240,685	5,724,090	3,924,549
Depreciation	1,194,029	1,214,163	2,119,900	2,123,035	3,313,929	-
Amortization	130,666	130,666	-	-	130,666	-
Administration	624,581	560,354	822,289	834,149	1,446,870	-
Total operating expenses	5,393,413	5,514,241	5,222,142	5,197,869	10,615,555	3,924,549
Operating income (loss)	663,672	540,332	(1,908,288)	(1,869,319)	(1,244,616)	(889,467)
NONOPERATING REVENUE (EXPENSES)						
Investment earnings (loss)	9,926	2,589	519,078	435,320	529,004	29,588
Sundry	64,168	56,317	21,775	2,515	85,943	-
Interest expense	(36,530)	(35,267)	(502,491)	(531,445)	(539,021)	-
Total non-operating revenue (expenses)	37,564	23,639	38,362	(93,610)	75,926	29,588
Income (loss) before capital contributions and transfers	701,236	563,971	(1,869,926)	(1,962,929)	(1,168,690)	(859,879)
Capital contributions	14,461	962,223	28,780	124,962	43,241	-
Transfers out	(1,029,649)	(1,047,053)	(3,194)	(3,329)	(1,032,843)	-
Change in net position	(313,952)	479,141	(1,844,340)	(1,841,296)	(2,158,292)	(859,879)
Net position - beginning	46,403,957	45,924,816	66,756,888	46,146,724	113,160,845	2,746,075
Restatement	(22,720)	-	(22,720)	22,451,460	(45,440)	-
Net position - beginning (restated)	46,381,237	45,924,816	66,734,168	68,598,184	113,115,405	2,746,075
Net position - ending	\$ 46,067,285	\$ 46,403,957	\$ 64,889,828	\$ 66,756,888	\$ 110,957,113	\$ 1,886,196

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017
(with comparative information for December 31, 2016)

	Business-type Activities - Enterprise Funds				Current Year Totals	Governmental Activities - Internal Service Funds
	Water Utility	Water Utility	Sanitary Sewer	Sanitary Sewer		
	Current Year	Prior Year	Current Year	Prior Year		
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6,070,881	\$ 5,794,402	\$ 3,385,447	\$ 3,640,557	\$ 9,456,328	\$ 2,984,436
Receipts for interfund services provided	-	276,338	-	2,897	-	-
Payments to suppliers	(3,426,397)	(3,649,633)	(2,288,910)	(2,627,146)	(5,715,307)	(3,781,301)
Payments to employees	(618,718)	(629,943)	(527,153)	(436,869)	(1,145,871)	-
Payments for interfund services used	(110,144)	(107,264)	(111,406)	(107,982)	(221,550)	-
Net cash flows provided by (used in) operating activities	<u>1,915,622</u>	<u>1,683,900</u>	<u>457,978</u>	<u>471,457</u>	<u>2,373,600</u>	<u>(796,865)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Advances from other funds	155,700	-	-	-	155,700	250,000
Transfer out - paid for tax equivalent	(1,029,649)	(1,047,053)	(3,194)	(3,329)	(1,032,843)	-
Net Cash Flows from Noncapital Financing Activities	<u>(873,949)</u>	<u>(1,047,053)</u>	<u>(3,194)</u>	<u>(3,329)</u>	<u>(877,143)</u>	<u>250,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments on capital debt	(55,000)	(55,000)	(1,185,535)	(1,157,048)	(1,240,535)	-
Payments from other governments	-	-	3,940,408	1,356,800	3,940,408	-
Payment of advances from other funds	-	-	(2,198,616)	-	(2,198,616)	-
Interest on capital debt	(35,788)	(34,487)	(507,355)	(536,193)	(543,143)	-
Capital contribution received	14,461	38,975	28,780	38,975	43,241	-
Acquisition of capital assets	(264,151)	(228,283)	(278,291)	(48,560)	(542,442)	-
Net cash provided (used) by capital and related financing activities	<u>(340,478)</u>	<u>(278,795)</u>	<u>(200,609)</u>	<u>(346,026)</u>	<u>(541,087)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings	9,926	2,589	519,078	435,320	529,004	29,588
Net cash provided (used) by investing activities	<u>9,926</u>	<u>2,589</u>	<u>519,078</u>	<u>435,320</u>	<u>529,004</u>	<u>29,588</u>
Net increase (decrease) in cash and cash equivalents	711,121	360,641	773,253	557,422	1,484,374	(517,277)
Cash and cash equivalents - Beginning	1,189,005	828,364	913,528	356,106	2,102,533	2,617,342
Cash and cash equivalents - Ending	<u>\$ 1,900,126</u>	<u>\$ 1,189,005</u>	<u>\$ 1,686,781</u>	<u>\$ 913,528</u>	<u>\$ 3,586,907</u>	<u>\$ 2,100,065</u>
Cash and Investments - Unrestricted	\$ 1,900,126	\$ 1,189,005	\$ 1,508,191	\$ 519,301	\$ 3,408,317	\$ 2,100,065
Cash and Investments - Restricted	-	-	178,590	394,227	178,590	-
	<u>\$ 1,900,126</u>	<u>\$ 1,189,005</u>	<u>\$ 1,686,781</u>	<u>\$ 913,528</u>	<u>\$ 3,586,907</u>	<u>\$ 2,100,065</u>

Continued

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017
(with comparative information for December 31, 2016)

	<u>Business-type Activities - Enterprise Funds</u>				<u>Current Year Totals</u>	<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility Current Year</u>	<u>Water Utility Prior Year</u>	<u>Sanitary Sewer Current Year</u>	<u>Sanitary Sewer Prior Year</u>		
Reconciliation of operating income (loss) to net cash provided by operating activities						
Operating income (loss)	\$ 663,672	\$ 540,332	\$ (1,908,288)	\$ (1,869,319)	\$ (1,244,616)	\$ (889,467)
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities						
Depreciation	1,194,029	1,214,163	2,119,900	2,123,035	3,313,929	-
Depreciation allocated to other funds	11,706	12,363	(11,706)	(12,363)	-	-
Amortization	130,666	130,666	-	-	130,666	-
Nonoperating revenues	64,168	56,317	21,775	2,515	85,943	-
(Increase) decrease in assets and deferred outflows of resources						
Accounts receivable	(58,993)	(105,275)	13,302	276,646	(45,691)	(50,646)
Taxes receivable	21,605	(16,409)	24,924	2,694	46,529	-
Prepaid expense	2,304	1,735	2,214	(105)	4,518	149,465
Due from other funds	(12,984)	81,534	-	45,411	(12,984)	-
Due from other governments	-	-	11,592	-	11,592	-
Other post employment benefits asset	-	2,319	-	2,319	-	-
Pension benefits	-	(8,584)	-	(61,995)	-	-
Increase (decrease) in liabilities and deferred inflow of resources						
Accounts payable	(19,237)	(99,670)	242,404	(39,846)	223,167	(26,417)
Accrued liabilities	955	17,577	1,101	24,756	2,056	20,200
Due to other funds	(15,885)	(127,799)	416	(89,423)	(15,469)	-
Pension obligations	(63,391)	16,480	(56,663)	98,981	(120,054)	-
Post employment retirement benefit	(2,993)	-	(2,993)	-	(5,986)	-
Compensated absences	-	(31,849)	-	(31,849)	-	-
Total adjustments	<u>1,251,950</u>	<u>1,143,568</u>	<u>2,366,266</u>	<u>2,340,776</u>	<u>3,618,216</u>	<u>92,602</u>
Net cash flows provided by (used in) operating activities	\$ 1,915,622	\$ 1,683,900	\$ 457,978	\$ 471,457	\$ 2,373,600	\$ (796,865)
Noncash Capital Activities						
Cost of Utility plant installed and/or financed by external parties or the City	<u>\$ 14,461</u>	<u>\$ 923,248</u>	<u>\$ 28,780</u>	<u>\$ 85,987</u>	<u>\$ 43,241</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Fiduciary Net Position
Fiduciary Funds
As of December 31, 2017

	Agency Funds	City of Franklin Post Employment Benefits Trust
ASSETS		
Cash	\$ 58,030,499	\$ 174,890
Investments:		
Fixed Income Securities - Corporate Bonds	-	1,749,564
Domestic Equities	-	2,867,256
International Equities	-	817,376
Total Cash & Investments	58,030,499	5,609,086
Accounts receivable	48,113	95,777
Taxes receivable	13,997,006	-
Total assets	\$ 72,075,618	\$ 5,704,863
LIABILITIES		
Accounts payable	\$ 102,642	\$ -
Accrued liabilities	-	131,100
Due to other governments	71,959,258	-
Due to municipality	-	-
Special deposits	13,718	-
Total liabilities	\$ 72,075,618	131,100
Total net position restricted for post employment benefits		\$ 5,573,763

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2017

	City of Franklin Post Employment Benefits Trust
ADDITIONS	
Contributions	
City of Franklin	\$ 422,684
Retirees	91,969
Net investment earnings	673,624
Total additions	1,188,277
DEDUCTIONS	
Incurring claims	377,833
Prescription drug claims	111,666
Claims fees	19,879
Stop loss premiums less claims received	(9,028)
Total deductions	500,350
Change in net position	687,927
NET POSITION HELD IN TRUST FOR POST EMPLOYMENT BENEFITS:	
Beginning of year	4,885,836
End of year	\$ 5,573,763

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Blended Component Unit

The Community Development Authority (Authority) was created by the City in 1992 to serve as a financing vehicle for certain Tax Incremental Districts (TID) development within the City. The Authority is governed by a seven member board appointed by the Mayor and confirmed by the Common Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and manage certain TID development projects for the benefit of the City. The Authority had no financial transactions during 2017, nor does the Authority own any assets or liable for any debt. Therefore, no financial statements are presented in this report. The Authority does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This Statement replaces the requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This standard was implemented January 1, 2017.

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2017.

Government-Wide Financial Statements

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

The statement of activities demonstrates the degree that direct expenses of a given segment or function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate all indirect expenses to functions in the statement of activities. Program revenue includes 1) charges to customers or applicants, who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported as general revenue. Internally dedicated resources are reported as general revenue rather than as program revenue.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements

Financial statements of the reporting entity are organized into funds with a fund considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenue and expenditures/expenses. Funds are organized as major funds or nonmajor funds within the governmental and enterprise fund statements. An emphasis is placed on major funds within the governmental and enterprise categories.

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

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

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

Major Governmental Funds

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

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

TIF Districts Fund – accounts for resource accumulation from tax increments and other revenue of the TID along with payments made for capital outlay, other expenditures, principal and interest on long-term debt obligations of the TIDs. Each TID is a sub fund of the TID Fund.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Major Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Water Utility Fund – accounts for operations of providing water services to City residents and bills for those services.

Sanitary Sewer Fund – accounts for the operations of providing sanitary sewer services for City residents and bills for those services.

In addition the City reports:

Nonmajor Governmental Funds

Special Revenue Funds – account for the proceeds of specific revenue sources (other than major capital projects) that are legally or policy restricted to expenditures for specified purposes. The funds include Library Operating, Library Auxiliary, Solid Waste Collection, Tourism Commission, St Martin's Fair, Donation, Civic Celebrations and Grant.

Capital Projects Funds – account for resources accumulated to be used for the purchase of equipment, street replacement, acquisition of land and the construction of capital improvement projects. The funds include Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Improvement and Development.

Other Fund Types

Internal Service Funds – account for the payment by the City for active employees of group health and dental charges for services and stop loss insurance charges and the billing of departments or agencies of the City on a cost-reimbursement basis for the services received.

Fiduciary Funds – account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or governmental units. The fiduciary funds include a property tax fund, an other agency fund that records the agency activity for emergency government, monitoring and siting activities funded by others, an escrow fund and a post-employment benefits trust fund for retiree group health costs.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenue, expenses, gains, losses, assets, deferred inflows, liabilities and deferred outflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year that they are levied for.

Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Receivables are recorded as revenue when services are performed. At December 31, 2017, there were \$481,411 of anticipated future assessments. This is not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water Utility and Sanitary Sewer fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when it is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers grant revenue to be available if they are collected within 150 days of the end of the current fiscal period and all other revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures which are recorded as a fund liability when due and payable.

Property taxes are recorded the year levied as receivable and deferred inflow of resources and are recognized as revenue the next year when services financed by the levy are provided.

Intergovernmental aids and grants are recognized as revenue in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City are recorded as receivables. Amounts not available or received prior to the entitlement period are recorded as deferred inflows of resources.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Special assessments levied for benefits to property owners for installation of sanitary sewers, water mains, roads, and other improvements are recorded as revenue when they become measurable and available. Annual installments due in future years are recorded as receivables and deferred inflows of resources.

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

Deferred inflows of resources are reported on the governmental funds balance sheet. Deferred inflows of resources arise from taxes levied in the current year that are for subsequent year's operations. For governmental fund financial statements unearned revenues arise where potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue arises when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability is removed from the balance sheet and revenue is recognized.

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

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

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

All Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could vary from those estimates.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The City of Franklin maintains two investment policies. The first covers all funds except fiduciary funds for retiree health purposes. The objective of this policy is to generate current income, consistent with safety and reasonable risk as defined under prudent person rules. As operating reserves, the quality, liquidity and maturity structure of the portfolio are most important. The investment policy:

- a. Requires a minimum rating at time of purchase of Aa3 by either Moody's or Standard & Poor's.
- b. Limits an issuer to 10% or less and asset classes to 35% or less of the fair value of the portfolio with the exception of U.S. Government Treasury and Agency securities that have the full faith guarantee of the U.S. Government.
- c. Specifies a minimum amount of cash equivalents be maintained, an average life of the portfolio not exceeding 6 years and no individual issue with a maturity exceeding seven years at the date of purchase to limit interest rate risk.
- d. Limits investments highly sensitive to market changes through its duration and diversification policies to limit interest rate risk.
- e. Prohibits the investment in foreign owned securities.
- f. Limits derivative investments to those with a final maturity of seven years or less.

In addition the City's investment policy restricts allowable investments to investments that follow state statutes, section 66.0603, which limits investments to:

- a. Time deposits in any credit union, bank, savings bank, trust company or loan association authorized to transact business in the state and maturing in three years or less.
- b. The Local Government Investment Pool (LGIP).
- c. Bonds or securities issued or guaranteed by the federal government.
- d. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority and the Wisconsin Aerospace Authority.
- e. Any security maturing in seven years or less and having the highest or second highest rating category assigned of a nationally recognized rating agency.
- f. Securities of an open-ended management investment company or investment trust subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Investments (continued)

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

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

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

- a. Custodial credit risk – investments are held by a trustee or third party custodian.
 - deposits in excess of FDIC insurance limits are maintained in the State LGIP or secured bank balances in amounts of at least 75% of the year end cash balances.
- b. Credit risk – securities purchased need to have an AA or better investment rating.
- c. Concentration of credit risk – issuer or asset class not to exceed 10% of the market value of the portfolio with the exception of U.S. issued securities.
- d. Interest rate risk – managed by limiting the length of maturity of newly purchased investments and limits the average life of the portfolio to control risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3.A. No investments are reported at amortized cost.

Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income (loss). Investment income (loss) on commingled investments of various City Funds is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw funds in total on one day's notice. At December 31, 2017, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables

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

Property tax calendar – 2017 tax roll:

Lien date and levy date	December 2017
Tax bills mailed	December 2017
Payment in full, or	January 31, 2018
First installment due	January 31, 2018
Second installment due	March 31, 2018
Third installment due	May 31, 2018
Personal property taxes in full	January 31, 2018
Final tax settlement with County	August 20, 2018
Tax deed by County – 2017	
Delinquent real estate taxes	October 2020

Accounts receivable have been shown net of an allowance for uncollectible accounts. No provision for uncollectible accounts receivable has been made for enterprise funds because of their right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds”. Long term interfund loans are reported as “advances from and to other funds”.

Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3. Inventories and Prepaid Items

Governmental fund inventory items, except fuel inventory, are charged to expenditures when purchased. The fuel inventory is recorded at cost on a first-in first-out basis using the consumption method of accounting. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Year end inventory was not significant.

Proprietary fund inventories are generally used for construction and for operation and maintenance work. They are not for sale. Material and supplies on hand at year end are considered immaterial.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by agreements with external parties. Current liabilities payable from restricted assets are so classified. The Pension Asset, if any, is reported as restricted. This asset represents funds held by the Plan Trust, which can only be used to settle Plan obligations. The excess of restricted assets over current liabilities will be used first for equipment replacement. The remainder, if generated from earnings, is shown as restricted net position.

5. Benefit Obligations

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Benefit Obligations (continued)

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

6. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$10,000 for infrastructure assets with estimated useful lives of two years or more. Capital assets are recorded at historical cost or estimated historical cost if actual amounts are not available. Donated capital assets are recorded at acquisition value at the date of donation. Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, 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 the applicable function.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by asset type follows:

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same in the government-wide statements.

7. Deferred Inflows of Resources and Deferred Outflows of Resources

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

In governmental funds, property taxes receivable, special assessments and interest revenue not yet due are not recognized as revenue in the current period. For the government-wide and proprietary fund type financial statements, special assessments and interest revenue are recognized as revenue in the current period. This leaves property tax receivable as a deferred inflow of resources in the statement of net position.

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

8. Compensated Absences

Under terms of employment, employees may earn compensatory time and are granted sick leave, severance pay and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. All vested compensatory time, severance pay and vacation pay are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. For example a liability, as a result of employee resignations or retirements are payable with expendable available resources.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Compensated Absences (continued)

Payments for vested compensatory time, severance pay and vacation pay will be made at rates in effect when the benefits are used. Accumulated vested compensatory time, severance pay and vacation pay liabilities are determined on the basis of current salary rates and include salary related payments. Vacation and compensatory time are used on a first-in, first-out basis. Accordingly all accrued amounts are considered to be due within one year. Severance due within one year is estimated based on employee age and expected retirement.

9. Long-term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premium) is reported as other financing sources and payments of principal and interest are reported as expenditures. The proprietary fund accounting is the same as it is in the government-wide statements.

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

The City has approved issuance of industrial development revenue bonds (IDRB) for the benefit of private business enterprises. IDRBS are secured by mortgages or revenue agreements on associated projects of the business enterprises. The IDRBS do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the financial statements. Five series of Industrial Revenue Bonds originally issued with an aggregate principal amount of \$13,075,000 are outstanding with a December 31, 2017 balance of \$7,371,535.

10. Claims and Judgments

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Equity Classifications

Government-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position. Unspent related debt proceeds are excluded from the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation; and includes restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- c. Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 115,417,617	\$ 86,584,568	\$ (155,290)	\$ 201,846,895
Unrestricted	11,303,345	4,179,263	155,290	15,637,898

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Equity Classifications (continued)

Fund Statements

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

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

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

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

The City has adopted a fund balance policy (Res. 2016-7216) for all governmental funds supported by tax levy as follows: the ratio of year end fund balance to current year Expenditures shall target a range between 20 and 30%. The amount of Fund Balance will be taken into consideration when establishing the following year's budget. At least 15% of the succeeding year expenditure budget be maintained for working capital. Any non-spendable fund balance of the General Fund shall be excluded from the ratio. As of the year ended December 31, 2017, the City was in compliance with the fund balance policy.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Comparative Data

The basic financial statements include comparative data for the prior year for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. This comparative data is not at the level of detail required for a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2016 from which the data was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

A budget has been adopted for the General, Debt Service, TID #3, TID #4, TID #5, Library Operating, Library Auxiliary, Solid Waste Collection, Civic Celebrations, St Martin's Fair, Donations, Grant, Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Improvement, Development, Sanitary Sewer and Water Utility funds. A budget has not been formally adopted for the Tourism Commission Fund.

The budget amounts presented include any amendments made during the year. The City may authorize transfers of budget amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds vote of the Common Council. Supplemental appropriations during the year were not significant. Appropriations lapse at the end of the year unless specifically carried over. Carryovers to the following year amounted to approximately \$1.3 million. Budgets are adopted for personnel and non-personnel expenditures at the function level.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. LIMITATIONS ON THE CITY'S TAX LEVY

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

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

The City controls expenditures at the function level (e.g. public safety). For the year ended December 31, 2017 the following fund functions had expenditures exceeding budget:

Fund/Function	Budget Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Civic Celebration			
Culture, recreation, and education	\$ 129,337	\$ 136,353	\$ 7,016
Donation			
Culture, recreation, and education	2,000	2,104	104

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

The City's bank accounts are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, although the fund had reserves available at December 31, 2017, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 35 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

The City maintains a collateral arrangement with its main bank to provide collateralization in excess of deposits maintained at the bank. The collateral is maintained in the form of a letter of credit from the Federal Home Loan Bank of Cincinnati in the amount of \$20,000,000.

Cash and investments as shown on the December 31, 2017 statement of net position are subject to the following risks:

	Carrying Value	Bank & Investment Balances	Risks
Local Government Investment Pool	\$ 1,368,906	\$ 1,368,906	Credit
Money market funds	234,502	234,502	Custodial credit
Certificates of deposit	1,000,000	1,000,000	Custodial credit
U.S. agencies	13,027,030	13,027,030	Credit, custodial credit, interest rate and concentration of credit
Municipal bonds	1,008,760	1,008,760	Credit, custodial credit, interest rate and concentration of credit
Corporate notes	<u>2,001,408</u>	<u>2,001,408</u>	Credit, custodial credit, interest rate and concentration of credit
Total fixed income investments	18,640,606	18,640,606	
Equity funds	3,684,632	3,684,632	Custodial credit
Fixed income funds	1,749,564	1,749,564	Credit and interest rate
Cash and demand deposits	70,612,961	63,005,109	Custodial credit
Total	<u>\$ 94,687,763</u>	<u>\$ 87,079,911</u>	

Reconciliation to the financial statements is shown below:

Per Statement of Net Position	
Primary Government:	
Unrestricted cash and investments	\$ 30,869,588
Restricted cash and investments	178,590
Per Statement of Fiduciary Net Position - Fiduciary Funds	
Agency Fund	58,030,499
City of Franklin Post Employment Benefits Trust	5,609,086
	<u>\$ 94,687,763</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 3 - 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, 2017, none of the City's total bank balances of \$63,005,109 were uninsured and uncollateralized and therefore exposed to custodial credit risk. For investments – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. All of the City's investments have a tri-party relationship with the investments held by a party independent of the party managing the investment.

Credit Risk Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. The City's policy requires a minimum credit rating of Aa3 at time of purchase. The City's fixed income investments subject to credit risk include agencies securities, corporate asset backed securities, corporate bonds, government repurchase agreements and money market funds and were rated by Moody's Investor Service.

As of December 31, 2017, 70.5% of the fixed income investments were in rated fixed income investments and subject to credit risk. The ratings as a percentage of the total investment portfolio were as follows: Aaa at 8.7%, and Aa2 at 4.4%. The portfolio makeup of fixed income investments was treasury and agency securities at 56.5%, corporate securities at 8.7%, Municipal Bonds at 4.4%, Local Government Investment Pool at 5.9% and money market funds at 1.0%. The Local Government Investment Pool is not rated. Equities and fixed income mutual funds held in trust at 23.6% make up the remainder of the investments and are not individually rated.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to a large investment position in a single issuer. As of December 31, 2017 no issuer other than U.S. Treasury and Agency securities that have the full faith guarantee of the U.S. government had a position of greater than ten percent of the portfolio.

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

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

As of December 31, 2017, the City's investments exposed to interest rate risk were as follows:

Investment type	Fair Value	Investment Maturity in years			
		Less than 1	2 - 3	4 - 5	6 - 7
U.S. treasuries and agencies	\$ 13,027,030	\$ 2,097,973	\$ 8,419,014	\$ 2,510,042	\$ -
Municipal bonds	1,008,760	1,008,760	-	-	-
Corporate notes	2,001,408	1,004,202	997,206	-	-
Fixed income funds	1,749,564	149,739	348,554	346,013	905,258
Total	\$ 17,786,762	\$ 4,260,674	\$ 9,764,774	\$ 2,856,055	\$ 905,258

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

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

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

Investment Type	As of December 31, 2017:			
	Level 1	Level 2	Level 3	Total
US treasuries and agencies	\$ -	\$ 13,027,030	\$ -	\$ 13,027,030
Municipal bonds	-	1,008,760	-	1,008,760
Corporate notes	-	2,001,408	-	2,001,408
Total	-	16,037,198	-	16,037,198
Equity funds	3,684,632	-	-	3,684,632
Fixed income funds	1,749,564	-	-	1,749,564
Total	\$ 5,434,196	\$ 16,037,198	\$ -	\$ 21,471,394

B. RECEIVABLES

Receivables consist of accounts, taxes, notes and special assessments from citizens and others. Receivables are reported net of uncollectible amounts. The reserve for bad debts, principally for personal property taxes and ambulance revenue, was \$ 66,184 at December 31, 2017. Other than the special assessment receivables, all other receivables are expected to be collected within one year.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES (continued)

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

	Unavailable	Unearned	Total
Governmental funds:			
Subsequent year property taxes	\$ -	\$ 24,734,269	\$ 24,734,269
Special assessments not yet due	<u>845,383</u>	<u>-</u>	<u>845,383</u>
Total deferred inflows of resources for governmental funds	<u>\$ 845,383</u>	<u>\$ 24,734,269</u>	<u>\$ 25,579,652</u>

C. DUE FROM OTHER GOVERNMENTS

In 2011, the City entered into an intergovernmental cooperation agreement with another government for the construction and financing of the Ryan Creek Interceptor Sewer. The terms of this agreement include that the other government will reimburse the City for substantially all of the debt service costs resulting from the City taking on a State Clean Water Fund Loan. Those reimbursements will continue over the life of the loan, ending in 2031. This is presented as due from other governments in the statement of net position. Annual principal and interest payments to maturity received as part of this agreement are as follows:

Year Ending December 31	Business-type Activities	
	Principal	Interest
2018	\$ 1,214,723	\$ 477,809
2019	1,244,629	447,534
2020	1,275,272	416,514
2021	1,306,669	384,731
2022	1,338,839	352,164
2023-27	7,205,164	1,243,562
2028-31	<u>6,429,397</u>	<u>321,395</u>
Total	<u>\$ 20,014,693</u>	<u>\$ 3,643,709</u>

D. RESTRICTED ASSETS

In accordance with the City's ordinance enacting a sewer user charge system and regulations of the Department of Natural Resources, the Sanitary Sewer Fund – an Enterprise Fund, incorporated an equipment replacement charge as a component of the rate structure to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. Revenue generated from this charge is accumulated and used for replacement of certain equipment. The balance in this account at December 31, 2017 is \$178,590.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not depreciated:				
Land	\$ 24,623,751	\$ 449,200	\$ -	\$ 25,072,951
Construction in progress	1,019,925	1,964,333	2,541,453	442,805
Total capital assets not depreciated	<u>25,643,676</u>	<u>2,413,533</u>	<u>2,541,453</u>	<u>25,515,756</u>
Capital assets depreciated:				
Buildings & improvements	26,770,132	210,159	119,949	26,860,342
Machinery & equipment	17,924,405	954,579	316,675	18,562,309
Infrastructure	98,419,149	6,003,168	28,471	104,393,846
Total capital assets depreciated	<u>143,113,686</u>	<u>7,167,906</u>	<u>465,095</u>	<u>149,816,497</u>
Less: Accumulated depreciation for:				
Buildings & improvements	10,276,432	675,001	41,981	10,909,452
Machinery & equipment	10,846,700	1,006,333	314,956	11,538,077
Infrastructure	29,234,784	1,754,533	28,471	30,960,846
Total accumulated depreciation	<u>50,357,916</u>	<u>3,435,867</u>	<u>385,408</u>	<u>53,408,375</u>
Net capital assets depreciated	<u>92,755,770</u>	<u>3,732,039</u>	<u>79,687</u>	<u>96,408,122</u>
Governmental activities capital assets, net of accumulated depreciation	<u>\$ 118,399,446</u>	<u>\$ 6,145,572</u>	<u>\$ 2,621,140</u>	<u>\$ 121,923,878</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 140,355
Public safety	696,026
Public works	2,093,744
Health & human services	3,997
Culture & recreation	500,365
Conservation & development	1,380
Total governmental activities depreciation expense	<u>\$ 3,435,867</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Dispositions	Transfers	Ending Balance
Business-type Activities					
Capital Assets not depreciated:					
Land	\$ 888,479	\$ -	\$ -	\$ -	\$ 888,479
Capital assets depreciated:					
Buildings & improvements	6,677,157	-	-	5,285	6,682,442
Machinery & equipment	5,385,346	500,158	130,381	(5,285)	5,749,838
Infrastructure	134,145,872	43,241	-	-	134,189,113
Total capital assets depreciated	<u>146,208,375</u>	<u>543,399</u>	<u>130,381</u>	<u>-</u>	<u>146,621,393</u>
Less: Accumulated depreciation for:					
Buildings & improvements	1,510,169	206,796	-	-	1,716,965
Machinery & equipment	3,594,289	255,261	130,381	178,460	3,897,629
Infrastructure	31,508,030	2,851,872	-	(178,460)	34,181,442
Total accumulated depreciation	<u>36,612,488</u>	<u>3,313,929</u>	<u>130,381</u>	<u>-</u>	<u>39,796,036</u>
Net capital assets depreciated	<u>109,595,887</u>	<u>(2,770,530)</u>	<u>-</u>	<u>-</u>	<u>106,825,357</u>
Business-type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 110,484,366</u>	<u>\$ (2,770,530)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,713,836</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water	\$ 1,194,029
Sewer	<u>2,119,900</u>
Total business-type activities depreciation expense	<u>\$ 3,313,929</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

F. LEASE DISCLOSURES

OPERATING LEASES

The City has entered into several lease agreements with telecommunications companies, wherein the City has agreed to allow the use of water utility property for the purpose of telecommunication relays. Revenue from this activity totaled \$ 106,081 for the year ended December 31, 2017. Future minimum lease payments receivable in conjunction with the leases are as follows:

Fiscal Year	Governmental Activities	Business-Type Activities	Total
2018	\$ 55,892	\$ 55,892	\$ 111,784
2019	43,218	43,218	86,436
2020	20,778	20,778	41,556
2021	1,913	1,913	3,826
Totals	<u>\$ 121,801</u>	<u>\$ 121,801</u>	<u>\$ 243,602</u>

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

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

The interfund receivables and payables at December 31, 2017 are as follows:

Payable Fund	Receivable Fund			Total
	General	Water Utility	Sanitary Sewer	
General	\$ -	\$ 18,352	\$ -	\$ 18,352
TIF Districts	24,695	-	-	24,695
Non-Major	36,552	-	-	36,552
Water Utility	4,495	-	44,650	49,145
Sanitary Sewer	-	20,908	-	20,908
Totals	<u>\$ 65,742</u>	<u>\$ 39,260</u>	<u>\$ 44,650</u>	<u>\$ 149,652</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

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

Advances

The City of Franklin provides short and long term advances to its TIF Districts. The amounts advanced are either from proceeds of a borrowing or from fund reserves. They are used to enable the TIF Districts to carry out approved project plans. The TIF Districts interest rate is based upon the interest rate incurred by the Debt Service Fund on its borrowings or the reinvestment rate available to other funds. The advances will be repaid as the TIF District resources are available. In 2017, the City made an advance payment on the Public Works Defined Benefit Pension Plan. In doing so, advanced \$155,700 to the Water Utility on a ten year note to aid the Water Utility portion of the payment.

Payable Fund	Receivable Fund			Total	Due within one year
	General	Capital Projects Development	Internal Service		
TIF Districts	\$ 75,000	\$ 25,000	\$ 25,000	\$ 125,000	\$ 125,000
Water Fund	155,700	-	-	155,700	16,000
	<u>\$ 230,700</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 280,700</u>	<u>\$ 141,000</u>

Transfers

Generally, transfers are used to (1) move revenue from the funds that collect them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund and (3) use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers as presented on the fund financial statements during the year ended December 31, 2017 were as follows:

Transfers In	Transfers Out			
	General Fund	Nonmajor Governmental Funds	Enterprise Funds	Fund Totals
General Fund	\$ -	\$ 26,950	\$ 1,032,843	\$ 1,059,793
Debt Service Fund	-	113,997	-	113,997
Nonmajor Governmental Funds	57,138	661	-	57,799
Total	<u>\$ 57,138</u>	<u>\$ 141,608</u>	<u>\$ 1,032,843</u>	<u>\$ 1,231,589</u>

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

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

Transfers (continued)

A reconciliation of fund statement transfers to government wide transfers for the year ended December 31, 2017 is as follows:

	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
Transfers in per fund statements	\$ 1,231,589	\$ -
Transfers out per fund statements	(198,746)	(1,032,843)
Capital Contributions from governmental funds to enterprise funds	(43,241)	43,241
Government Wide Transfers	<u>\$ 989,602</u>	<u>\$ (989,602)</u>

H. LONG TERM OBLIGATIONS

General Obligation Debt

Long-term liabilities for the year ended December 31, 2017 were as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Amounts due within one year</u>
Governmental Activities					
General obligation debt	\$ 10,245,000	\$ 1,630,000	\$ 3,030,000	\$ 8,845,000	\$ 2,315,000
Premium	260,403	51,071	93,852	217,622	-
Sub-total	<u>10,505,403</u>	<u>1,681,071</u>	<u>3,123,852</u>	<u>9,062,622</u>	<u>2,315,000</u>
Compensated absences					
Accrued vacation pay	451,180	1,017,970	1,041,653	427,497	427,496
Accrued severance pay	1,403,107	149,098	140,959	1,411,246	114,247
Accrued compensatory time	<u>196,464</u>	<u>275,865</u>	<u>288,969</u>	<u>183,360</u>	<u>183,359</u>
Total compensated absences	2,050,751	1,442,933	1,471,581	2,022,103	725,102
Net pension obligation - WRS	1,344,496	-	651,834	692,662	-
Net pension obligation - City of Franklin Defined Benefit Retirement Plan	788,557	808,904	-	1,597,461	-
Net OPEB obligation	<u>2,296,829</u>	<u>-</u>	<u>302,532</u>	<u>1,994,297</u>	<u>-</u>
Total benefit obligations	<u>6,480,633</u>	<u>2,251,837</u>	<u>2,425,947</u>	<u>6,306,523</u>	<u>725,102</u>
Governmental activities Long-term liabilities	<u>\$ 16,986,036</u>	<u>\$ 3,932,908</u>	<u>\$ 5,549,799</u>	<u>\$ 15,369,145</u>	<u>\$ 3,040,102</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

	Restated Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Business-type Activities					
General obligation debt	\$ 22,380,228	\$ -	\$ 1,240,535	\$ 21,139,693	\$ 1,269,723
Discount	(11,534)	-	(1,109)	(10,425)	-
Subtotal	<u>22,368,694</u>	<u>-</u>	<u>1,239,426</u>	<u>21,129,268</u>	<u>1,269,723</u>
Compensated absences					
Accrued vacation pay	44,933	45,048	43,832	46,149	46,149
Accrued severance pay	75,694	-	446	75,248	4,091
Accrued compensatory time	<u>27,506</u>	<u>7,120</u>	<u>5,980</u>	<u>28,646</u>	<u>28,646</u>
Total compensated absences	148,133	52,168	50,258	150,043	78,886
Net OPEB obligation	45,440	-	5,986	39,454	-
Net pension obligation - City of Franklin Defined Benefit Retirement Plan					
	<u>383,148</u>	<u>396,565</u>	<u>-</u>	<u>779,713</u>	<u>-</u>
Total Benefit Obligations	<u>576,721</u>	<u>448,733</u>	<u>56,244</u>	<u>969,210</u>	<u>78,886</u>
Business-type activities					
Long-term liabilities	<u>\$ 22,945,415</u>	<u>\$ 448,733</u>	<u>\$ 1,295,670</u>	<u>\$ 22,098,478</u>	<u>\$ 1,348,609</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

Details of general obligation notes and bonds payable as of December 31, 2016 are as follows:

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance Outstanding 12/31
General obligation Refunding Bonds	4/20/2016	2.0%	3/1/17-21	3/1 & 9/1	\$ 5,770,000	\$ 4,560,000
General obligation promissory notes	12/18/14	2.0% - 2.5%	3/1/15-24	3/1 & 9/1	5,320,000	2,655,000 ¹
General Obligation Notes	12/21/17	2.5% - 3.0%	3/1/19-27	3/1 & 9/1	1,630,000	<u>1,630,000</u> ⁴
Total Governmental Activities Debt						<u>\$ 8,845,000</u>
Business-type Activity Debt						
General obligation Clean Water Fund Loan	1/25/12	2.46%	5/1/14-31	5/1 & 11/1	27,562,754	\$ 20,014,693 ²
General obligation Bonds	12/18/14	2.0% - 3.125%	3/1/15-34	3/1 & 9/1	1,290,000	<u>1,125,000</u> ³
Total Business-type Activities Debt						<u>\$ 21,139,693</u>

¹ Issued 63% for capital TIF purposes and 37% for general capital purposes, ² Issued for a sewer extension on W Ryan Rd, ³ Issued for water building purposes. ⁴ Issued for general Capital Improvement purposes.

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

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 2,315,000	\$ 140,045	\$ 1,269,723	\$ 509,746
2019	1,405,000	88,788	1,299,629	478,371
2020	1,325,000	62,412	1,330,272	446,251
2021	1,345,000	36,262	1,366,669	413,018
2022	560,000	19,319	1,398,839	378,652
2023-27	1,895,000	15,900	7,520,164	1,348,326
2028-32	-	-	6,794,397	374,970
2033-34	-	-	160,000	5,000
Total	<u>\$ 8,845,000</u>	<u>\$ 362,726</u>	<u>\$ 21,139,693</u>	<u>\$ 3,954,334</u>

The City's statutory debt limit and margin of indebtedness at December 31, 2017 are \$194,446,310 and \$ 164,461,617, respectively. By City debt policy, the debt limit and margin of indebtedness limit are \$ 77,778,524 (40% of the limit prescribed by law) and \$ 47,793,831, respectively.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

On September 19, 2017 the Common Council adopted Resolution 2017-7299 authorizing the issuance of \$42.75 million of Note Anticipation Notes. As of December 31, 2017 – all \$42.75 million of NAN authorized values are remaining to be issued.

I. NET POSITION/FUND BALANCES

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2017 include the following:

Net investment in capital assets		
Land	\$	25,072,951
Construction in process		442,805
Other capital assets, net of accumulated depreciation		96,408,122
Less: related long term debt outstanding, net of unspent bond proceeds		<u>(6,506,261)</u>
Net investment in capital assets	\$	<u>115,417,617</u>

Business-type Activities

Business-type activities net position reported on the government-wide statement of net position at December 31, 2017 include the following:

Net investment in capital assets		
Land	\$	888,479
Other capital assets, net of accumulated depreciation		106,825,357
Less: related long term debt outstanding		<u>(21,129,268)</u>
Net investment in capital assets	\$	<u>86,584,568</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

I. NET POSITION/FUND BALANCES (continued)

Governmental Fund Balances

Reported on the fund financial statements at December 31, 2017 include the following:

Nonspendable fund balances	
General Fund - advances	\$ 230,700
General Fund - prepaid items and inventory	15,848
Library Fund - prepaid items	650
Total nonspendable fund balance	<u>\$ 247,198</u>
Restricted fund balances	
Debt service	\$ 735,022
Utility improvements	1,413,378
Development	4,166,500
TIF Districts	2,405,999
Donations	150,136
Health services	199,428
Library services	580,430
Solid waste	393,677
Recreational services	65,727
Tourism Commission	211,793
Total restricted fund balance	<u>\$ 10,322,090</u>
Assigned Fund balances:	
General Fund - purchases on order	\$ 150,565
Capital Projects:	
Capital outlay	353,040
Equipment replacement	2,311,815
Capital improvement	3,795,493
Street improvement	286,266
Total assigned fund balances	<u>\$ 6,897,179</u>
Unassigned fund balances	
General Fund	\$ 6,190,398
TIF Districts (Deficit)	(183,998)
St Martin's Fair (Deficit)	(34,452)
Total unassigned fund balances	<u>\$ 5,971,948</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

Wisconsin Retirement System (Protective Occupation Employees only)

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Benefits provided. Employees who retire at or after age 54 for protective occupation employees are entitled to receive an unreduced retirement benefit. 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 participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 50 for protective occupation employees and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6	0
2009	(2.1)	(42)
2010	(1.3)	22
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$818,075 in contributions from the employer.

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

Contribution rates as of December 31, 2017 are:

Employee Category	Employee	Employer
Protective with Social Security	6.8%	12.0%

At December 31, 2017, the City reported a liability of \$692,662, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2016, the City's proportion was 0.08403662%, which was an increase of 0.00129740%, from its proportion measured as of December 31, 2015.

For the year ended December 31, 2017, the City recognized pension expense of \$1,846,839, which includes amounts paid to WRS related to duty disability payments.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 264,113	\$ 2,178,363
Changes in assumptions	724,205	-
Net differences between projected and actual earnings on pension plan investments	3,447,854	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,377	18,408
Employer contributions subsequent to the measurement date	1,074,037	-
Total	\$ 5,579,586	\$ 2,196,771

The \$1,074,037 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the pension liability in the year ended December 31, 2018 for the City.

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

Year ended December 31:

2018	\$939,511
2019	939,511
2020	638,907
2021	(210,133)
2022	982

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

Actuarial assumptions. The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset)	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2015 using experience from 2012 – 2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 actuarial valuation.

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

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

<u>Core Fund Asset Class</u>	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5	37	4.2	1.4
Inflation Sensitive Assets	15.5	20	4.3	1.5
Real Estate	8	7	6.5	3.6
Private Equity/Debt	8	7	9.4	6.5
Multi-Asset	4	4	6.6	3.7
Total Core Fund	110	120	7.4	5.0
<u>Variable Fund Asset Class</u>				
US Equities	70	70	7.6	4.7
International Equities	30	30	8.5	5.6
Total Variable Fund	100	100	7.9	5.0

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

Single discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.56%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

Sensitivity of the City's proportionate share of the net pension liability (asset) - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 9,112,418	\$ 692,662	\$ (5,790,931)

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://legis.wisconsin.gov/lab/> and reference report number 15-11.

Payables to the pension plan - The City reported payables to the WRS of \$131,664 as of December 31, 2017, of which \$84,041 was the City's share.

City of Franklin Defined Benefit Retirement Income Plan

General Information about the Pension Plan

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

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

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

General Information about the Pension Plan (continued)

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

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

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

The plan also provides death and disability benefits for employees.

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

Active employees	31
Terminated vested participants	6
Retirees	22
Total	59

Contributions - Contribution requirements are established through action of the City Council and may be amended only through city ordinance. Employees make a non-elective and non-discretionary pension contribution that is equal to 8.2% of their payroll. The City contributes all remaining amounts necessary to fund the pension plan. During the reporting period, contributions of \$302,518 were made by the City to the plan.

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

At December 31, 2017, the City reported a liability of \$2,377,179 for its net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 8,364,462	\$ 7,192,757	\$ 1,171,705
Changes for the year:			
Service cost	154,889	-	154,889
Interest	606,747	-	606,747
Difference between expected and actual experience	425,998	-	425,998
Changes of assumptions	709,323	-	709,323
Contributions - employer	-	302,518	(302,518)
Net investment income	-	409,272	(409,272)
Benefit payments	(296,465)	(296,465)	-
Administrative Expense	-	(20,307)	20,307
Balance at December 31, 2017	<u>\$ 9,964,954</u>	<u>\$ 7,587,775</u>	<u>\$ 2,377,179</u>

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 488,362	\$ 214,177
Changes in assumptions	596,342	-
Net differences between projected and actual earnings on pension plan investments	473,050	-
Employer contributions subsequent to measurement date	983,537	-
Total	<u>\$ 2,541,291</u>	<u>\$ 214,177</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

The \$983,537 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	
2016	\$ 507,330
2017	457,989
2018	356,234
2019	22,024

Actuarial assumptions - The pension liability in the December 31, 2016 actuarial valuation was determined use the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Market Value
Long-Term Expected Rate of Return:	7.00%
Discount Rate:	6.54%
Salary increase - Inflation:	2.00%
Salary increase - Seniority/Merit:	3.00%
Mortality:	2016 IRS Prescribed Mortality - Optional Combined Table for Small Plans

Actuarial assumptions are based upon an experience study conducted in 2014 using historical experience. The total pension liability for December 31, 2016 is based upon the liability calculated from the December 31, 2015 actuarial valuation.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equity - Large Cap	7.85%	40.36%
US Equity - Mid Cap	8.10%	4.80%
US Equity - Small Cap	8.55%	2.43%
Non-US Equity	8.10%	12.47%
Core Bonds	3.75%	35.88%
High Yield	6.70%	4.00%

Discount rate - A discount rate of 6.54% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 4.09%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City's net pension liability calculated using the discount rate of 6.54%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.54%) or 1-percentage-point higher (7.54%) than the current rate:

	1% Decrease to Discount Rate (5.54%)	Current Discount Rate (6.54%)	1% Increase to Discount Rate (7.54%)
City's net pension liability	\$ 3,500,724	\$ 2,377,179	\$ 1,418,719

For the year ended December 31, 2017, the City recognized pension expense of \$407,270.

B. DEFINED CONTRIBUTION PLAN

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

Employees after completing six months of service with the City are eligible to participate. The Plan requires the City to make periodic contributions to each participant's account equal to 10% of such participant's annual compensation. Employees are required to make contributions of 5% of wages. A participant's accrued benefit for City contributions is 100% vested and non-forfeitable upon death, normal retirement, early retirement or permanent and total disability as defined in the Plan. If employment is terminated for any other reason, each participant's accrued benefit vests at various percentages, based on years of service. During 2017, total contributions of \$414,676 or 10% of covered payroll were made. The City contributed \$202,272 and employees \$202,272. The City may make amendments to the Plan.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS

General Information About the OPEB Plan

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

Benefits provided. City of Franklin eligible full time employees meeting minimum age and service requirements may receive group health care benefits at a reduced cost during the period from their normal retirement date until they reach age 65. This results in another post-employment benefit (OPEB) obligation for those groups. These groups commonly have higher medical costs than anticipated in the blended premium rates. That differential is referred to as an implicit rate subsidy.

Employees covered by benefit terms. At December 31, 2017, the following employees were covered by the benefit terms:

Active employees	179
Inactive employees entitled to by not yet receiving benefits	-
Retirees receiving benefits	24
Total	203

Contributions. Contribution requirements are established by either City ordinance or collective bargaining and may be amended only by the groups establishing the requirements. The City's periodic contribution is determined and fixed at the time of retirement. The retiree pays the balance of the periodic blended premium. The eligibility for the benefit follows:

Employee Group	#	City Amount	Age	Years Service
Non-represented	34	75% of Premium at Retirement	62	20
Police	72	75% of Premium at Retirement	53	15
Dispatch	14	75% of 2005 Premium	62	20
Fire	54	75% of Premium at Retirement	53	20
DPW	28	75% of Premium at Retirement	60	15

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Investments

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

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

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

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

Rate of return. The annual money-weighted rate of return on investments, net of investment expense for 2017 was 13.6%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00 percent, average, including inflation
Investment rate of return	6.50 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	-2.5% for 2018, 7.0% for 2019, 6.5% for 2020 and 2021, 6.0% for 2022 and 2023 and 5.5% for 2024 and thereafter

Mortality rates were based on a blend of the Death-In-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2012 – 2014 Experience Study" with the MP-2015 generational improvement scale (multiplied by 50%).

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2012 – December 31, 2014.

Discount rate. The discount rate used to measure the total OPEB liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates over the next 40 years. This rate is a blend of expected earnings on Plan assets and the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used for the December 31, 2017 valuation was reduced 0.25% from the previous valuation.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2016	\$ 7,312,825	\$ 4,970,556	\$ 2,342,269
Changes for the year:			
Service cost	223,719	-	223,719
Interest	489,875	-	489,875
Contributions - employer	-	422,684	(422,684)
Net investment income	-	323,086	(323,086)
Benefit payments	(418,905)	(418,905)	-
Estimated Balance at December 31, 2017	\$ 7,607,514	\$ 5,297,421	\$ 2,310,093
Difference between estimated and actual Plan Fiduciary Net Position	-	276,342	(276,342)
Actual Balance at December 31, 2017	<u>\$ 7,607,514</u>	<u>\$ 5,573,763</u>	<u>\$ 2,033,751</u>

Plan fiduciary net position as a percentage of the total OPEB liability 73.27%

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

	1% Decrease to Discount Rate (5.5%)	Current Discount Rate (6.5%)	1% Increase to Discount Rate (7.5%)
City's net OPEB liability	\$ 3,026,996	\$ 2,310,094	\$ 1,664,690

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability (continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0 percent decreasing to 4.5 percent) or 1-percentage-point higher (8.0 percent decreasing to 6.5 percent) than the current healthcare cost trend rates:

	1% Decrease to (6.0% Decreasing to 4.5%)	Healthcare Cost Trend Rates (7.0% Decreasing to 5.5%)	1% Increase to (8.0% Decreasing to 6.5%)
City's net OPEB liability \$	1,722,862	\$ 2,310,094	\$ 2,974,885

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

For the year ended December 31, 2017, the City recognized negative OPEB expense of \$308,518. At December 31, 2017, the City did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

Payable to the OPEB Plan

At December 31, 2017, the City does not report a payable for any outstanding amount of contributions to the City OPEB Plan required for the year ended December 31, 2017.

D. CONTINGENCIES AND COMMITMENTS

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

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

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

D. CONTINGENCIES AND COMMITMENTS (continued)

The City has encumbered approximately \$1.3 million at year end due to valid contracts or purchase orders in place and the related services committed and not yet received.

The City receives impact fees for new development projects. The fees are to be used to fund specific projects within a specific period of time. In the event the projects are not completed or the time period elapses, the City will be required to refund the impact fees to the current owners of properties that the fees were originally collected.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits and other miscellaneous revenue. The State of Wisconsin provides a variety of aid and grant programs that benefit the City. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget process. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on future operating results of the City.

E. RISK MANAGEMENT

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

The City also offers a group medical and dental insurance plan to employees for which the City is self-insured. This activity is accounted for in the City's Self Insurance Internal Service Fund. Group medical and dental costs are charged to City departments and retirees participating in the program. A third party administrator handles claims payments. The City carries stop loss insurance for claims in excess of \$60,000 per year per individual and \$75,000 per year per group. Liabilities are reported when it is probable that claims have occurred and the amount of the claim can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported ("IBNR").

Changes in the balance of claims payable for the years ended December 31, 2017 and 2016 are as follows:

Fiscal Year	Balance Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Balance End of Year
2017	\$ 270,500	\$ 3,944,749	\$ 3,924,549	\$ 290,700
2016	270,500	3,802,461	3,802,461	270,500

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2017**

NOTE 4 - OTHER INFORMATION (continued)

F. RESTATEMENT

The City implemented GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This standard was implemented January 1, 2017. As a result, beginning net position has been restated as follows: Governmental Activities – (\$2,296,828), Business-type Activities – (\$45,440), Water Utility – (\$22,720) and Sewer Utility – (\$22,720).

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

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

H. SUBSEQUENT EVENT

On April 17, 2018 the City issued taxable general obligation note anticipation notes in the amount of \$23,480,000 with interest rates of 2.50% and 3.20%. The notes are being used to finance project cost related to the City's Tax Incremental District #5.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

WRS Fiscal Year Ending Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/14	0.084116700%	\$ (2,065,567)	\$ 8,071,472	25.59%	102.74%
12/31/15	0.082739220%	1,344,496	8,459,850	15.89%	98.20%
12/31/16	0.084036620%	692,662	8,682,689	7.98%	99.12%

SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2017

City Fiscal Year Ending Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/15	\$ 689,692	\$ 689,692	\$ -	\$ 8,459,850	8.15%
12/31/16	869,137	869,137	-	8,682,689	10.01%
12/31/17	1,074,037	1,074,037	-	8,950,304	12.00%

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

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN For the Year Ended December 31, 2017

	Fiscal Year Ending		
	2015	2016	2017
Total Pension Liability			
Service Cost	\$ 165,130	\$ 180,074	\$ 154,889
Interest on the Total Pension Liability	531,850	603,514	606,747
Difference between Expected and Actual Experience	527,384	(460,357)	425,998
Assumption Changes	213,402	12,332	709,323
Benefit Payments	<u>(191,375)</u>	<u>(239,861)</u>	<u>(296,465)</u>
Net Change in Total Pension Liability	1,246,391	95,702	1,600,492
Total Pension Liability - Beginning	<u>7,022,369</u>	<u>8,268,760</u>	<u>8,364,462</u>
 Total Pension Liability - Ending	 <u>\$ 8,268,760</u>	 <u>\$ 8,364,462</u>	 <u>\$ 9,964,954</u>
 Plan Fiduciary Net Position			
Employer Contributions	293,632	339,927	302,518
Pension Plan Net Investment Income	377,842	(41,577)	409,272
Benefit Payments	(191,375)	(239,861)	(296,465)
Pension Plan Administrative Expense	<u>(27,941)</u>	<u>(22,802)</u>	<u>(20,307)</u>
Net Change in Plan Fiduciary Net Position	452,158	35,687	395,018
Plan Fiduciary Net Position - Beginning	<u>6,704,912</u>	<u>7,157,070</u>	<u>7,192,757</u>
 Plan Fiduciary Net Position - Ending	 <u>\$ 7,157,070</u>	 <u>\$ 7,192,757</u>	 <u>\$ 7,587,775</u>
 Net Pension Liability (Asset) Ending	 \$ 1,111,690	 \$ 1,171,705	 \$ 2,377,179
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	 87%	 86%	 76%
 Covered Payroll	 \$ 1,792,628	 \$ 1,876,995	 \$ 1,876,995
 Net Pension Liability as a Percentage of Covered Payroll	 62%	 62%	 127%

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

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CONTRIBUTIONS CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN For the Year Ended December 31, 2017

<u>Fiscal Year Ending Date</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
12/31/15	\$ 293,632	\$ 293,632	\$ -	\$ 1,792,628	16%
12/31/16	339,927	339,927	-	1,876,995	18%
12/31/17	302,518	302,518	-	1,853,074	16%

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

CITY OF FRANKLIN, WISCONSIN

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OPEB PLAN**

For the Year Ended December 31, 2017

	Fiscal Year Ending <u>2017</u>
Total OPEB Liability	
Service Cost	\$ 223,719
Interest on the Total OPEB Liability	489,875
Benefit Payments	<u>(418,905)</u>
Net Change in Total OPEB Liability	294,689
Total OPEB Liability - Beginning	<u>7,312,825</u>
Total OPEB Liability - Ending	<u>\$ 7,607,514</u>
Plan Fiduciary Net Position	
Employer Contributions	422,684
Employee Contributions	91,969
OPEB Plan Net Investment Income	673,624
Benefit Payments	<u>(500,350)</u>
Net Change in Plan Fiduciary Net Position	687,927
Plan Fiduciary Net Position - Beginning	<u>4,885,836</u>
Plan Fiduciary Net Position - Ending	<u>\$ 5,573,763</u>
Net OPEB Liability Ending	\$ 2,033,751
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	73%
Covered Payroll	\$ 13,879,896
Net OPEB Liability as a Percentage of Covered Payroll	15%

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

CITY OF FRANKLIN, WISCONSIN

**SCHEDULE OF CONTRIBUTIONS
OPEB PLAN
For the Year Ended December 31, 2017**

	<u>Fiscal Year Ending 2017</u>
Actuarially Determined Contribution	\$ 422,684
Actual Contribution	<u>422,684</u>
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered Payroll	\$ 13,879,896
Actual Contribution as a Percentage of Covered Payroll	3%

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2017

NOTE 1 – PRESENTATION

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

NOTE 2 – WISCONSIN RETIREMENT SYSTEM

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

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

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

NOTE 3 – CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN

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

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

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

NOTE 4 – OPEB PLAN

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

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. The discount rate was reduced from 6.75% used in the previous actuarial study to 6.50% used in the current study.

SUPPLEMENTARY INFORMATION

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted for specified purposes.

Library Operating Fund – This fund accounts for the budgetary operation of the Library.

Library Auxiliary Fund – This fund accounts for Library donations, fines and forfeitures.

Solid Waste Collection Fund – This fund accounts for solid waste collection activities.

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

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

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

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

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

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 landfill siting revenues, borrowed money or funding from some other source other than the tax levy.

Street Improvement Fund – This fund accounts for the activities of the local road improvement program. Funding is provided by the tax levy and an every other year local road improvement grant from the State, and landfill siting revenues.

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

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

CITY OF FRANKLIN, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2017

	Special Revenue Funds								Total
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Collection Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	
ASSETS									
Cash and investments	\$ 400,335	\$ 134,061	\$ 533,415	\$ 2,100	\$ 152,240	\$ 65,727	\$ 127,726	146,243	\$ 1,561,847
Receivables									
Accounts	-	-	27,120	-	-	-	84,067	12,096	123,283
Taxes	1,303,200	-	1,208,269	-	-	-	-	-	2,511,469
Special assessments	-	-	-	-	-	-	-	-	-
Due from other governments	88,601	-	-	-	-	-	-	56,265	144,866
Prepaid items	-	650	-	-	-	-	-	-	650
Long-term advances	-	-	-	-	-	-	-	-	-
Total assets	\$ 1,792,136	\$ 134,711	\$ 1,768,804	\$ 2,100	\$ 152,240	\$ 65,727	\$ 211,793	\$ 214,604	\$ 4,342,115
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 16,284	\$ 2,506	\$ 166,483	\$ -	\$ 2,104	\$ -	\$ -	\$ 13,960	\$ 201,337
Accrued liabilities	22,352	1,425	430	-	-	-	-	1,216	25,423
Due to other funds	-	-	-	36,552	-	-	-	-	36,552
Total liabilities	38,636	3,931	166,913	36,552	2,104	-	-	15,176	263,312
DEFERRED INFLOWS OF RESOURCES									
Unearned & unavailable revenue	1,303,200	-	1,208,214	-	-	-	-	-	2,511,414
FUND BALANCES									
Nonspendable:									
Prepaid items	-	650	-	-	-	-	-	-	650
Restricted:									
Utility improvements	-	-	-	-	-	-	-	-	-
Development	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	150,136	-	-	-	150,136
Health services	-	-	-	-	-	-	-	199,428	199,428
Library services	450,300	130,130	-	-	-	-	-	-	580,430
Solid waste	-	-	393,677	-	-	-	-	-	393,677
Recreational services	-	-	-	-	-	65,727	-	-	65,727
Tourism Commission	-	-	-	-	-	-	211,793	-	211,793
Assigned:									
Capital projects	-	-	-	-	-	-	-	-	-
Unassigned (deficit)	-	-	-	(34,452)	-	-	-	-	(34,452)
Total fund balances	450,300	130,780	393,677	(34,452)	150,136	65,727	211,793	199,428	1,567,389
Total liabilities, deferred inflows and fund balances	\$ 1,792,136	\$ 134,711	\$ 1,768,804	\$ 2,100	\$ 152,240	\$ 65,727	\$ 211,793	\$ 214,604	\$ 4,342,115

(Continued)

CITY OF FRANKLIN, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2017

	Capital Projects Funds						Total	Total Nonmajor Governmental Funds
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund		
ASSETS								
Cash and investments	\$ 361,349	\$ 2,312,040	\$ 3,860,654	\$ 286,266	\$ 1,259,706	\$ 4,221,232	\$ 12,301,247	\$ 13,863,094
Receivables								
Accounts	-	-	78,490	-	-	-	78,490	201,773
Taxes	450,500	350,000	-	714,700	153,672	-	1,668,872	4,180,341
Special assessments	-	-	-	-	755,921	-	755,921	755,921
Due from other governments	-	-	-	-	-	-	-	144,866
Prepaid items	-	-	-	-	-	-	-	650
Long-term advances	-	-	-	-	-	25,000	25,000	25,000
Total assets	\$ 811,849	\$ 2,662,040	\$ 3,939,144	\$ 1,000,966	\$ 2,169,299	\$ 4,246,232	\$ 14,829,530	\$ 19,171,645
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 8,309	\$ 225	\$ 53,651	\$ -	\$ -	\$ 79,732	\$ 141,917	\$ 343,254
Accrued liabilities	-	-	90,000	-	-	-	90,000	115,423
Due to other funds	-	-	-	-	-	-	-	36,552
Total liabilities	8,309	225	143,651	-	-	79,732	231,917	495,229
DEFERRED INFLOWS OF RESOURCES								
Unearned & unavailable revenue	450,500	350,000	-	714,700	755,921	-	2,271,121	4,782,535
FUND BALANCES								
Nonspendable:								
Prepaid items	-	-	-	-	-	-	-	650
Restricted:								
Utility improvements	-	-	-	-	1,413,378	-	1,413,378	1,413,378
Development	-	-	-	-	-	4,166,500	4,166,500	4,166,500
Donations	-	-	-	-	-	-	-	150,136
Health services	-	-	-	-	-	-	-	199,428
Library services	-	-	-	-	-	-	-	580,430
Solid waste	-	-	-	-	-	-	-	393,677
Recreational services	-	-	-	-	-	-	-	65,727
Tourism Commission	-	-	-	-	-	-	-	211,793
Assigned:								
Capital projects	353,040	2,311,815	3,795,493	286,266	-	-	6,746,614	6,746,614
Unassigned (deficit)	-	-	-	-	-	-	-	(34,452)
Total fund balances	353,040	2,311,815	3,795,493	286,266	1,413,378	4,166,500	12,326,492	13,893,881
Total liabilities, deferred inflows and fund balances	\$ 811,849	\$ 2,662,040	\$ 3,939,144	\$ 1,000,966	\$ 2,169,299	\$ 4,246,232	\$ 14,829,530	\$ 19,171,645

CITY OF FRANKLIN, WISCONSIN
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Special Revenue Funds							Total	
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund		Grant Fund
REVENUE									
Taxes	\$ 1,296,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,793	\$ -	\$ 1,508,393
Intergovernmental revenue	88,601	-	68,838	-	-	-	-	224,564	382,003
Public charges for services	-	8,906	1,561,305	-	-	114,255	-	-	1,684,466
Licenses and permits	-	-	-	25,285	-	600	-	-	25,885
Special assessments	-	-	-	-	-	-	-	-	-
Investment earnings	7,081	100	8,011	-	-	-	-	-	15,192
Miscellaneous revenue	-	59,211	35	450	51,616	25,838	-	8,745	145,895
Total revenue	<u>1,392,282</u>	<u>68,217</u>	<u>1,638,189</u>	<u>25,735</u>	<u>51,616</u>	<u>140,693</u>	<u>211,793</u>	<u>233,309</u>	<u>3,761,834</u>
EXPENDITURES									
Current:									
Public safety	-	-	-	-	31,101	-	-	5,000	36,101
Public works	-	-	1,575,395	-	-	-	-	-	1,575,395
Health and human services	-	-	-	-	588	-	-	181,978	182,566
Culture and recreation	1,215,212	45,282	-	52,717	2,104	136,352	-	-	1,451,667
Capital outlay	98,141	16,444	-	-	45,020	-	-	8,474	168,079
Total expenditures	<u>1,313,353</u>	<u>61,726</u>	<u>1,575,395</u>	<u>52,717</u>	<u>78,813</u>	<u>136,352</u>	<u>-</u>	<u>195,452</u>	<u>3,413,808</u>
Excess (deficiency) of revenue over expenditures	<u>78,929</u>	<u>6,491</u>	<u>62,794</u>	<u>(26,982)</u>	<u>(27,197)</u>	<u>4,341</u>	<u>211,793</u>	<u>37,857</u>	<u>348,026</u>
OTHER FINANCING SOURCES (USES)									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	11,000	-	13,000	-	-	24,000
Transfers out	-	-	-	-	-	-	-	-	-
General obligation debt issued	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>24,000</u>
Net change in fund balances	78,929	6,491	62,794	(15,982)	(27,197)	17,341	211,793	37,857	372,026
Fund balances (deficit) - beginning	<u>371,371</u>	<u>124,289</u>	<u>330,883</u>	<u>(18,470)</u>	<u>177,333</u>	<u>48,386</u>	<u>-</u>	<u>161,571</u>	<u>1,195,363</u>
Fund balances (deficit) - ending	<u>\$ 450,300</u>	<u>\$ 130,780</u>	<u>\$ 393,677</u>	<u>\$ (34,452)</u>	<u>\$ 150,136</u>	<u>\$ 65,727</u>	<u>\$ 211,793</u>	<u>\$ 199,428</u>	<u>\$ 1,567,389</u>

(Continued)

CITY OF FRANKLIN, WISCONSIN
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Capital Projects Funds						Total Nonmajor Governmental Funds	
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund		Total
REVENUE								
Taxes	\$ 444,300	\$ 348,300	\$ -	\$ 704,900	\$ -	\$ -	\$ 1,497,500	\$ 3,005,893
Intergovernmental revenue	7,849	-	-	-	-	-	7,849	389,852
Public charges for services	148,000	200,000	370,758	133,000	-	-	851,758	2,536,224
Licenses and permits	-	-	-	-	-	-	-	25,885
Special assessments	-	-	-	-	143,537	281,413	424,950	424,950
Investment earnings	4,432	19,015	22,955	6,250	45,651	40,848	139,151	154,343
Miscellaneous revenue	401	750	-	-	-	-	1,151	147,046
Total revenue	<u>604,982</u>	<u>568,065</u>	<u>393,713</u>	<u>844,150</u>	<u>189,188</u>	<u>322,261</u>	<u>2,922,359</u>	<u>6,684,193</u>
EXPENDITURES								
Current:								
Public safety	-	-	-	-	-	-	-	36,101
Public works	-	-	-	-	-	-	-	1,575,395
Health and human services	-	-	-	-	-	-	-	182,566
Culture and recreation	-	-	-	-	-	-	-	1,451,667
Capital outlay	650,726	655,454	1,003,191	815,212	-	99,665	3,224,248	3,392,327
Debt service - debt issuance costs	-	-	40,442	-	-	-	40,442	40,442
Total expenditures	<u>650,726</u>	<u>655,454</u>	<u>1,043,633</u>	<u>815,212</u>	<u>-</u>	<u>99,665</u>	<u>3,264,690</u>	<u>6,678,498</u>
Excess (deficiency) of revenue over expenditures	<u>(45,744)</u>	<u>(87,389)</u>	<u>(649,920)</u>	<u>28,938</u>	<u>189,188</u>	<u>222,596</u>	<u>(342,331)</u>	<u>5,695</u>
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	53,674	28,201	97,480	-	-	-	179,355	179,355
Transfers in	33,138	-	661	-	-	-	33,799	57,799
Transfers out	(26,950)	-	-	-	-	(114,658)	(141,608)	(141,608)
General obligation debt issued	-	-	1,630,000	-	-	-	1,630,000	1,630,000
Total other financing sources (uses)	<u>59,862</u>	<u>28,201</u>	<u>1,728,141</u>	<u>-</u>	<u>-</u>	<u>(114,658)</u>	<u>1,701,546</u>	<u>1,725,546</u>
Net change in fund balances	14,118	(59,188)	1,078,221	28,938	189,188	107,938	1,359,215	1,731,241
Fund balances (deficit) - beginning	<u>338,922</u>	<u>2,371,003</u>	<u>2,717,272</u>	<u>257,328</u>	<u>1,224,190</u>	<u>4,058,562</u>	<u>10,967,277</u>	<u>12,162,640</u>
Fund balances (deficit) - ending	<u>\$ 353,040</u>	<u>\$ 2,311,815</u>	<u>\$ 3,795,493</u>	<u>\$ 286,266</u>	<u>\$ 1,413,378</u>	<u>\$ 4,166,500</u>	<u>\$ 12,326,492</u>	<u>\$ 13,893,881</u>

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>
TAXES				
General property taxes	\$ 16,423,500	\$ 16,423,500	\$ 16,415,435	\$ (8,065)
Water Utility - tax equivalent	1,050,000	1,050,000	1,032,843	(17,157)
Cable TV franchise fees	530,000	530,000	482,833	(47,167)
Hotel/Room Tax	174,358	174,358	174,358	-
Mobile home assessments	22,600	22,600	20,999	(1,601)
	<u>18,200,458</u>	<u>18,200,458</u>	<u>18,126,468</u>	<u>(73,990)</u>
INTERGOVERNMENTAL REVENUE				
State shared revenue	482,400	482,400	502,707	20,307
State expenditure restraint revenue	207,900	207,900	207,922	22
Fire insurance - dues	141,500	141,500	153,400	11,900
Local, state and federal grants and aids				
Computer aid	220,600	220,600	219,437	(1,163)
Transportation aids	1,100,000	1,100,000	1,093,339	(6,661)
Other	85,000	85,000	88,156	3,156
	<u>2,237,400</u>	<u>2,237,400</u>	<u>2,264,961</u>	<u>27,561</u>
LICENSES, FEES AND PERMITS				
Licenses:				
Beer and liquor	33,800	33,800	42,256	8,456
Bartenders	16,500	16,500	17,221	721
Amusement and related	9,700	9,700	9,830	130
Peddlers	2,500	2,500	5,024	2,524
Food and related	1,850	1,850	6,215	4,365
Dog and cat	9,500	9,500	11,749	2,249
Health	59,600	59,600	61,537	1,937
Other	14,850	14,850	14,160	(690)
Permits:				
Building	648,865	648,865	423,900	(224,965)
Electrical	105,500	105,500	72,183	(33,317)
Plumbing	105,500	105,500	58,745	(46,755)
Sign	7,500	7,500	12,492	4,992
Park	14,300	14,300	19,071	4,771
Fire	4,500	4,500	3,940	(560)
Other	17,400	17,400	15,554	(1,846)
	<u>1,051,865</u>	<u>1,051,865</u>	<u>773,877</u>	<u>(277,988)</u>
FINES, FORFEITURES AND PENALTIES	<u>500,000</u>	<u>500,000</u>	<u>485,407</u>	<u>(14,593)</u>

(Continued)

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>
PUBLIC CHARGES FOR SERVICES				
General government				
Property reports and document fees	\$ 13,000	\$ 13,000	\$ 13,059	\$ 59
Clerk Services	1,450	1,450	1,778	328
Public safety				
Police Department and related	7,500	7,500	7,024	(476)
Ambulance service	1,141,000	1,141,000	1,054,026	(86,974)
Fire Department and related	81,000	81,000	49,693	(31,307)
Quarry reimbursement	43,300	43,300	43,000	(300)
Weights and measures	8,000	8,000	8,597	597
Public works				
Weed cutting	12,000	12,000	5,823	(6,177)
Street lighting	10,500	10,500	9,703	(797)
Engineering and DPW fees	25,750	25,750	23,560	(2,190)
Landfill tippage fees	255,000	255,000	186,487	(68,513)
Health and human services				
Health clinics and other health fees	90,750	101,750	108,767	7,017
Conservation and development				
Zoning, subdivision and other filing fees	64,000	64,000	91,730	27,730
	<u>1,753,250</u>	<u>1,764,250</u>	<u>1,603,247</u>	<u>(161,003)</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES				
	<u>203,200</u>	<u>203,200</u>	<u>172,796</u>	<u>(30,404)</u>
INVESTMENT EARNINGS				
	<u>220,000</u>	<u>220,000</u>	<u>189,275</u>	<u>(30,725)</u>
MISCELLANEOUS REVENUE				
Municipal property rental	45,000	45,000	53,041	8,041
Property sales	11,650	11,650	9,334	(2,316)
Refunds and reimbursements	22,500	22,500	36,586	14,086
Insurance dividend	45,000	45,000	45,097	97
Other revenue	1,500	1,500	4,795	3,295
	<u>125,650</u>	<u>125,650</u>	<u>148,853</u>	<u>23,203</u>
Total Revenues	24,291,823	24,302,823	23,764,884	(537,939)
Transfers from other funds	-	26,950	26,950	-
Total Revenues and Transfers In	<u>\$ 24,291,823</u>	<u>\$ 24,329,773</u>	<u>\$ 23,791,834</u>	<u>\$ (537,939)</u>

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
CURRENT				
General Government				
Mayor - Personnel Services	\$ 18,508	\$ 18,508	\$ 18,501	\$ 7
Mayor - Other Services	6,350	6,350	5,206	1,144
Aldermen - Personnel Services	47,471	47,471	47,439	32
Aldermen - Other Services	24,760	24,760	22,231	2,529
Municipal court - Personnel Services	190,061	190,061	183,914	6,147
Municipal court - Other Services	47,150	74,850	69,969	4,881
City clerk - Personnel Services	302,038	316,538	299,862	16,676
City clerk - Other Services	28,000	28,000	26,551	1,449
Elections - Personnel Services	31,082	31,082	19,166	11,916
Elections - Other Services	9,600	9,600	6,940	2,660
Information services - Personnel Services	119,720	120,220	119,792	428
Information services - Other Services	363,067	390,017	358,432	31,585
Administration - Personnel Services	289,457	289,457	288,416	1,041
Administration - Other Services	138,015	138,015	85,575	52,440
Finance - Personnel Services	416,898	421,898	416,961	4,937
Finance - Other Services	96,724	96,724	95,867	857
Independent Audit	36,500	38,500	37,955	545
Assessor - Other Services	222,375	222,375	219,593	2,782
Legal counsel	337,532	337,532	324,065	13,467
Municipal buildings - Personnel Services	125,159	125,159	125,157	2
Municipal buildings - Other Services	119,215	119,215	111,428	7,787
Refunded Taxes	82,500	82,500	20,139	62,361
Property and liability insurance	93,575	93,575	65,454	28,121
Anticipated Underexpenditure	(455,820)	(455,820)	-	(455,820)
Contingency	625,000	292,262	25,488	266,774
Total General Government	<u>3,314,937</u>	<u>3,058,849</u>	<u>2,994,101</u>	<u>64,748</u>
Public Safety				
Police - Personnel Services	7,265,049	7,360,549	7,355,168	5,381
Police - Other Services	1,145,626	1,145,436	1,062,261	83,175
Dispatch - Personnel Services	1,095,593	1,095,593	1,021,564	74,029
Fire - Personnel Services	5,679,632	5,826,632	5,818,793	7,839
Fire - Other Services	473,100	473,100	404,553	68,547
Fire protection service charge	283,900	283,900	280,267	3,633
Building inspection - Personnel Services	788,275	788,275	734,075	54,200
Building inspection - Other Services	29,550	29,550	22,460	7,090
Sealer of weights and measures	7,600	7,600	7,600	-
Total Public Safety	<u>16,768,325</u>	<u>17,010,635</u>	<u>16,706,741</u>	<u>303,894</u>

(Continued)

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
CURRENT				
Public Works				
Engineering - Personnel Services	624,790	624,790	519,893	104,897
Engineering - Other Services	21,820	29,220	18,610	10,610
Highway - Personnel Services	2,399,102	2,379,102	2,261,670	117,432
Highway - Other Services	790,797	790,797	722,294	68,503
Street lighting	344,800	344,800	308,168	36,632
Weed control	15,050	15,050	4,973	10,077
Total Public Works	<u>4,196,359</u>	<u>4,183,759</u>	<u>3,835,608</u>	<u>348,151</u>
Health and Human Services				
Public health - Personnel Services	581,507	586,507	576,488	10,019
Public health - Other Services	68,790	74,790	65,644	9,146
Animal control	34,500	34,500	33,743	757
Total Health and Human Services	<u>684,797</u>	<u>695,797</u>	<u>675,875</u>	<u>19,922</u>
Culture and Recreation				
Senior activities and travel program	21,400	23,686	20,277	3,409
Parks - Personnel Services	109,093	129,093	126,945	2,148
Parks - Other Services	41,725	41,725	39,747	1,978
Total Culture and Recreation	<u>172,218</u>	<u>194,504</u>	<u>186,969</u>	<u>7,535</u>
Conservation and Development				
Planning - Personnel Services	336,310	336,310	335,317	993
Planning - Other Services	60,550	60,550	56,525	4,025
Economic development - Personnel Services	102,617	102,617	100,391	2,226
Economic development - Other Services	124,200	124,200	35,281	88,919
Total Conservation and Development	<u>623,677</u>	<u>623,677</u>	<u>527,514</u>	<u>96,163</u>
Total Expenditures	25,760,313	25,767,221	24,926,808	840,413
Transfers to Other Funds	<u>24,000</u>	<u>57,138</u>	<u>57,138</u>	<u>-</u>
Total Expenditures and Transfers Out	<u>\$ 25,784,313</u>	<u>\$ 25,824,359</u>	<u>\$ 24,983,946</u>	<u>\$ 840,413</u>

CITY OF FRANKLIN, WISCONSIN
Debt Service Fund
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE				
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ -
Special assessments	-	-	106,779	106,779
Investment earnings	-	-	11,613	11,613
Total revenue	<u>1,300,000</u>	<u>1,300,000</u>	<u>1,418,392</u>	<u>118,392</u>
EXPENDITURES				
Debt service				
Principal	1,355,000	1,355,000	1,355,000	-
Interest	272,463	272,463	144,736	127,727
Total expenditures	<u>1,627,463</u>	<u>1,627,463</u>	<u>1,499,736</u>	<u>127,727</u>
Excess (deficiency) of revenue over expenditures	<u>(327,463)</u>	<u>(327,463)</u>	<u>(81,344)</u>	<u>246,119</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	327,113	327,113	113,997	(213,116)
Premium (discount) on debt issued	-	-	51,071	51,071
Total other financing sources (uses)	<u>327,113</u>	<u>327,113</u>	<u>165,068</u>	<u>(162,045)</u>
Net change in fund balances	<u>\$ (350)</u>	<u>\$ (350)</u>	83,724	<u>\$ 84,074</u>
Fund balances - beginning			<u>651,298</u>	
Fund balances - ending			<u>\$ 735,022</u>	

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	Library Operating Fund				Library Auxiliary Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original Budget	Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE								
Taxes	\$ 1,296,600	\$ 1,296,600	\$ 1,296,600	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	90,000	90,000	88,601	(1,399)	-	-	-	-
Charges for Services	-	-	-	-	9,600	9,600	8,906	(694)
Investment earnings	8,500	8,500	7,081	(1,419)	100	100	100	-
Miscellaneous revenue	-	-	-	-	60,050	60,050	59,211	(839)
Total revenue	<u>1,395,100</u>	<u>1,395,100</u>	<u>1,392,282</u>	<u>(2,818)</u>	<u>69,750</u>	<u>69,750</u>	<u>68,217</u>	<u>(1,533)</u>
EXPENDITURES								
Current:								
Culture and recreation	1,366,871	1,365,871	1,215,212	150,659	46,250	46,250	45,282	968
Capital outlay	88,500	98,500	98,141	359	23,500	23,500	16,444	7,056
Total expenditures	<u>1,455,371</u>	<u>1,464,371</u>	<u>1,313,353</u>	<u>151,018</u>	<u>69,750</u>	<u>69,750</u>	<u>61,726</u>	<u>8,024</u>
Net change in fund balances	<u>\$ (60,271)</u>	<u>\$ (69,271)</u>	<u>78,929</u>	<u>\$ 148,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,491</u>	<u>\$ 6,491</u>
Fund balances - beginning			<u>371,371</u>				<u>124,289</u>	
Fund balances - ending			<u>\$ 450,300</u>				<u>\$ 130,780</u>	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	Solid Waste Fund				St Martin's Fair Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original Budget	Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE								
Intergovernmental revenue	\$ 69,200	\$ 69,200	\$ 68,838	\$ (362)	\$ -	\$ -	\$ -	\$ -
Public charges for services	1,549,200	1,561,200	1,561,305	105	-	-	-	-
Licenses and permits	-	-	-	-	37,400	37,400	25,285	(12,115)
Investment earnings	2,500	2,500	8,011	5,511	-	-	-	-
Miscellaneous revenue	500	500	35	(465)	3,600	3,600	450	(3,150)
Total revenue	<u>1,621,400</u>	<u>1,633,400</u>	<u>1,638,189</u>	<u>4,789</u>	<u>41,000</u>	<u>41,000</u>	<u>25,735</u>	<u>(15,265)</u>
EXPENDITURES								
Current:								
Public works	1,550,216	1,577,216	1,575,395	1,821	-	-	-	-
Culture and recreation	-	-	-	-	51,632	54,132	52,717	1,415
Total expenditures	<u>1,550,216</u>	<u>1,577,216</u>	<u>1,575,395</u>	<u>1,821</u>	<u>51,632</u>	<u>54,132</u>	<u>52,717</u>	<u>1,415</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>71,184</u>	<u>56,184</u>	<u>62,794</u>	<u>6,610</u>	<u>(10,632)</u>	<u>(13,132)</u>	<u>(26,982)</u>	<u>(13,850)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	11,000	11,000	11,000	-
Net change in fund balances	<u>\$ 71,184</u>	<u>\$ 56,184</u>	<u>62,794</u>	<u>\$ 6,610</u>	<u>\$ 368</u>	<u>\$ (2,132)</u>	<u>(15,982)</u>	<u>\$ (13,850)</u>
Fund balances (deficit) - beginning			<u>330,883</u>				<u>(18,470)</u>	
Fund balances (deficit) - ending			<u>\$ 393,677</u>				<u>\$ (34,452)</u>	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	Donations Fund				Civic Celebrations Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original Budget	Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE								
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ 600
Charges for services	-	-	-	-	77,000	97,000	114,256	17,256
Miscellaneous revenue	30,825	50,825	51,616	791	20,000	20,000	25,838	5,838
Total revenue	<u>30,825</u>	<u>50,825</u>	<u>51,616</u>	<u>791</u>	<u>97,000</u>	<u>117,000</u>	<u>140,694</u>	<u>23,694</u>
EXPENDITURES								
Current:								
Public works	79,600	76,500	31,101	45,399	-	-	-	-
Health and human services	600	600	588	12	-	-	-	-
Culture and recreation	-	2,000	2,104	(104)	108,837	129,337	136,353	(7,016)
Capital outlay	47,750	70,850	45,020	25,830	-	-	-	-
Total expenditures	<u>127,950</u>	<u>149,950</u>	<u>78,813</u>	<u>71,137</u>	<u>108,837</u>	<u>129,337</u>	<u>136,353</u>	<u>(7,016)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(97,125)</u>	<u>(99,125)</u>	<u>(27,197)</u>	<u>71,928</u>	<u>(11,837)</u>	<u>(12,337)</u>	<u>4,341</u>	<u>16,678</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	13,000	13,000	13,000	-
Transfers out	(1,500)	(1,500)	-	1,500	-	-	-	-
Net change in fund balances	<u>\$ (98,625)</u>	<u>\$ (100,625)</u>	<u>(27,197)</u>	<u>\$ 73,428</u>	<u>\$ 1,163</u>	<u>\$ 663</u>	<u>17,341</u>	<u>\$ 16,678</u>
Fund balances - beginning			<u>177,333</u>				<u>48,386</u>	
Fund balances - ending			<u>\$ 150,136</u>				<u>\$ 65,727</u>	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	Grant Fund			Variance with Final Budget - Excess (Deficiency)
	Original Budget	Final Budget	Actual	
REVENUE				
Intergovernmental revenue	\$ 217,500	\$ 237,613	\$ 224,564	\$ (13,049)
Miscellaneous revenue	8,500	8,500	8,745	245
Total revenue	<u>226,000</u>	<u>246,113</u>	<u>233,309</u>	<u>(12,804)</u>
EXPENDITURES				
Current:				
Public safety	-	5,000	5,000	-
Health and human services	263,374	276,237	181,978	94,259
Capital outlay	18,500	20,750	8,474	10,026
Total expenditures	<u>281,874</u>	<u>301,987</u>	<u>195,452</u>	<u>104,285</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(55,874)</u>	<u>(55,874)</u>	<u>37,857</u>	<u>91,481</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>	<u>2,000</u>
Net change in fund balances	<u>\$ (57,874)</u>	<u>\$ (57,874)</u>	<u>37,857</u>	<u>\$ 93,481</u>
Fund balances - beginning			<u>161,571</u>	
Fund balances - ending			<u>\$ 199,428</u>	

**CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds**

Schedule 7

**Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017**

	Capital Outlay Fund				Equipment Replacement Fund			
	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE								
Taxes	\$ 444,300	\$ 444,300	\$ 444,300	\$ -	\$ 348,300	\$ 348,300	\$ 348,300	\$ -
Intergovernmental revenue	-	-	7,849	7,849	-	-	-	-
Public charges for services - Landfill siting	148,000	148,000	148,000	-	200,000	200,000	200,000	-
Investment earnings (loss)	6,000	6,000	4,432	(1,568)	25,000	25,000	19,015	(5,985)
Miscellaneous revenue	-	-	401	401	-	-	750	750
Total revenue	<u>598,300</u>	<u>598,300</u>	<u>604,982</u>	<u>6,682</u>	<u>573,300</u>	<u>573,300</u>	<u>568,065</u>	<u>(5,235)</u>
EXPENDITURES								
Capital outlay	<u>696,868</u>	<u>944,213</u>	<u>660,381</u>	<u>283,832</u>	<u>650,000</u>	<u>686,891</u>	<u>622,563</u>	<u>64,328</u>
Total expenditures	<u>696,868</u>	<u>944,213</u>	<u>660,381</u>	<u>283,832</u>	<u>650,000</u>	<u>686,891</u>	<u>622,563</u>	<u>64,328</u>
Excess (deficiency) of revenue over expenditures	(98,568)	(345,913)	(55,399)	290,514	(76,700)	(113,591)	(54,498)	59,093
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	25,000	58,470	53,674	(4,796)	15,000	15,000	28,201	13,201
Transfers in	3,500	36,638	33,138	(3,500)	-	-	-	-
Transfers out	-	(26,950)	(26,950)	-	-	-	-	-
Net changes in fund balances	<u>\$ (70,068)</u>	<u>\$ (277,755)</u>	<u>4,463</u>	<u>\$ 282,218</u>	<u>\$ (61,700)</u>	<u>\$ (98,591)</u>	<u>(26,297)</u>	<u>\$ 72,294</u>
Adjustments to generally accepted accounting principles basis								
2016 encumbrances			(78,837)				(36,891)	
2017 encumbrances			88,492				4,000	
Fund balances - beginning			<u>338,922</u>				<u>2,371,003</u>	
Fund balances - ending			<u>\$ 353,040</u>				<u>\$ 2,311,815</u>	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	<u>Capital Improvement Fund</u>				<u>Street Improvement Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with final budget - Excess (Deficiency)</u>
REVENUE								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 704,900	\$ 704,900	\$ 704,900	\$ -
Intergovernmental revenue	-	638,000	-	(638,000)	-	-	-	-
Public charges for services - Landfill siting	389,500	389,500	370,758	(18,742)	133,000	133,000	133,000	-
Investment earnings (loss)	5,000	5,000	22,955	17,955	5,500	5,500	6,250	750
Miscellaneous revenue	-	110,000	-	(110,000)	-	-	-	-
Total revenue	<u>394,500</u>	<u>1,142,500</u>	<u>393,713</u>	<u>(748,787)</u>	<u>843,400</u>	<u>843,400</u>	<u>844,150</u>	<u>750</u>
EXPENDITURES								
Capital outlay	24,246,001	26,646,507	455,012	26,191,495	940,000	940,000	815,212	124,788
Debt issuance costs	170,000	170,000	40,442	129,558	-	-	-	-
Total expenditures	<u>24,416,001</u>	<u>26,816,507</u>	<u>495,454</u>	<u>26,321,053</u>	<u>940,000</u>	<u>940,000</u>	<u>815,212</u>	<u>124,788</u>
Excess (deficiency) of revenue over expenditures	(24,021,501)	(25,674,007)	(101,741)	25,572,266	(96,600)	(96,600)	28,938	125,538
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	-	97,480	97,480	-	-	-	-	-
Transfers in	14,628,975	15,018,975	661	(15,018,314)	-	-	-	-
Transfers out	-	(113,516)	-	113,516	-	-	-	-
General obligation debt issued	8,500,000	8,500,000	1,630,000	(6,870,000)	-	-	-	-
Net changes in fund balances	<u>\$ (892,526)</u>	<u>\$ (2,171,068)</u>	<u>1,626,400</u>	<u>\$ 3,797,468</u>	<u>\$ (96,600)</u>	<u>\$ (96,600)</u>	<u>28,938</u>	<u>\$ 125,538</u>
Adjustments to generally accepted accounting principles basis								
2016 encumbrances			(1,145,025)				-	
2017 encumbrances			596,846				-	
Fund balances - beginning			<u>2,717,272</u>				<u>257,328</u>	
Fund balances - ending			<u>\$ 3,795,493</u>				<u>\$ 286,266</u>	

(continued)

CITY OF FRANKLIN, WISCONSIN
Capital Projects Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	Development Fund				Utility Development Fund		
	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)	Original and final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE							
Special assessments	\$ 791,000	\$ 791,000	\$ 281,413	\$ (509,587)	\$ 162,100	\$ 143,537	\$ (18,563)
Investment earnings	36,618	36,618	40,848	4,230	44,400	45,651	1,251
Total revenue	<u>827,618</u>	<u>827,618</u>	<u>322,261</u>	<u>(505,357)</u>	<u>206,500</u>	<u>189,188</u>	<u>(17,312)</u>
EXPENDITURES							
General government	5,000	8,320	-	8,320	-	-	-
Capital outlay	500,000	500,000	99,665	400,335	-	-	-
Total expenditures	<u>505,000</u>	<u>508,320</u>	<u>99,665</u>	<u>408,655</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	322,618	319,298	222,596	(96,702)	206,500	189,188	(17,312)
OTHER FINANCING SOURCES (USES)							
Transfers out	(3,345,635)	(3,345,635)	(114,658)	3,230,977	(900,000)	-	900,000
Net changes in fund balances	<u>\$ (3,023,017)</u>	<u>\$ (3,026,337)</u>	107,938	<u>\$ 3,134,275</u>	<u>\$ (693,500)</u>	189,188	<u>\$ 882,688</u>
Adjustments to generally accepted accounting principles basis							
2016 encumbrances			(3,321)			-	
2017 encumbrances			3,321			-	
Fund balances - beginning			<u>4,058,562</u>			<u>1,224,190</u>	
Fund balances - ending			<u>\$ 4,166,500</u>			<u>\$ 1,413,378</u>	

CITY OF FRANKLIN, WISCONSIN
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - Agency Funds
For the Year Ended December 31, 2017

PROPERTY TAX AGENCY FUND	12/31/16	Additions	Deductions	12/31/17
ASSETS				
Cash and investments	\$ 56,624,473	\$ 97,711,107	\$ 96,316,774	\$ 58,018,806
Receivables				
Taxes receivable	15,012,442	122,796,698	123,812,135	13,997,006
Accounts receivable	<u>63,846</u>	<u>39,453</u>	<u>58,871</u>	<u>44,428</u>
Total assets	<u>\$ 71,700,761</u>	<u>\$ 220,547,259</u>	<u>\$ 220,187,780</u>	<u>\$ 72,060,240</u>
LIABILITIES				
Accounts payable	\$ 261,971	\$ 168,231,126	\$ 168,070,137	\$ 100,982
Due to other governments	<u>71,438,790</u>	<u>71,557,998</u>	<u>72,078,466</u>	<u>71,959,258</u>
Total liabilities	<u>\$ 71,700,761</u>	<u>\$ 239,789,124</u>	<u>\$ 240,148,603</u>	<u>\$ 72,060,240</u>
OTHER AGENCY FUND				
ASSETS				
Cash and investments	\$ 9,419	\$ 33,265	\$ 30,991	\$ 11,693
Accounts receivable	<u>3,827</u>	<u>22,359</u>	<u>22,500</u>	<u>3,685</u>
Total assets	<u>\$ 13,246</u>	<u>\$ 55,624</u>	<u>\$ 53,491</u>	<u>\$ 15,378</u>
LIABILITIES				
Accounts payable	\$ 1,888	\$ 23,055	\$ 22,827	\$ 1,660
Special deposits	<u>11,358</u>	<u>31,286</u>	<u>33,646</u>	<u>13,718</u>
Total liabilities	<u>\$ 13,246</u>	<u>\$ 54,341</u>	<u>\$ 56,473</u>	<u>\$ 15,378</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 56,633,892	\$ 97,744,372	\$ 96,347,765	\$ 58,030,499
Receivables				
Taxes receivable	15,012,442	122,796,698	123,812,135	13,997,006
Accounts receivable	<u>67,673</u>	<u>61,812</u>	<u>81,371</u>	<u>48,113</u>
Total assets	<u>\$ 71,714,007</u>	<u>\$ 220,602,882</u>	<u>\$ 220,241,271</u>	<u>\$ 72,075,618</u>
LIABILITIES				
Accounts payable	\$ 263,859	\$ 168,254,181	\$ 168,092,964	\$ 102,642
Due to other governments	71,438,790	71,557,998	72,078,466	71,959,258
Special deposits	<u>11,358</u>	<u>31,286</u>	<u>33,646</u>	<u>13,718</u>
Total liabilities	<u>\$ 71,714,007</u>	<u>\$ 239,843,465</u>	<u>\$ 240,205,076</u>	<u>\$ 72,075,618</u>

CITY OF FRANKLIN, WISCONSIN
TIF Districts Fund
Combining Balance Sheet
As of December 31, 2017

	<u>District #3</u>	<u>District #4</u>	<u>District #5</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 1,288,477	\$ 2,407,183	\$ 820	\$ 3,696,480
Taxes receivable	1,381,191	1,059,413	30,500	2,471,104
Total assets	<u>\$ 2,669,668</u>	<u>\$ 3,466,596</u>	<u>\$ 31,320</u>	<u>\$ 6,167,584</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,323,600	\$ 1,184	\$ -	\$ 1,324,784
Due to other funds	-	-	24,695	24,695
Advances from Other Funds	50,000	-	75,000	125,000
Total liabilities	<u>1,373,600</u>	<u>1,184</u>	<u>99,695</u>	<u>1,474,479</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	<u>1,381,191</u>	<u>1,059,413</u>	<u>30,500</u>	<u>2,471,104</u>
FUND BALANCES (DEFICIT)				
Restricted	-	2,405,999	-	2,405,999
Unassigned (deficit)	<u>(85,123)</u>	<u>-</u>	<u>(98,875)</u>	<u>(183,998)</u>
Total fund balances (deficit)	<u>(85,123)</u>	<u>2,405,999</u>	<u>(98,875)</u>	<u>2,222,001</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 2,669,668</u>	<u>\$ 3,466,596</u>	<u>\$ 31,320</u>	<u>\$ 6,167,584</u>

CITY OF FRANKLIN, WISCONSIN
TIF Districts Fund
Combining Schedule of TIF Districts Revenue, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2017

	<u>District #3</u>	<u>District #4</u>	<u>District #5</u>	<u>Total</u>
REVENUE				
Taxes	\$ 1,253,575	\$ 1,162,066	\$ -	\$ 2,415,641
Intergovernmental revenue	458,196	15,960	-	474,156
Investment earnings (loss)	23,049	18,283	-	41,332
Total revenue	<u>1,734,820</u>	<u>1,196,309</u>	<u>-</u>	<u>2,931,129</u>
EXPENDITURES				
Current:				
General government	50,637	10,285	150	61,072
Public works	-	22,307	15,071	37,378
Conservation and development	7,950	-	31,808	39,758
Capital outlay	1,353,609	-	-	1,353,609
Debt service				-
Principal	1,675,000	-	-	1,675,000
Interest and fiscal charges	74,152	-	-	74,152
Total expenditures	<u>3,161,348</u>	<u>32,592</u>	<u>47,029</u>	<u>3,240,969</u>
Net change in fund balances	<u>(1,426,528)</u>	<u>1,163,717</u>	<u>(47,029)</u>	<u>(309,840)</u>
Fund balances (deficit) - beginning	<u>1,341,405</u>	<u>1,242,282</u>	<u>(51,846)</u>	<u>2,531,841</u>
Fund balances (deficit) - ending	<u>\$ (85,123)</u>	<u>\$ 2,405,999</u>	<u>\$ (98,875)</u>	<u>\$ 2,222,001</u>

CITY OF FRANKLIN, WISCONSIN
TIF Districts
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

	District 3				District 4			
	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE								
Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,253,575	\$ (46,425)	\$ 1,079,000	\$ 1,096,000	\$ 1,162,066	\$ 66,066
Intergovernmental revenue	464,300	464,300	458,196	(6,104)	16,200	16,200	15,960	(240)
Investment earnings (loss)	3,000	3,000	23,049	20,049	19,200	19,200	18,283	(917)
Total revenue	<u>1,767,300</u>	<u>1,767,300</u>	<u>1,734,820</u>	<u>(32,480)</u>	<u>1,114,400</u>	<u>1,131,400</u>	<u>1,196,309</u>	<u>64,909</u>
EXPENDITURES								
General government	12,720	51,920	50,637	1,283	9,075	26,075	25,284	791
Public works	-	-	-	-	-	80,000	58,501	21,499
Conservation and development	-	7,950	7,950	-	-	980,000	-	980,000
Capital outlay	-	1,645,124	14,973	1,630,151	-	-	-	-
Debt Service								
Principal	1,675,000	1,675,000	1,675,000	-	-	-	-	-
Interest	74,575	74,575	74,152	423	-	-	-	-
Total expenditures	<u>1,762,295</u>	<u>3,454,569</u>	<u>1,822,712</u>	<u>1,631,857</u>	<u>9,075</u>	<u>1,086,075</u>	<u>83,785</u>	<u>1,002,290</u>
Excess (deficiency) of revenue over expenditures	5,005	(1,687,269)	(87,892)	1,599,377	1,105,325	45,325	1,112,524	1,067,199
OTHER FINANCING SOURCES (USES)								
Transfers in	-	113,516	-	(113,516)	-	-	-	-
Net changes in fund balances	<u>\$ 5,005</u>	<u>\$ (1,573,753)</u>	<u>(87,892)</u>	<u>\$ 1,485,861</u>	<u>\$ 1,105,325</u>	<u>\$ 45,325</u>	<u>1,112,524</u>	<u>\$ 1,067,199</u>
Adjustments to generally accepted accounting principles basis								
2016 encumbrances			(1,341,608)				-	
2017 encumbrances			2,972				51,193	
Fund balances - beginning			<u>1,341,405</u>				<u>1,242,282</u>	
Fund balances (deficit) - ending			<u>\$ (85,123)</u>				<u>\$ 2,405,999</u>	

(Continued)

CITY OF FRANKLIN, WISCONSIN
TIF Districts
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2017

District 5				
	Original Budget	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenue	-	-	-	-
EXPENDITURES				
General government	35,370	42,870	7,650	35,220
Public works	4,000	26,648	20,000	6,648
Conservation and development	21,900	51,900	48,121	3,779
Debt Service				
Interest	127,125	127,125	-	127,125
Debt issuance costs	79,575	79,575	-	79,575
Total expenditures	267,970	328,118	75,771	252,347
Excess (deficiency) of revenue over expenditures	(267,970)	(328,118)	(75,771)	252,347
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,949,250)	(10,949,250)	-	10,949,250
General obligation debt issued	11,575,000	11,575,000	-	(11,575,000)
Premium on debt issued	144,688	144,688	-	(144,688)
Net changes in fund balances	\$ 502,468	\$ 442,320	(75,771)	\$ (518,091)
Adjustments to generally accepted accounting principles basis				
2017 encumbrances			28,742	
Fund balances (deficit) - beginning			(51,846)	
Fund balances (deficit) - ending			\$ (98,875)	

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
As of December 31, 2017

Governmental funds capital assets:

Land	\$ 25,072,951
Buildings and improvements	26,860,342
Machinery and equipment	18,562,309
Infrastructure improvements	104,393,847
Construction in process	<u>442,804</u>

Total governmental funds capital assets \$ 175,332,253

Investment in governmental capital assets by source:

General Fund	\$ 614,851
Special Revenue Funds	3,216,907
Capital Projects Funds	94,962,982
Donations	<u>76,537,513</u>

Total governmental funds capital assets \$ 175,332,253

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended December 31, 2017

<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>
General Government:						
Mayor	\$ -	\$ -	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	-	-	9,584	-	-	9,584
Municipal court	-	-	35,210	-	-	35,210
City clerk	-	-	21,416	-	-	21,416
Elections	-	-	24,610	-	-	24,610
Information services	-	-	733,899	-	-	733,899
Administration	-	-	261,310	-	-	261,310
Human resources	-	-	9,617	-	-	9,617
Finance	-	-	189,179	-	-	189,179
Assessor	-	-	46,080	-	-	46,080
Attorney	-	-	906	-	-	906
Municipal buildings	597,437	3,472,282	499,539	-	-	4,569,258
Total General Government	<u>597,437</u>	<u>3,472,282</u>	<u>1,833,552</u>	<u>-</u>	<u>-</u>	<u>5,903,271</u>
Public Safety:						
Police	1,201,829	8,401,443	2,447,585	-	-	12,050,857
Fire	63,248	4,351,456	3,734,300	-	-	8,149,004
Building inspection	-	-	322,657	-	-	322,657
Total Public Safety	<u>1,265,077</u>	<u>12,752,899</u>	<u>6,504,542</u>	<u>-</u>	<u>-</u>	<u>20,522,518</u>
Public Works:						
Engineering	-	-	334,980	-	-	334,980
Highway	357,407	2,845,202	6,239,882	-	-	9,442,491
Street Lighting	-	-	1,097	-	-	1,097
Infrastructure	18,857,376	-	-	104,393,847	-	123,251,223
Construction in process	-	-	-	-	442,804	442,804
Total Public Works	<u>19,214,783</u>	<u>2,845,202</u>	<u>6,575,959</u>	<u>104,393,847</u>	<u>442,804</u>	<u>133,472,595</u>
Health & Human Services:						
Health	-	-	131,833	-	-	131,833
Culture and Recreation:						
Library	-	4,969,004	2,697,053	-	-	7,666,057
Parks	3,995,654	2,820,955	771,185	-	-	7,587,794
Total Culture and Recreation	<u>3,995,654</u>	<u>7,789,959</u>	<u>3,468,238</u>	<u>-</u>	<u>-</u>	<u>15,253,851</u>
Conservation and Development:						
Planning	-	-	48,185	-	-	48,185
Total Conservation and Development	<u>-</u>	<u>-</u>	<u>48,185</u>	<u>-</u>	<u>-</u>	<u>48,185</u>
Total governmental funds capital assets	<u>\$ 25,072,951</u>	<u>\$ 26,860,342</u>	<u>\$ 18,562,309</u>	<u>\$ 104,393,847</u>	<u>\$ 442,804</u>	<u>\$ 175,332,253</u>

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2017

Function and Activity	Governmental Funds Capital Assets				12/31/17
	12/31/16	Additions	Deletions	Transfers	
General Government:					
Mayor	\$ 2,202	\$ -	\$ -	\$ -	\$ 2,202
Aldermen	9,584	-	-	-	9,584
Municipal court	35,210	-	-	-	35,210
City clerk	21,416	-	-	-	21,416
Elections	24,610	-	-	-	24,610
Information services	660,460	73,439	-	-	733,899
Administration	261,310	-	-	-	261,310
Human resources	9,617	-	-	-	9,617
Finance	167,549	21,630	-	-	189,179
Assessor	46,080	-	-	-	46,080
Attorney	906	-	-	-	906
Municipal buildings	4,569,258	-	-	-	4,569,258
Total General Government	5,808,202	95,069	-	-	5,903,271
Public Safety:					
Police	12,036,610	182,380	163,156	(4,977)	12,050,857
Fire	8,033,703	212,806	102,482	4,977	8,149,004
Building inspection	273,105	49,552	-	-	322,657
Total Public Safety	20,343,418	444,738	265,638	-	20,522,518
Public Works:					
Engineering	334,980	-	-	-	334,980
Highway	8,993,741	507,000	58,250	-	9,442,491
Street lighting	1,097	-	-	-	1,097
Infrastructure	116,827,325	6,452,369	28,471	-	123,251,223
Construction in process	1,019,925	1,964,332	2,541,453	-	442,804
Total Public Works	127,177,068	8,923,701	2,628,174	-	133,472,595
Health & Human Services:					
Health	131,833	-	-	-	131,833
Culture and Recreation:					
Library	7,671,638	107,155	112,736	-	7,666,057
Parks	7,577,018	10,776	-	-	7,587,794
Total Culture and Recreation	15,248,656	117,931	112,736	-	15,253,851
Conservation and Development:					
Planning	48,185	-	-	-	48,185
Total Conservation and Development	48,185	-	-	-	48,185
Total governmental funds capital assets	\$ 168,757,362	\$ 9,581,439	\$ 3,006,548	\$ -	\$ 175,332,253

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STATISTICAL SECTION

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Statistical Section

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

Financial Trends

Table 1

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

Revenue Capacity

Table 5

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

Debt Capacity

Table 11

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

Demographic and Economic Information

Table 14

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

Operating Information

Table 17

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

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

Table 1

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012 (2)	2011	2010	2009	2008
Governmental activities										
Net Investment in capital assets	\$ 115,417,617	\$ 110,638,152	\$ 107,184,603	\$ 106,031,877	\$ 104,721,982	\$ 104,097,426	\$ 94,637,222	\$ 88,776,271	\$ 84,178,261	\$ 71,753,307
Restricted										
Debt service	552,375	658,091	482,773	580,605	722,710	535,337	4,076,267	3,050,470	2,263,238	8,550,662
Utility improvements	2,169,298	2,103,487	1,999,759	1,918,450	1,523,989	1,623,959	1,985,774	1,723,133	1,643,220	1,353,540
Development	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731	3,895,040	3,620,826	3,051,562	3,083,708
Library	581,080	495,660	524,137	598,752	582,292	541,825	492,473	488,302	442,509	414,428
Donations and other	3,426,760	3,301,860	602,281	560,306	507,955	541,755	300,582	311,101	279,730	286,114
Unrestricted (deficit)	11,303,345	14,522,376	16,401,941	8,848,660	4,889,704	1,487,025	2,582,464	2,311,078	(2,085,981)	(791,175)
Total governmental activities net position	\$ 137,616,975	\$ 135,778,188	\$ 131,047,147	\$ 122,708,989	\$ 118,000,800	\$ 113,442,058	\$ 107,969,822	\$ 100,281,181	\$ 89,772,539	\$ 84,650,584
Business-type activities		(1)								
Net Investment in capital assets	\$ 86,584,568	\$ 88,115,672	\$ 88,861,706	\$ 88,567,257	\$ 89,095,184	\$ 89,398,082	\$ 89,550,594	\$ 90,202,124	\$ 90,828,559	\$ 90,842,486
Restricted										
Sewer equipment replacement	178,590	394,227	356,106	313,558	277,230	334,508	293,844	261,852	227,388	231,384
Long term receivable - RCI	20,014,692	21,200,228								
Unrestricted	4,179,263	3,450,718	2,853,728	4,015,630	3,017,842	2,518,834	3,171,123	2,763,610	2,875,722	2,309,236
Total business-type activities net position	\$ 110,957,113	\$ 113,160,845	\$ 92,071,540	\$ 92,896,445	\$ 92,390,256	\$ 92,251,424	\$ 93,015,561	\$ 93,227,586	\$ 93,931,669	\$ 93,383,106
Total	(3)	(3)								
Net Investment in capital assets	\$ 201,846,895	\$ 198,334,454	\$ 196,046,309	\$ 194,599,134	\$ 193,817,166	\$ 193,495,508	\$ 184,187,816	\$ 178,978,395	\$ 175,006,820	\$ 162,595,793
Restricted										
Debt service	552,375	658,091	482,773	580,605	722,710	535,337	4,076,267	3,050,470	2,263,238	8,550,662
Utility improvements	2,169,298	2,103,487	1,999,759	1,918,450	1,523,989	1,623,959	1,985,774	1,723,133	1,643,220	1,353,540
Development	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731	3,895,040	3,620,826	3,051,562	3,083,708
TIF Districts	581,080	495,660	524,137	598,752	582,292	541,825	492,473	488,302	442,509	414,428
Donations and grants	3,426,760	3,301,860	602,281	560,306	507,955	541,755	300,582	311,101	279,730	286,114
Sewer replacement	178,590	394,227	356,106	313,558	277,230	334,508	293,844	261,852	227,388	231,384
Intergovernmental Cooperation	20,014,692	21,200,228								
Unrestricted	15,637,898	18,392,464	19,255,669	12,864,290	7,907,546	4,005,859	5,753,587	5,074,688	789,741	1,518,061
Total net position	\$ 248,574,088	\$ 248,939,033	\$ 223,118,687	\$ 215,605,434	\$ 210,391,056	\$ 205,693,482	\$ 200,985,383	\$ 193,508,767	\$ 183,704,208	\$ 178,033,690

Notes:

- (1) Ryan Creek Interceptor Sewer brought on Sewer Fund Balance Sheet in 2016
 (2) 2012 and prior years have been reclassified to be consistent with the current year presentation
 (3) Amounts do not crossfoot related to Business-type assets financed by Government debt - see footnotes

Table 2

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	****		***							
Expenses										
Governmental activities:										
General government	\$ 3,310,893	\$ 3,202,942	\$ 2,990,355	\$ 2,919,940	\$ 2,915,267	\$ 2,794,497	\$ 2,749,207	\$ 2,897,491	\$ 2,948,713	\$ 3,028,903
Public safety	18,839,063	18,398,830	16,959,091	16,194,631	16,484,847	17,228,769	16,622,386	16,003,898	15,526,031	15,598,642
Public works	7,478,288	8,432,828	8,304,583	7,231,238	6,550,808	6,182,036	6,596,316	6,208,391	6,034,720	6,900,408
Health and human services	889,434	794,502	726,000	673,332	698,088	730,499	649,656	698,944	708,084	663,262
Culture and recreation	2,202,090	1,872,691	1,969,297	1,865,832	1,838,700	1,870,573	1,890,350	1,919,689	1,753,139	1,803,155
Conservation and development	586,622	547,060	576,421	459,884	422,095	412,066	957,877	529,833	600,099	718,032
Interest on long term debt	165,254	313,301	405,022	582,211	802,562	1,272,721	1,553,257	1,920,023	2,253,215	2,654,969
Total governmental activities expenses	<u>33,471,644</u>	<u>33,562,154</u>	<u>31,930,769</u>	<u>29,927,068</u>	<u>29,712,367</u>	<u>30,491,161</u>	<u>31,019,049</u>	<u>30,178,269</u>	<u>29,824,001</u>	<u>31,367,371</u>
Business-type activities										
Water	5,429,943	5,632,322	5,766,088	5,077,744	5,051,835	5,064,149	4,251,187	4,076,409	4,216,453	3,928,578
Sewer	5,724,633	5,758,112	4,148,420	4,180,946	4,133,632	3,640,106	3,373,459	3,376,505	3,226,261	3,069,523
Total business-type activities expenses	<u>11,154,576</u>	<u>11,390,434</u>	<u>9,914,508</u>	<u>9,258,690</u>	<u>9,185,467</u>	<u>8,704,255</u>	<u>7,624,646</u>	<u>7,452,914</u>	<u>7,442,714</u>	<u>6,998,101</u>
Total expenses	<u>\$ 44,626,220</u>	<u>\$ 44,952,588</u>	<u>\$ 41,845,277</u>	<u>\$ 39,185,758</u>	<u>\$ 38,897,834</u>	<u>\$ 39,195,416</u>	<u>\$ 38,643,695</u>	<u>\$ 37,631,183</u>	<u>\$ 37,266,715</u>	<u>\$ 38,365,472</u>
Program Revenue										
Governmental activities:										
**										
Charges for services:										
General government	\$ 150,998	\$ 138,723	\$ 150,787	\$ 213,328	\$ 251,573	\$ 163,947	\$ 217,360	\$ 270,412	\$ 305,232	\$ 210,433
Public safety	2,371,577	2,325,154	2,362,176	2,268,334	2,459,946	2,226,209	2,173,060	2,154,618	2,068,413	2,267,580
Public works	2,699,691	2,828,139	2,719,888	2,638,717	2,388,273	2,417,109	1,490,348	1,230,437	660,670	739,948
Health and human services	181,625	184,304	164,674	115,650	118,702	126,516	105,686	54,385	69,855	86,439
Culture and recreation	204,845	176,065	146,594	118,008	113,217	45,992	181,414	311,757	146,256	143,797
Conservation and development	152,247	122,264	152,588	51,917	63,366	73,530	78,667	64,168	67,051	305,299
Operating grants and contributions	1,829,490	1,882,406	1,809,520	1,901,262	1,838,950	2,144,164	2,136,106	1,921,805	2,080,213	2,285,275
Capital grants and contributions	3,143,577	3,677,886	1,144,757	1,437,524	1,659,859	1,240,439	1,334,285	2,570,564	1,190,090	1,735,333
Total governmental activities program revenue	<u>10,734,050</u>	<u>11,334,941</u>	<u>8,650,984</u>	<u>8,744,740</u>	<u>8,893,886</u>	<u>8,437,906</u>	<u>7,716,926</u>	<u>8,578,146</u>	<u>6,587,780</u>	<u>7,774,104</u>
Business-type activities										
Charges for services:										
Water	6,057,085	6,054,573	5,609,928	5,421,719	5,403,994	5,361,646	4,539,066	4,395,269	4,454,495	4,218,653
Sewer	3,313,854	3,328,550	3,340,382	3,266,897	3,243,737	3,142,062	3,124,786	3,062,486	2,994,024	2,706,583
Capital grants and contributions	-	349,952	566,251	238,557	-	-	-	210,668	337,667	734,367
Total business-type activities program revenue	<u>9,370,939</u>	<u>9,733,075</u>	<u>9,516,561</u>	<u>8,927,173</u>	<u>8,647,731</u>	<u>8,503,708</u>	<u>7,663,852</u>	<u>7,668,423</u>	<u>7,786,186</u>	<u>7,659,603</u>
Total program revenue	<u>\$ 20,104,989</u>	<u>\$ 21,068,016</u>	<u>\$ 18,167,545</u>	<u>\$ 17,671,913</u>	<u>\$ 17,541,617</u>	<u>\$ 16,941,614</u>	<u>\$ 15,380,778</u>	<u>\$ 16,246,569</u>	<u>\$ 14,373,966</u>	<u>\$ 15,433,707</u>

** Restated - In 2012 the Solid Waste Fee began

*** Implemented GASB 68

**** Implemented GASB 75

continued

Table 2
(concluded)

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
	(4)	(3)	(2)			(1)				
Net (Expense)/Revenue										
Governmental activities	\$ (22,737,594)	\$ (22,227,213)	\$ (23,279,785)	\$ (21,182,328)	\$ (20,818,481)	\$ (22,053,255)	\$ (23,302,123)	\$ (21,600,123)	\$ (23,236,221)	\$ (23,593,267)
Business-type activities	(1,783,637)	(1,657,359)	(397,947)	(331,517)	(537,736)	(200,547)	39,206	215,509	343,472	661,502
Total net expense	\$ (24,521,231)	\$ (23,884,572)	\$ (23,677,732)	\$ (21,513,845)	\$ (21,356,217)	\$ (22,253,802)	\$ (23,262,917)	\$ (21,384,614)	\$ (22,892,749)	\$ (22,931,765)
General Revenue and other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 19,209,536	\$ 19,057,468	\$ 19,022,087	\$ 18,905,872	\$ 18,884,009	\$ 18,695,907	\$ 19,058,282	\$ 18,523,570	\$ 18,237,375	\$ 17,534,150
Property taxes levied for debt service	1,300,000	1,500,000	1,600,000	1,600,000	1,650,000	1,750,000	1,900,000	1,900,000	1,900,000	2,000,000
Property taxes levied for TIF Districts	2,415,640	3,111,557	2,690,637	2,526,925	2,410,131	2,560,324	5,645,805	7,457,955	4,829,216	4,685,811
Other taxes	1,020,027	863,735	785,195	726,774	723,985	708,832	673,736	699,431	666,767	472,575
Intergovernmental revenue not restricted to specific programs	1,404,222	1,350,257	1,804,045	1,519,848	1,620,331	1,590,209	2,292,529	1,485,982	1,380,418	1,320,286
Investment earnings	406,902	315,376	411,650	695,541	87,278	784,932	973,349	907,723	1,401,560	1,862,688
Miscellaneous revenue	27,612	54,447	48,685	43,170	66,191	394,032	40,091	58,885	43,566	14,451
Gain on sale of capital assets	99,668	106,934	13,106	16,988	2,024	32,129	58,871	64,070	-	-
Transfers	989,602	391,099	1,044,459	(144,601)	(66,726)	1,009,126	348,101	1,011,149	(100,726)	424,212
Total governmental activities	26,873,209	26,750,873	27,419,864	25,890,517	25,377,223	27,525,491	30,990,764	32,108,765	28,358,176	28,314,173
Business-type activities:										
Investment earnings	529,004	437,909	593,128	642,227	569,444	318,669	32,320	41,393	46,738	67,617
Miscellaneous revenue	85,943	136,782	73,601	50,878	40,398	126,867	64,550	50,164	57,627	267,819
Transfers	(989,602)	(391,099)	(1,044,459)	144,601	66,726	(1,009,126)	(348,101)	(1,011,149)	100,726	(424,212)
Total business-type activities	(374,655)	183,592	(377,730)	837,706	676,568	(563,590)	(251,231)	(919,592)	205,091	(88,776)
Total General Revenue and other Changes in Net Position	\$ 26,498,554	\$ 26,934,465	\$ 27,042,134	\$ 26,728,223	\$ 26,053,791	\$ 26,961,901	\$ 30,739,533	\$ 31,189,173	\$ 28,563,267	\$ 28,225,397
Change in Net Position										
Governmental activities	\$ 4,135,615	\$ 4,523,660	\$ 4,140,079	\$ 4,708,189	\$ 4,558,742	\$ 5,472,236	\$ 7,688,641	\$ 10,508,642	\$ 5,121,955	\$ 4,720,906
Governmental activities - prior period adjustment	(2,296,828)	-	4,198,079	-	-	-	-	-	-	-
Business-type activities:	(2,158,292)	(1,473,767)	(775,677)	506,189	138,832	(764,137)	(212,025)	(704,083)	548,563	572,726
Business-type activities - prior period adjustment	(45,440)	22,451,460	(49,228)	-	-	-	-	-	-	-
Total	\$ (364,945)	\$ 25,501,353	\$ 7,513,253	\$ 5,214,378	\$ 4,697,574	\$ 4,708,099	\$ 7,476,616	\$ 9,804,559	\$ 5,670,518	\$ 5,293,632

(1) Restated - in 2012 the Solid Waste Fee began
(2) Implemented GASB 68
(3) Restated for Ryan Creek Interceptor Sewer
(4) Implemented GASB 75

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund						*				
Nonspendable:										
Inventories and prepaid items	\$ 15,848	\$ 46,342	\$ 41,186	\$ 78,455	\$ 45,866	\$ 62,936	\$ 55,820	\$ 75,673	\$ 24,927	\$ 25,109
Advances to other funds	230,700	2,248,616	2,198,616	2,198,616	505,040	-	-	-	-	-
Assigned - Purchase Orders	150,565	61,626	147,121	207,270	-	-	-	-	-	-
Unassigned	<u>6,190,398</u>	<u>5,334,100</u>	<u>6,662,986</u>	<u>6,148,771</u>	<u>7,230,661</u>	<u>6,439,199</u>	<u>6,065,053</u>	<u>5,400,912</u>	<u>5,079,711</u>	<u>5,519,932</u>
Total general fund	<u>6,587,511</u>	<u>7,690,684</u>	<u>9,049,909</u>	<u>8,633,112</u>	<u>7,781,567</u>	<u>6,502,135</u>	<u>6,120,873</u>	<u>5,476,585</u>	<u>5,104,638</u>	<u>5,545,041</u>
All other governmental funds:										
Nonspendable:										
Prepays	650	1,274	730	900	2,475	21,800	10,313	10,181	15,707	-
Restricted:										
Debt service	735,022	651,298	507,283	546,238	6,801,945	7,423,733	7,876,755	8,393,278	8,845,900	12,091,660
Utility improvements	1,413,378	1,224,190	907,003	672,431	443,438	543,408	640,787	356,798	147,317	12,640
Development	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731	7,633,040	6,408,826	5,869,562	9,383,708
TIF Districts	2,405,999	2,583,687	996,460	347,978	-	-	552,904	1,804,838	536,476	184,257
Donations	150,136	177,333	133,678	122,550	102,326	105,238	299,982	311,101	279,730	286,114
Health services	199,428	161,571	160,003	175,220	165,846	179,239	-	-	-	-
Library services	580,430	494,386	523,237	596,277	579,817	520,775	492,473	488,302	442,509	414,428
Solid waste	393,677	330,883	260,944	216,385	188,307	100,546	-	-	-	-
Recreational services	65,727	48,386	47,656	46,151	51,476	52,244	72,857	179,224	165,348	132,206
Tourism Commission	211,793	-	-	-	-	-	-	-	-	-
Assigned:										
Capital projects	6,746,614	5,684,525	4,906,594	4,699,459	2,791,111	2,724,764	2,372,072	2,710,245	1,378,971	3,640,970
Unassigned	<u>(218,450)</u>	<u>(70,316)</u>	<u>(150,927)</u>	<u>(2,196,383)</u>	<u>(5,180,799)</u>	<u>(5,965,890)</u>	<u>(3,663,211)</u>	<u>(4,009,430)</u>	<u>(5,904,216)</u>	<u>(5,891,813)</u>
Total all other government funds	<u>16,850,904</u>	<u>15,345,779</u>	<u>12,144,314</u>	<u>9,397,545</u>	<u>10,998,110</u>	<u>10,320,588</u>	<u>16,287,972</u>	<u>16,653,363</u>	<u>11,777,304</u>	<u>20,254,170</u>
Total fund balances	<u>\$ 23,438,415</u>	<u>\$ 23,036,463</u>	<u>\$ 21,194,223</u>	<u>\$ 18,030,657</u>	<u>\$ 18,779,677</u>	<u>\$ 16,822,723</u>	<u>\$ 22,408,845</u>	<u>\$ 22,129,948</u>	<u>\$ 16,881,942</u>	<u>\$ 25,799,211</u>

Notes:

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

Table 4

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

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenue						**				
Taxes	\$23,815,159	\$ 24,532,761	\$ 24,097,919	\$ 23,759,571	\$ 23,668,125	\$ 23,715,063	\$ 27,277,823	\$ 28,580,956	\$ 25,633,358	\$ 24,692,536
Intergovernmental revenue	3,128,969	3,158,596	3,490,037	3,408,075	3,438,041	3,757,618	4,380,850	3,704,159	3,299,648	3,536,635
Licenses and permits	799,762	692,524	706,977	808,302	912,357	755,027	702,674	729,432	609,278	723,225
Fines, forfeitures and penalties	485,407	498,653	484,957	421,976	411,795	457,499	433,106	422,506	385,427	362,928
Public charges for services	4,139,471	4,042,515	4,065,334	3,799,898	3,791,279	3,612,576	2,589,786	2,211,119	1,600,313	1,908,473
Special assessments	531,729	904,147	642,256	1,057,088	1,483,350	1,236,114	1,305,578	1,119,230	817,736	1,114,498
Intergovernmental charges for services	172,796	194,806	192,188	136,372	162,308	103,615	245,000	237,319	291,584	206,156
Investment earnings	396,563	284,180	426,018	739,930	223,806	661,976	938,226	878,978	1,276,600	1,797,738
Miscellaneous revenue	295,899	481,943	419,464	411,301	288,465	674,305	365,129	597,611	635,424	723,724
Total revenue	<u>33,765,755</u>	<u>34,790,125</u>	<u>34,525,150</u>	<u>34,542,513</u>	<u>34,379,526</u>	<u>34,973,793</u>	<u>38,238,172</u>	<u>38,481,310</u>	<u>34,549,368</u>	<u>35,065,913</u>
Expenditures										
Current										
General government	3,001,970	2,969,747	2,783,745	2,786,740	2,710,650	2,631,419	2,596,581	2,694,374	2,780,444	2,825,835
Public safety	16,696,452	15,813,354	16,006,187	15,390,139	15,465,617	16,429,496	16,000,393	15,206,317	15,043,628	15,236,640
Public works	5,465,245	5,302,766	4,587,108	5,140,650	4,855,870	4,848,568	4,817,644	4,521,991	4,504,611	4,632,957
Health and human services	858,441	766,249	716,169	666,475	668,711	719,447	681,984	629,499	701,821	666,364
Culture, recreation and education	1,639,626	1,710,037	1,606,027	1,575,381	1,514,668	1,539,040	1,575,825	1,565,093	1,427,945	1,490,936
Conservation and development	560,072	523,268	568,364	461,181	416,765	409,996	964,610	524,705	603,961	729,274
Capital outlay	4,745,936	4,689,147	2,097,046	3,967,446	3,172,706	2,915,159	3,343,196	1,953,999	6,061,625	7,627,455
Debt service										
Principal	3,030,000	1,950,000	615,000	10,265,000	3,790,000	10,825,000	7,395,000	5,275,000	10,915,000	6,000,000
Interest	218,888	375,697	460,072	731,288	1,033,519	1,334,958	1,618,615	1,939,762	2,350,882	2,543,194
Debt issuance costs	40,442	53,789	-	73,091	-	-	-	-	-	65,650
Total expenditures	<u>36,257,072</u>	<u>34,154,054</u>	<u>32,439,718</u>	<u>41,057,391</u>	<u>33,628,506</u>	<u>41,653,083</u>	<u>38,993,848</u>	<u>34,310,740</u>	<u>44,389,917</u>	<u>41,818,305</u>
Excess of revenue over (under) expenditures	(2,491,317)	636,071	2,085,432	(6,514,878)	751,020	(6,679,290)	(755,676)	4,170,570	(9,840,549)	(6,752,392)
Other financing sources (uses)										
Debt issued	1,630,000	-	-	5,320,000	-	-	-	-	-	10,000,000
Refunding debt issued	-	5,770,000	-	-	-	-	-	-	-	-
Premium on debt issued	51,071	154,202	-	232,827	-	-	-	-	-	83,583
Principal payment on current refunding	-	(5,895,000)	-	-	-	-	-	-	-	-
Sale of capital assets	179,355	126,585	33,675	39,894	75,559	32,129	58,871	64,070	-	-
Transfers in	1,231,589	2,859,364	2,408,253	2,125,007	2,769,157	2,398,454	2,415,916	1,389,654	2,229,036	5,786,181
Transfers out	(198,746)	(1,808,982)	(1,363,794)	(1,951,870)	(1,638,782)	(1,337,416)	(1,440,214)	(376,288)	(1,305,756)	(4,929,161)
Net change in fund balances	<u>\$ 401,952</u>	<u>\$ 1,842,240</u>	<u>\$ 3,163,566</u>	<u>\$ (749,020)</u>	<u>\$ 1,956,954</u>	<u>\$ (5,586,123)</u>	<u>\$ 278,897</u>	<u>\$ 5,248,006</u>	<u>\$ (8,917,269)</u>	<u>\$ 4,188,211</u>
Debt service as a percentage of non capital expenditures *	10.1%	7.5%	3.7%	29.3%	15.1%	30.9%	24.6%	22.2%	33.4%	23.8%

** Restated - In 2012, the Solid Waste Fee began

Table 5

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

Value As of 1/1	Real property		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				
2017 #	\$ 3,780,102,600	\$ 3,815,928,100	\$ 74,663,600	\$ 72,998,100	\$ 3,854,766,200	\$ 5.61	\$ 3,888,926,200	99.12%
2016 #	3,623,999,925	3,658,026,300	80,479,000	70,976,800	3,704,478,925	5.69	3,729,003,100	99.07%
2015	3,320,368,500	3,558,087,200	76,174,600	91,098,700	3,396,543,100	6.22	3,649,185,900	92.74%
2014	3,279,586,200	3,498,464,700	85,006,600	91,229,400	3,364,592,800	6.28	3,589,694,100	93.73%
2013 #	3,265,704,200	3,314,653,800	94,023,900	99,622,800	3,359,728,100	6.29	3,414,276,600	98.40%
2012	3,557,806,088	3,436,681,800	95,404,700	87,424,100	3,653,210,788	5.78	3,524,105,900	103.66%
2011 *	3,555,065,388	3,587,535,800	90,644,700	88,843,900	3,645,710,088	5.79	3,676,379,700	99.17%
2010	3,550,822,488	3,573,233,300	93,921,500	97,275,400	3,644,743,988	6.22	3,670,508,700	99.30%
2009	3,671,323,540	3,820,400,500	90,861,600	92,242,100	3,762,185,140	5.93	3,912,642,600	96.15%
2008	3,621,224,940	3,821,063,800	75,804,600	77,323,500	3,697,029,540	5.78	3,898,387,300	94.83%

* Reassessment year
 # Revaluation year

Assessed Valuation by School District - 2017

	Franklin School District	Oak Creek/ Franklin School District	Whitnall School District	Total Assessed Value
Total	\$ 2,904,150,200	\$ 722,693,900	\$ 227,922,100	\$ 3,854,766,200

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

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

Value As of 1/1	Total Estimated Actual Value	Value of TID's				Pct of Total	Total TID's	Net of TID's Estimated Actual Value	Equalized Tax Rate
		TID 2	TID 3	TID 4	TID 5				
2017 #	\$ 3,888,926,200		\$ 62,049,100	\$ 47,593,400	\$ 1,211,500	2.85%	\$ 110,854,000	\$ 3,778,072,200	
2016 #	3,729,003,100		55,256,200	44,691,300		2.68%	99,947,500	3,629,055,600	5.65
2015	3,649,185,900		72,829,900	54,274,300		3.48%	127,104,200	3,522,081,700	5.82
2014	3,589,694,100		72,785,000	43,675,900		3.24%	116,460,900	3,473,233,200	5.90
2013 #	3,414,276,600		64,305,700	39,050,100		3.03%	103,355,800	3,310,920,800	6.19
2012	3,524,105,900		63,917,800	33,693,500		2.77%	97,611,300	3,426,494,600	5.99
2011 *	3,676,379,700		72,652,600	40,050,300		3.07%	112,702,900	3,563,676,800	5.74
2010	3,670,508,700	178,745,000	61,434,700	36,501,900		7.54%	276,681,600	3,393,827,100	6.18
2009	3,912,642,600	167,279,300	105,902,300	58,527,200		8.48%	331,708,800	3,580,933,800	5.70
2008	3,898,387,300	139,260,500	74,882,500	10,805,900		5.77%	224,948,900	3,673,438,400	5.48

Table 6

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

Fiscal Year	(1) Estimate Actual Property value					(2) Residential Construction		(2) Nonresidential Construction	
	Residential	% of Total	Commercial and Manufacturing	Agricultural, Swamp and Other	Total	# of Units	Value	# of Permits	Value
2017	\$ 2,870,690,200	75.2%	\$ 920,578,100	\$ 24,659,800	3,815,928,100	18	\$ 8,991,610	13	\$ 28,861,659
2016	2,726,337,800	74.5%	907,823,500	23,865,000	3,658,026,300	34	13,912,735	3	7,350,000
2015	2,628,835,800	73.9%	905,420,400	23,831,000	3,558,087,200	34	13,454,139	44	16,589,580
2014	2,580,859,500	73.8%	894,256,900	23,348,300	3,498,464,700	44	14,780,900	68	19,734,951
2013	2,418,991,400	73.0%	871,715,000	23,947,400	3,314,653,800	65	19,942,795	17	2,902,692
2012	2,498,514,100	72.7%	914,654,100	23,513,600	3,436,681,800	55	19,322,659	44	27,991,474
2011	2,619,125,600	73.0%	948,708,000	19,702,200	3,587,535,800	30	9,995,820	41	17,794,034
2010	2,637,514,100	73.8%	917,720,700	17,998,500	3,573,233,300	27	6,559,696	40	22,533,497
2009	2,774,343,200	72.6%	1,026,852,400	19,204,900	3,820,400,500	25	6,709,653	35	14,193,522
2008	2,862,287,800	74.9%	939,436,600	19,339,400	3,821,063,800	52	11,030,933	61	28,323,674

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

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

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

Budget Year	City of Franklin Direct Rates							Overlapping Rates								(**) Total Rate
								School Districts			Milwaukee Area		Milwaukee Metropolitan		State	
	General	Library	Debt Service	Capital Outlay	Equipment Replacement	Street Improvement	Total	Franklin	Oak Creek	Whitnall	School Credits	Technical College	Milwaukee County	Sewerage District		
2018 *	\$ 4.52	\$ 0.35	\$ 0.34	\$ 0.12	\$ 0.09	\$ 0.19	\$ 5.61	\$ 11.64	\$ 8.82	\$ 10.29	\$ (2.08)	\$ 1.27	\$ 5.10	\$ 1.74	\$ -	\$ 23.28
2017 *	4.56	0.36	0.36	0.12	0.10	0.20	5.69	12.03	9.38	10.08	(1.97)	1.27	5.13	1.76	0.17	24.09
2016	4.97	0.39	0.45	0.13	0.10	0.21	6.26	13.29	10.57	10.88	(2.14)	1.35	5.52	1.87	0.18	26.33
2015	4.96	0.38	0.49	0.13	0.10	0.21	6.28	13.21	9.76	11.11	(1.88)	1.36	5.44	1.83	0.18	26.42
2014 #	4.98	0.38	0.49	0.13	0.10	0.21	6.29	13.26	9.10	10.67	(1.86)	2.16	5.21	1.73	0.17	26.97
2013	4.60	0.35	0.47	0.11	0.08	0.17	5.78	11.72	9.09	9.72	(1.69)	2.04	4.87	1.57	0.16	24.45
2012	4.59	0.35	0.49	0.11	0.08	0.17	5.79	11.62	8.83	9.56	(1.70)	1.96	4.76	1.52	0.17	24.12
2011 *	5.04	0.35	0.56	0.11	0.04	0.12	6.22	12.22	8.69	10.40	(1.72)	1.93	4.49	1.45	0.17	24.76
2010	4.61	0.33	0.54	0.14	0.08	0.23	5.93	11.33	8.86	10.11	(1.67)	1.98	4.31	1.38	0.18	23.44
2009	4.46	0.33	0.55	0.13	0.08	0.23	5.78	10.96	7.80	9.65	(1.68)	1.93	4.17	1.36	0.18	22.70

Note: * Reassessment impact

Revaluation year

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

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

Source: City of Franklin budget documents

Table 8

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

<u>Taxpayer</u>	<u>Type of Business</u>	2017			2008		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Valuation</u>
Northwestern Mutual	Insurance Services	\$ 116,324,800	1	3.02%	\$ 118,015,100	1	3.19%
Wal-Mart	Retailer	25,220,600	2	0.65%	18,970,100	6	0.51%
Wheaton Health Care System	Medical facilities	25,124,400	3	0.65%	34,999,300	2	0.95%
VTLC Development	Packaging manufacturing	24,359,800	4	0.63%	20,522,200	3	0.56%
Whitnall Pointe Apartments	Apartments	22,021,500	5	0.57%	20,334,300	4	0.55%
Manchester Oaks	Apartments	19,820,700	6	0.51%	19,345,600	5	0.52%
Baptista's Bakery, Inc	Manufacturing	14,637,700	7	0.38%			
Menard Inc	Retail - Home Improvement	13,406,300	8	0.35%	15,066,800	7	0.41%
Franklin Wyndham, LLC	Land held for Development	13,217,700	9	0.34%			
All Glass Aquarium	Aquariums and fluorescent lights	12,557,300	10	0.33%	14,453,500	9	0.39%
Harley Davidson	Motorcycle manufacturing				14,469,300	8	0.39%
Waste Management	Landfill and refuse collection				13,086,400	10	0.35%
		<u>\$ 286,690,800</u>		<u>7.44%</u>	<u>\$ 289,262,600</u>		<u>7.82%</u>

Source: City of Franklin Assessor's Office

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

Fiscal Year	City Tax levy			Total collections	% of levy collected	Outstanding combined delinquent PP taxes
	Tax increment financing	Local	Total			
2017	\$ 2,267,466	\$ 20,509,000	22,776,466	\$ 22,772,580	99.98%	\$ 3,886
2016	3,020,350	20,509,000	23,529,350	23,567,148	100.16%	2,603
2015	2,690,637	20,509,000	23,199,637	23,212,140	100.05%	57,995
2014	2,526,924	20,509,000	23,035,924	23,016,525	99.92%	52,069
2013	2,363,758	20,509,000	22,872,758	22,851,675	99.91%	52,481
2012	2,560,324	20,467,000	23,027,324	22,981,469	99.80%	75,184
2011	6,737,305	20,965,000	27,702,305	27,695,587	99.98%	53,589
2010	7,457,956	20,426,000	27,883,956	27,851,459	99.88%	39,718
2009	4,829,216	20,142,000	24,971,216	24,966,369	99.98%	36,945
2008	4,685,811	19,555,000	24,240,811	24,219,148	99.91%	45,243

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.

Table 10

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

Levy Year	State of Wisconsin	Milwaukee County	School Districts			MATC	MMSD	City of Franklin			Total
			Franklin	Whitnall	Oak Creek-Franklin			Local	Tax Increment	Special Charges	
2017	\$ -	\$ 19,090,000	\$ 33,783,303	\$ 2,346,376	\$ 5,425,692	\$ 4,750,585	\$ 6,519,552	\$ 21,027,849	\$ 2,471,104	\$ 1,672,640	\$ 97,087,101
2016	632,834	18,496,951	33,404,863	2,224,862	5,748,697	4,571,805	6,354,128	20,509,000	2,267,467	1,758,435	95,969,042
2015	619,289	18,083,210	33,404,871	2,223,327	5,928,300	4,428,322	6,145,125	20,509,000	3,020,350	1,727,974	96,089,767
2014	609,193	17,713,835	32,782,988	2,285,650	5,557,471	4,411,951	5,955,818	20,509,000	2,690,638	1,767,143	94,283,685
2013	579,423	16,986,670	32,784,606	2,174,991	5,254,726	7,043,487	5,638,269	20,509,000	2,526,924	1,796,214	95,294,310
2012	598,062	17,287,141	31,787,042	2,237,434	5,553,401	7,258,001	5,582,906	20,509,000	2,363,758	1,799,510	94,976,255
2011	623,904	16,812,497	31,435,718	2,208,503	5,268,377	6,934,559	5,188,886	20,467,000	2,560,324	1,900,389	93,400,157
2010	622,907	15,112,830	31,535,755	2,404,637	4,816,333	6,512,551	4,718,481	20,965,000	6,737,305	758,894	94,184,693
2009	664,000	14,854,113	30,632,223	2,424,105	4,403,920	6,842,077	4,574,057	20,426,000	7,457,956	818,455	93,096,906
2008	661,580	14,548,992	29,476,874	2,312,202	4,264,165	6,742,019	4,575,710	20,142,000	4,829,216	738,020	88,290,778

Source: State of Wisconsin Department of Revenue Statement of Taxes.

Note: Each taxing jurisdiction above submits to the City of Franklin their approved tax levy in November of the levy year for use in the following year. The City of Franklin totals the levy requests, produces tax bills for all taxable properties, collects amounts billed and remits collections to the tax jurisdictions in accordance with Wisconsin Statutes.

Table 11

CITY OF FRANKLIN, WISCONSIN
Ratios of Net General Bonded Debt Outstanding
Last Ten Years

Fiscal Year	General Bonded Debt					Total General Bonded Debt	Less Debt Service Fund Balances	Less Amounts due from Tax Incremental Financing Districts	Less Amounts due from Other Taxing Districts	Net General Bonded Debt	(1) Percent of Estimated Actual Property Value	(2) Percent of Personal Income	(2) Per Capita
	Governmental		Business-type		(Discount) Premium								
	General Obligation Bonds	General Obligation Notes	Sewer General Obligation Notes	Water General Obligation Bonds									
2017	\$4,560,000	\$4,285,000	\$20,014,693	\$1,125,000	\$ 207,197	\$30,191,890	\$ (735,022)	(\$985,000)	(\$20,014,693)	\$8,457,175	0.79%	n/a	838
2016	5,770,000	4,475,000	21,200,228	1,180,000	246,576	32,871,804	(651,298)	(2,660,000)	(21,200,228)	8,360,278	0.90%	2.44%	920
2015	7,095,000	5,225,000	22,357,276	1,235,000	191,221	36,103,497	(507,283)	(3,310,000)	(22,357,276)	9,928,938	1.01%	2.81%	1,013
2014	7,615,000	5,320,000	23,486,522	1,290,000	252,273	37,963,795	424,721	(3,330,000)	(23,486,522)	11,571,994	1.09%	3.03%	1,063
2013	8,185,000	9,695,000	24,565,423		21,387	42,466,810	1,491,385	(9,695,000)	(24,565,423)	9,697,772	1.28%	3.54%	1,186
2012	8,805,000	12,865,000	22,064,833			43,734,833	2,553,267	(12,865,000)	(22,064,833)	11,358,267	1.27%	3.59%	1,231
2011	9,525,000	22,970,000				32,495,000	(4,094,755)	(15,520,000)	-	12,880,245	0.91%	2.96%	915
2010	9,730,000	30,160,000				39,890,000	(3,021,278)	(21,860,000)	-	15,008,722	1.12%	3.67%	1,125
2009	9,880,000	35,285,000				45,165,000	(2,078,900)	(26,285,000)	-	16,801,100	1.18%	4.34%	1,340
2008	10,030,000	46,050,000				56,080,000	(8,339,240)	(29,400,000)	-	18,340,760	1.47%	5.08%	1,672

(1) Estimated Actual Property values are found in Table 6

(2) Population and personal income can be found in Table 14

Notes: Debt Service Fund balances represent amounts received that are restricted to future payments of outstanding debt.

Amounts due from tax incremental financing districts represent future receipt of non repealable property tax levys restricted to the payment of debt service.

Amounts due from future development represent future impact fees collected under a 2002 ordinance from residents and restricted for the purpose of retiring debt on a portion of the police station, fire station, library and a eligible road project.

In 2017 the City issued \$1,630,000 of notes to finance the 2018 Capital Improvement plan excluding the City Hall roofing project.

In 2016 the City issued \$5,770,000. Proceeds were used to refinance existing general obligation bonds issued in 2007.

In 2014 the Water Utility issued \$1,290,000 of 20 Year bonds. Proceeds were used to finance the Water Building.

In 2014 the City issued \$5,320,000. Proceed were used to provide funding for TID projects and Capital Improvement projects

In 2012 the City issued \$27,562,754. Proceeds were used to provide funding for Ryan Creek Sewer extension with repayment scheduled to be completed in 2031.

In 2008 the City issued \$10,000,000. Proceeds were used to provide funding for TIF Districts with repayment scheduled to be completed in 2014.

CITY OF FRANKLIN, WISCONSIN
 Schedule of Direct and Overlapping Debt - Governmental Activities
 December 31, 2017

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to City	Amount applicable to City
Milwaukee County ¹	\$ 607,000,000	6.5007%	\$ 39,459,338
Whitnall School District	115,000	14.2072%	16,338
Oak Creek - Franklin School District	108,915,000	16.4821%	17,951,517
Franklin School District ^{2,3}	69,155,000	100.0000%	69,155,000
Milwaukee Area Technical College	105,455,000	5.1840%	5,466,807
Milwaukee Metropolitan Sewerage District	880,192,821	6.6269%	58,329,568
Total Overlapping Debt	1,770,832,821		190,378,568
City of Franklin	9,062,622	100.0000%	9,062,622
Total	\$ 1,779,895,443		\$ 199,441,190

History	Milwaukee County	School Districts			MATC	MMSD	Overlapping Debt Total	City of Franklin	Total
	Franklin	Whitnall	Oak Creek/Franklin						
2017	\$ 39,459,338	\$ 69,155,000	\$ -	\$ 17,951,517	\$ -	\$ 58,329,568	\$ 184,895,423	\$ -	\$ 184,895,423
2016	41,064,057	29,120,000	76,706	16,756,664	5,289,102	56,916,164	149,222,693	10,491,576	159,714,269
2015	41,616,636	31,360,000	31,330	17,132,063	7,686,624	61,464,077	159,290,730	12,511,221	171,801,951
2014	42,750,442	33,940,000	39,011	7,614,274	5,531,580	58,752,848	148,628,155	13,187,273	161,815,428
2013	43,757,820	36,275,000	46,013	7,680,950	5,659,039	59,969,813	153,388,635	17,901,387	171,290,022
2012	46,023,745	5,105,000	56,142	8,444,593	5,929,102	63,513,083	129,071,665	21,670,000	150,741,665
2011	49,686,048	6,885,000	1,175,097	8,483,031	5,266,621	58,187,207	129,683,004	32,495,000	162,178,004
2010	49,485,672	8,590,000	366,516	8,804,319	4,624,047	53,906,419	125,776,973	39,890,000	165,666,973
2009	48,685,158	9,860,000	398,980	9,860,000	2,930,822	49,520,701	121,255,661	45,165,000	166,420,661
2008	24,814,695	13,335,000	498,112	8,825,309	2,930,822	50,315,201	100,719,139	56,080,000	156,799,139

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.

- 1 In 2009 Milwaukee County issued \$400,000,000 in pension obligation debt.
- 2 In 2013 Franklin Public Schools issued \$33,000,000 of Debt to renovate the high school.
- 3 In 2017 Franklin Public Schools issued \$41,390,000 to build a new middle school

CITY OF FRANKLIN, WISCONSIN
 Computation of Legal Debt Margin
 Last Ten Years

Fiscal Year	(1) Equalized Valuation	5% of Equalized Value	Total Debt Applicable to Limit	Legal Debt Margin	Percent Used	City Policy**		
						2% of Equalized Value	Debt Margin	Percent Used
2017	\$ 3,888,926,200	\$ 194,446,310	\$ 29,984,693	\$ 164,461,617	15.42%	\$ 77,778,524	\$ 47,793,831	38.55%
2016	3,729,003,100	186,450,155	32,625,228	153,824,927	17.50%	74,580,062	41,954,834	43.75%
2015	3,649,185,900	182,459,295	35,912,276	146,547,019	19.68%	72,983,718	37,071,442	49.21%
2014	3,589,694,100	179,484,705	37,711,522	141,773,183	21.01%	71,793,882	34,082,360	52.53%
2013	3,414,276,600	170,713,830	42,445,423	128,268,407	24.86%	68,285,532	25,840,109	62.16%
2012	3,524,105,900	176,205,295	43,734,833	132,470,462	24.82%	70,482,118	26,747,285	62.05%
2011	3,676,379,700	183,818,985	32,495,000	151,323,985	17.68%	73,527,594	41,032,594	44.19%
2010	3,670,508,700	183,525,435	39,890,000	143,635,435	21.74%	73,410,174	33,520,174	54.34%
2009	3,912,642,600	195,632,130	45,165,000	150,467,130	23.09%	78,252,852	33,087,852	57.72%
2008	3,898,387,300	194,919,365	56,080,000	138,839,365	28.77%	77,967,746	21,887,746	71.93%

(1) From Table 5

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

** The City Debt Policy limits debt to 40% of Legal Limit - adopted by Resolution 2008-6481

Table 14

CITY OF FRANKLIN, WISCONSIN
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	(1) Population	(2) Personal Income	(2) Per capita adjusted gross income			(3) Unemployment rates		
			City of Franklin	Milwaukee County	State of Wisconsin	City of Franklin	Milwaukee County	State of Wisconsin
2017	36,046	N/A	N/A	N/A	N/A	3.2%	3.1%	3.2%
2016	35,741	\$1,346,060,081	\$ 37,662	\$ 23,939	\$ 29,145	3.4%	3.9%	4.1%
2015	35,655	1,286,727,609	36,088	23,939	29,145	4.0%	5.2%	4.3%
2014	35,702	1,252,194,890	35,074	22,507	27,671	4.2%	6.0%	5.2%
2013	35,810	1,199,623,750	33,500	22,411	26,963	4.8%	7.2%	6.3%
2012	35,520	1,218,584,060	34,307	21,433	26,271	5.6%	8.0%	6.9%
2011	35,504	1,098,257,160	30,933	20,681	24,942	5.4%	8.0%	7.0%
2010	35,451	1,085,585,506	30,622	20,486	24,218	6.2%	8.1%	7.8%
2009	33,700	1,039,533,497	30,847	20,195	23,211	7.2%	9.7%	9.1%
2008	33,550	1,103,807,365	32,900	21,233	24,329	4.5%	6.5%	6.5%

(1) Bureau of Census, State of Wisconsin

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

(3) US Bureau of Labor Statistics

N/A Not Available

Table 15

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017</u>			<u>2008</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Northwestern Mutual	Insurance/Investment Services	2,380	1	12.82%	1,100	1	6.13%
Krones, Incorporated	High speed labeling/filler machines	619	2	3.33%	390	5	2.17%
Baptista's Bakery	Commercial Bakery	565	3	3.04%			
Franklin Public Schools	K-12 Education	549	4	2.96%	580	2	3.23%
Milwaukee County							
County Corrections South	Government	471	5	2.54%	465	3	2.59%
Vesta Inc	Medical Device Contract Manufacturer	403	6				
Carlisle Interconnect Technologies	Wire harnesses	308	7	1.66%			
Senior Flexonics - GA Precision	Off-road engine components mfg.	299	8	1.61%	400	4	2.23%
Strauss Veal & Lamb Int'l Inc	Animal Processing	274	9	1.48%			
Wheaton Franciscan Healthcare	Medical & surgical hospital	273	10	1.47%			-
Waste Management	Landfill and refuse collection				340	6	1.89%
Conway Trucking	Trucking				300	7	
City of Franklin	Government	-		-	256	8	1.43%
Wal-Mart	Retailer				250	9	1.39%
Harley Davidson	Distribution Center				200	10	1.11%
		<u>6,141</u>		<u>33.08%</u>	<u>4,281</u>		<u>23.84%</u>

Source: Past Debt offering Official Statements and employer surveys

Table 16

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

<u>Department</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General government										
Common council	-	-	-	-	-	-	-	-	-	0.48
Municipal Court	2.50	2.50	2.50	2.50	2.50	2.50	2.00	2.00	2.00	2.00
Clerk	4.12	4.12	4.12	4.14	4.14	4.14	4.00	4.00	4.00	3.53
Information services	1.00	1.00	-	-	-	-	-	-	-	-
Administration	3.00	3.00	3.00	4.00	3.00	3.00	3.60	3.60	3.60	3.80
Finance	6.60	6.60	6.60	6.60	7.10	7.10	7.03	7.10	7.10	7.10
Assessor	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Municipal buildings	4.03	4.03	4.03	2.78	3.74	3.74	3.92	4.74	4.74	4.83
Total general government	<u>21.25</u>	<u>21.25</u>	<u>21.25</u>	<u>21.02</u>	<u>21.48</u>	<u>21.48</u>	<u>21.55</u>	<u>22.44</u>	<u>22.44</u>	<u>22.74</u>
Public safety										
Police	76.75	76.75	76.75	75.75	75.75	76.75	77.25	77.25	77.25	77.25
Fire	46.50	46.50	46.50	46.50	46.50	46.45	46.48	46.45	46.45	46.45
Building inspection	8.30	8.00	8.00	7.00	7.00	7.00	8.00	8.00	8.00	10.00
Total public safety	<u>131.55</u>	<u>131.25</u>	<u>131.25</u>	<u>129.25</u>	<u>129.25</u>	<u>130.20</u>	<u>131.73</u>	<u>131.70</u>	<u>131.70</u>	<u>133.70</u>
Public works										
Engineering	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.80	8.80	9.80
Highway	22.00	22.00	22.00	22.48	22.00	22.00	22.00	22.00	22.00	22.00
Parks	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.27
Total public works	<u>32.25</u>	<u>32.25</u>	<u>32.25</u>	<u>32.73</u>	<u>32.25</u>	<u>32.25</u>	<u>32.25</u>	<u>32.80</u>	<u>32.80</u>	<u>34.07</u>
Public health	7.50	6.75	6.75	6.75	6.15	6.25	6.25	6.15	6.15	6.50
Planning	4.00	4.00	4.00	4.00	4.00	4.60	5.60	5.60	5.60	7.60
Economic Development	1.00	1.00	1.00	0.58	-	-	-	-	-	-
Total general fund	<u>197.55</u>	<u>196.50</u>	<u>196.50</u>	<u>194.33</u>	<u>193.13</u>	<u>194.78</u>	<u>197.38</u>	<u>198.69</u>	<u>198.69</u>	<u>204.61</u>
Public health - grant										
Library	16.68	16.94	16.94	17.19	17.70	16.82	17.12	17.11	17.11	17.20
Sewer & water	10.80	10.80	11.50	11.55	11.55	11.53	11.53	12.55	12.55	12.85
Total	<u><u>225.03</u></u>	<u><u>224.24</u></u>	<u><u>224.94</u></u>	<u><u>223.07</u></u>	<u><u>222.38</u></u>	<u><u>223.13</u></u>	<u><u>226.03</u></u>	<u><u>228.35</u></u>	<u><u>228.35</u></u>	<u><u>234.66</u></u>

Source: City of Franklin Budget Document

Table 17

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Police										
Part 1 Major crimes	662	780	844	859	873	852	689	629	804	994
Arrests	1,350	1,265	1,312	1,290	1,117	1,799	1,554	1,606	1,235	1,467
Traffic & parking citations	8,692	6,866	7,859	8,163	7,431	9,449	11,093	9,125	7,793	6,880
Calls for service	29,578	30,699	30,259	30,040	28,093	29,542	28,847	37,273	28,267	27,107
Number of sworn officers	60	60	60	59	58	58	58	58	58	59
Fire										
Fire responses	650	641	689	621	679	594	540	574	496	704
EMS responses	3540	3406	2976	2,863	2754	2,688	2,605	2,546	2,515	2,790
Fire inspections	2650	2500	2509	2,480	2436	2,485	2,765	2,463	2,611	2,578
Number of full-time firefighters	45	45	45	45	45	45	45	45	46	46
Basic Life Support Transports	1080	966	1059	1,055	1162	1,137	1,099	1,141		
Paramedic Transports	1250	1185	1212	1,091	977	910	863	823		
Highway										
Miles of crack sealing	15	31	26	38	28	32	30	28	31	34
Trees pruned	1200	1326	1500	679	704	1,053	1,427	2,176	927	378
Vehicles maintained	171	170	168	167	167	167	165	165	165	165
Solid waste										
Non-recyclable refuse collected (tons)	8400	8179	8259	7,923	7972	8,205	8,353	8,320	7,762	8,519
Recyclables collected (tons)	2815	2766	2975	3,479	3114	2,737	2,813	2,693	2,676	2,825
Yard waste (tons)	320	340	332	221	322	335	274	295	375	214
Health										
Home visits	1100	767	951	1,180	1,276	1,435	1,213	1,383	1,616	1,280
Immunization clinic visits	1600	1334	2032	2,130	1,825	2,488	2,653	3,660	8,658	3,407
Sanitarian inspections	400	356	340	429	383	438	298	366	380	274
Animal control										
Animal control pickups	110	106	116	122	104	92	120	167	126	165
Library										
Circulation	404,600	439,962	474,658	465,656	477,991	502,989	514,163	519,580	519,054	490,843
Collection size	136,000	133,556	132,330	139,772	140,000	144,000	142,000	140,000	135,688	130,000
Internet use **	23,000	24,850	28,239	30,970	33,507	39,976	49,638	50,369	50,222	55,000
Sanitary sewer										
Number of customers	10,316	10,231	10,198	10,090	10,060	10,010	9,970	9,775	9,883	9,853
Feet of sewer cleaned	258,000	255,000	260,000	255,000	250,000	250,000	217,000	218,000	250,000	264,000
Water										
Number of customers -average	8,270	8,220	8,172	7,978	7,930	7,931	7,850	7,807	7,756	7,683
Average daily consumption	3	2,800,000	2,800,000	2,800,000	2,400,000	2,615,000	2,370,000	2,298,000	2,461,276	2,474,000
Peak daily consumption	4,001,000	4,788,000	4,888,200	4,969,000	6,770,000	6,770,000	5,604,000	4,212,000	4,803,000	5,681,000

Source: City Budget Document

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

Table 18

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Area in square miles	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Area in acres:										
Taxable acres (approximate)	14,432	14,967	14,984	15,038	14,889	14,804	15,474	15,550	15,549	15,550
Acres developed (approximate)	9,175	9,679	9,681	9,694	9,540	9,410	11,336	11,329	11,287	11,233
Acres in park and open space	5,257	5,288	5,303	5,167	4,928	4,854	3,873	3,873	3,873	3,873
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	19.49	21.24	23.24	23.74	23.74	23.74	23.74	23.74	23.74	23.74
Local	171.00	169.25	167.05	166.32	166.07	166.51	165.97	165.97	165.97	166.51
Fire protection and ambulance service:										
Number of manned fire stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sub stations	1	1	1	1	1	1	1	1	1	1
Sewer and water service:										
Miles of sanitary sewer	195	194	193	191	185	185	185	185	185	182
Miles of watermain	171	170	169	168	167	167	167	166	166	164
Number of fire hydrants	2579	2565	2155	2,145	2,130	2,120	2,115	2,111	2,106	2,081
Recreation and culture:										
Number of trails	12	11	11	11	10	10	7	7	4	4
Number of city parks	13	12	12	12	12	12	12	12	12	12
Number of county parks	8	8	8	8	8	8	8	8	8	8
Number of libraries	1	1	1	1	1	1	1	1	1	1
Municipal buildings (square footage):										
City hall	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206
Law enforcement building	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300
Fire stations	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	32,392	26,480
Library	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Public works building	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450
Sewer & water building	23,215	23,215	23,215	6,620	6,620	6,620	6,620	6,620	6,620	6,620

Source: City of Franklin records