

CITY OF FRANKLIN

DEBT SERVICE FUND

The Debt Service Fund of the City is used to account for the payment of debt service on all general obligation debt issued for City purposes. Payments on general obligation debt issued for general government purposes are funded by the following sources:

- Property tax levy for general City projects (for example, City facilities, such as the Police or Library facility, or non-assessable infrastructure project costs)
- Special assessment collections, for public improvement projects financed with general obligation debt where the property owner is assessed the pro-rata share of the project cost in accordance with City policy, ordinances and state statutes.
- Impact fees collected for the purpose of paying toward new facilities after those facilities were completed.
- Repayment of principal and interest on any City debt issued that is advanced to TIF Districts.

Over the last decade, the net general bonded debt level for City purposes has generally declined from a low of \$5,321,255 at December 31, 2013 to a high of \$19,730,435 at December 31, 2004.

As shown on the accompanying schedule of debt maturities, the general obligation debt for City purposes outstanding at December 31, 2014 will be \$10,690,000. When you combine that amount with the \$23,486,522 outstanding of Sewer Fund debt the total outstanding general obligation debt outstanding will be \$34,176,522

The Sewer fund issued \$24,588,635 of General Obligation debt in 2012 for construction of the Ryan Creek Interceptor Sewer. That project was completed in 2013. This debt is to be repaid by MMSD by an intergovernmental agreement. The City will fund the principal and interest payments through 2014, with that portion repaid by MMSD in 2017.

Total debt represents about 25% of the City's legal debt limit per Wisconsin Statutes (5% of equalized property value). Over the past decade, the ratio of net general bonded debt to assessed value has ranged from a high of 1.44% in 2008 to a low of 0.88% in 2011. The ratio of total debt to assessed value at December 31, 2014 will be about 1.25%.

In 2014 \$6,645,000 in new General Obligation debt was issued. \$2 million for Capital Improvement projects, \$3.3 million for TID 3 (to finance the S 27th Street projects) and \$1.3 million to finance the Water & Waste Water Facility.

In 2012 \$6,150,000 was internally financed, retiring a like amount of the 2005 debt issue. Historically the city has planned to issue debt every other year, however the last issue prior to 2014 was in 2008. Starting in 2014, future debt issuance is forecast at \$2.0 million every other year and is anticipated to pay for public improvement projects as growth occurs in the community. Any new debt for projects presently contemplated for public improvement projects will be partially offset by the repayment of debt currently outstanding that is scheduled for repayment during the period.

**CITY OF FRANKLIN
2015 BUDGET**

DEBT SERVICE FUND - CITY		2012	2013	2014	2014	2014	2015	2015	Change Pr
		Actual	Actual	Adopted	Amended	Estimate	Proposed	Adopted	Yr Adopted
REVENUE									
GENERAL PROPERTY TAX	31-0000-4011	\$1,750,000	\$1,650,000	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000	0.0%
INTERFUND INTEREST FROM TIF DISTR	31-0000-4716	28,363				0		0	
TRANSFER FROM IMPACT FEES	31-0000-4839	161,347	366,276	158,000	158,000	245,113	206,000	206,000	
TRANSFER FROM SPECIAL ASSESMEI	31-0000-4835			219,644	219,644	219,644	210,926	210,926	
TOTAL REVENUE AND OTHER FUNDING SOURCES		\$1,939,710	\$2,016,276	\$1,977,644	\$1,977,644	\$2,064,757	\$2,016,926	\$2,016,926	2.0%
G.O. 10000-01									
PRINCIPAL	31-0000-5611.8018			0	0	0	50,000	50,000	
INTEREST	31-0000-5621.8018			0	0	0	88,875	88,875	
TOTAL 2001 REFUNDING		0	0	0	0	0	138,875	138,875	
G.O. 3000-05									
PRINCIPAL	31-0000-5611.8011	3,462,000		0	0	0	0	0	
INTEREST	31-0000-5621.8011	67,172		0	0	0	0	0	
TOTAL 2005 BORROWING		3,529,172	0	0	0	0	0	0	
G.O. 3000-05 TIF #4									
PRINCIPAL	31-0000-5611.8013	3,738,000		0	0	0	0	0	
INTEREST	31-0000-5621.8013	72,366		0	0	0	0	0	
TOTAL 2005 BORROWING		3,810,366	0	0	0	0	0	0	
G.O. 3000-05 Debt Service									
PRINCIPAL	31-0000-5611.8014	250,000		0	0	0	0	0	
INTEREST	31-0000-5621.8014	4,763		0	0	0	0	0	
TOTAL 2005 BORROWING		254,763	0	0	0	0	0	0	
G.O. 9925-07 Refunding									
PRINCIPAL	31-0000-5611.8016	720,000	620,000	570,000	570,000	570,000	520,000	520,000	
INTEREST	31-0000-5621.8016	348,270	322,810	300,200	300,200	300,200	279,490	279,490	
TOTAL 2007 REFUNDING		1,068,270	942,810	870,200	870,200	870,200	799,490	799,490	
TRANSFER TO OTHER FUNDS	31-0000-5589			1,062,000	1,062,000	1,062,000	1,075,000	1,075,000	
LINE OF CREDIT INTEREST	31-0998-5621	101,748	86,570	45,444	45,444	45,400	3,561	3,561	
		101,748	86,570	1,107,444	1,107,444	1,107,400	1,078,561	1,078,561	
DEBT SERVICE PRINCIPAL		8,170,000	620,000	570,000	570,000	570,000	1,645,000	1,645,000	
DEBT SERVICE INTEREST		594,318	409,380	1,407,644	1,407,644	1,407,600	371,926	371,926	
DEBT SERVICE PRINCIPAL & INTEREST - CITY		8,764,318	1,029,380	1,977,644	1,977,644	1,977,600	2,016,926	2,016,926	2.0%
EXCESS OF REVENUE OVER EXPENDITURES		-6,824,608	986,896	0	0	87,157	0	0	
FUND BALANCE, BEGINNING OF PERIOD		3,738,000	-3,086,608	-2,137,001	-2,137,001	-2,099,712	-950,555	-950,555	
FUND BALANCE, END OF PERIOD		-3,086,608	-2,099,712	-2,137,001	-2,137,001	-950,555	-950,555	124,445	

**City of Franklin
General Obligation Debt Maturities**

Borrowing Date	Purpose of borrowing, amount, interest rate	Payment Dates	Balance 12/31/2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
03/01/12	Line of Credit Loan												
	PRINCIPAL	2/1	1,075,000	1,075,000									
	INTEREST @3.9%	Quarterly		3,561									
01/01/07	Advance Refunding-4/2001 Bonds												
	PRINCIPAL \$9,925,000	3/1	7,615,000	520,000	1,200,000	1,190,000	1,180,000	1,200,000	1,140,000	1,185,000	410,790	(40,000)	40,000
	INTEREST @3.8%	3/1, 9/1		279,490	246,810	201,400	156,370	111,150	66,690	22,515	16,400		1,600
2014	PRINCIPAL 2,000,000	3/1	2,000,000	50,000	100,000	150,000	150,000	200,000	250,000	300,000	400,000	400,000	0
	INTEREST @4.5 - 5.0%	3/1, 9/1		88,875	86,425	81,650	75,525	68,150	58,125	45,600	29,200	10,000	0
2016	PRINCIPAL 2,000,000	3/1			0	50,000	100,000	150,000	150,000	200,000	250,000	300,000	400,000
	INTEREST @4.5 - 5.0%	3/1, 9/1			0	88,875	86,425	81,650	75,525	68,150	58,125	45,600	29,200
2018	PRINCIPAL 2,000,000	3/1				0	0	50,000	100,000	150,000	150,000	200,000	250,000
	INTEREST @4.5 - 5.0%	3/1, 9/1				0	0	88,875	86,425	81,650	75,525	68,150	58,125
2020	PRINCIPAL 2,000,000	3/1							0	50,000	100,000	150,000	150,000
	INTEREST @4.5 - 5.0%	3/1, 9/1							0	88,875	86,425	81,650	75,525
2022	PRINCIPAL 2,000,000	3/1										50,000	100,000
	INTEREST @4.5 - 5.0%	3/1, 9/1										88,875	86,425
Population 35,702	PRINCIPAL TOTAL	Per Capita	10,690,000	1,645,000	1,300,000	1,390,000	1,430,000	1,600,000	1,640,000	1,474,210	1,310,790	1,060,000	940,000
	INTEREST TOTAL			371,926	333,235	371,925	318,320	349,825	286,765	306,790	265,675	294,275	250,875
	Total City Debt Service			2,016,926	1,633,235	1,761,925	1,748,320	1,949,825	1,926,765	1,781,000	1,576,465	1,354,275	1,190,875
	Less:												
	Impact fee shortfall		1,502,685	250,000	250,000	250,000	224,000	225,000	200,000	175,000	150,000	100,000	-
	Transfer from Impact Fees - Police		(1,319,000)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)	(205,000)
	Transfer from Impact Fees - Drexel Ave		(899,900)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)
	Transfer from Impact Fees - Fire #3		(390,000)	(43,000)	(43,000)	(43,000)	(43,000)	(43,000)	(43,000)	(43,000)	(43,000)	(43,000)	(43,000)
	Transfer from Impact Fees - Library		(686,730)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(135,000)	(60,000)
	Total Impact Fees			(206,000)	(206,000)	(206,000)	(232,000)	(231,000)	(256,000)	(281,000)	(306,000)	(356,000)	(381,000)
	Add to (Use of) Fund Balance		97,385	(210,926)	72,765	(55,925)	(16,320)	480	(170,765)		29,535	1,725	65,125
	Estimated special assessments		(600,996)	(416,926)	(133,235)	(261,925)	(248,320)	(449,825)	(426,765)	(281,000)	(276,465)	(354,275)	(315,875)
	NET TAX LEVY IMPACT	Per Capita 44.82		\$1,600,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,300,000	\$1,000,000	\$875,000

Assumes issuance of additional debt of \$2,000,000 in 2014 and every two years thereafter

City of Franklin
Sewer Fund
Outstanding Debt Maturities

Date Amount	Purpose of borrowing Interest rate	Payment Dates	Balance 12/31/2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
\$27,564,754	Construction of Ryan Creek Interceptor	5/1	\$ 23,486,522	1,129,246	1,157,048	1,185,535	1,214,723	1,244,629	1,275,272	1,306,669	1,338,839	1,371,802	1,405,575
	Principal	5/1, 11/1		584,337	536,193	507,356	477,809	447,534	416,514	384,730	352,164	318,796	284,607
	Interest 2.462%												
	Total Principal			1,129,246	1,157,048	1,185,535	1,214,723	1,244,629	1,275,272	1,306,669	1,338,839	1,371,802	1,405,575
	Total Interest			584,337	536,193	507,356	477,809	447,534	416,514	384,730	352,164	318,796	284,607
	Annual Debt Payment	Per Capita		\$ 1,693,583	\$ 1,693,241	\$ 1,692,891	\$ 1,692,531	\$ 1,692,163	\$ 1,691,786	\$ 1,691,399	\$ 1,691,003	\$ 1,690,598	\$ 1,690,182

By intergovernmental Agreement dated November 8, 2010, beginning in 2015 Milw Metropolitan Sewerage District has agreed to Purchase the Ryan Creek Interceptor in amounts equal to these principal & interest payments. In addition, on January 3, 2017 MMSD has agreed to pay all principal & interest payments made by Franklin prior to 2015

Sewer fund operating costs include these interest payments as a expenditure, while the principal payments are not reflected as an expenditure in this Enterprise fund. Principal payments are being financed by MMSD, as noted above. Prior to 2015, the City is advancing funds for principal & interest payments to the Sewer Fund.

64 City of Franklin General Obligation Notes

Date	Amount	Purpose of borrowing	Interest rate	Payment Dates	Balance	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
12/2/14	\$1,300,000	Water & Waste Water Facility		3/1		55,000	55,000	55,000	55,000	55,000	55,000	60,000	60,000	60,000	60,000
		Principal		3/1, 9/1		32,000	33,513	33,045	32,413	31,629	30,708	29,613	28,323	26,898	25,383
		Interest 2.5%													
		Total Principal				55,000	55,000	55,000	55,000	55,000	55,000	60,000	60,000	60,000	60,000
		Total Interest				32,000	33,513	33,045	32,413	31,629	30,708	29,613	28,323	26,898	25,383
		Annual Debt Payment		Per Capita		87,000	88,513	88,045	87,413	86,629	85,708	89,613	88,323	86,898	85,383

CITY OF FRANKLIN

TIF DISTRICTS

The City of Franklin has two operating Tax Incremental Financing (TIF) Districts. TIF Districts exist to assist in the development of particular areas. They receive the increase in tax revenue that is generated from the development that occurs in that area. The City has asked its Community Development Authority (CDA) to act as agent of the City in planning and carrying out any community development programs and activities approved by the Mayor and Common Council within the TIF Districts. The tax levy generated by the increase in assessed value in the TIF District's is the main source of revenue for the TIF District. Expenditures consistent with approved Project Plans may be incurred until a time determined by State statute.

TIF District #3

In June 2005, the City of Franklin adopted Resolution 2005-5906 establishing TIF District #3. The TIF District is generally from Rawson Avenue to just south of Drexel Avenue and from 27th Street to 35th Street. In 2013, the District's boundary was extended north one half mile. The main purpose of the TIF District is to improve road infrastructure in the district to promote quality development. The latest projection anticipates \$28.5 million in infrastructure cost and incentives, \$7.4 million in net financing costs and anticipates \$104.8 million in incremental development within the District. The debt issued will pay for the infrastructure with tax revenue created by the development paying off the debt. The plan anticipates that the debt will be paid off and TIF District closed by 2018. The following year the tax revenue will be available to the taxing districts. The one remaining project for this district is the improvements to the 27th Street road infrastructure. Additional debt will be needed in 2015 to complete this project.

TIF District #4

In June 2005, the City of Franklin adopted Resolution 2005-5907 establishing TIF District #4. The TIF District is generally from 27th Street west to the Oakwood Golf Course then south to the Racine County line. The main purpose of the TIF District is to improve road and sanitary sewer infrastructure in the district to promote quality development. The plan anticipates \$24.6 million in infrastructure costs, \$3.7 million in net financing costs and anticipates \$118 million in incremental development within the District. The debt will pay for the infrastructure with tax revenue created by the development paying off the debt. The project plan anticipates that the debt will be paid off and TIF District closed by 2026. The following year the tax revenue will be available to the taxing districts. The first phase of project cost will be completed and phases 2 & 3 are dependant upon future development within the District. The first phase debt will be retired by 2016. In 2012, 2013 & 2014 interfund advances totaling \$3.35 million were used to retire the 2005 Debt Issue.

TIF District's Outstanding Debt

General obligation note proceeds are provided to the TIF Districts directly or through inter-fund advances from City funds. The schedule of outstanding debt maturities shows the amounts borrowed, the balance outstanding and annual debt service payment obligations for the next several years.

City of Franklin
Tax Incremental Financing Districts
Outstanding Debt Maturities

Date	Purpose of borrowing	Payment	Balance	2015	2016	2017
Amount	Interest rate	Dates	12/31/2014			

TIF #3 City of Franklin General Obligation Notes

2/1/2013	Line of Credit					
	Principal	3/1	\$ 3,350,000	1,650,000	1,250,000	450,000
	Interest 3.5%	Monthly		64,405	19,466	1,338
	Total Principal			1,650,000	1,250,000	450,000
	Total Interest			64,405	19,466	1,338
Population		Per Capita				
35,810	Annual Debt Payment	48	\$ 1,714,405	\$ 1,269,466	\$ 451,338	\$ -
	TIF No. 3 Debt Total	94	\$ 3,350,000	\$ 1,700,000	\$ 450,000	\$ -

TIF #4 Line of Credit loan from City of Franklin

8/15/2005	Capital improvements					
\$3,000,000	Principal	2/1	\$ 1,238,000	1,238,000		
	Interest 4.55%	Quarterly		4,784		
Population		Per Capita				
35,810	Annual Debt Payment	35	\$ 1,242,784	\$ -	\$ -	\$ -
	TIF No. 4 Debt Total	35	\$ 1,238,000	\$ -	\$ -	\$ -
Population Total TIF Districts Debt		Per Capita				
35,810	Annual Debt Payment	83	\$ 2,957,189	\$ 1,269,466	\$ 451,338	\$ -
	TIF Districts Debt Total	128	\$ 4,588,000	\$ 1,700,000	\$ 450,000	\$ -