

APPROVAL <i>slw</i> <i>PAR</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE Aug 1, 2017
REPORTS & RECOMMENDATIONS	June, 2017 Monthly Financial Report	ITEM NUMBER <i>G.7.</i>

Background

The June, 2017 Financial Report is attached.

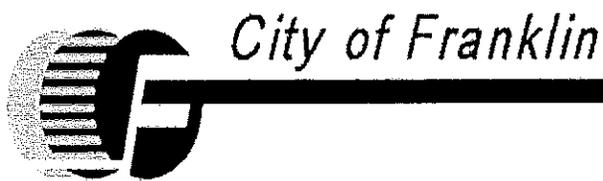
The Finance Committee has not reviewed the report.

Highlights of the report are contained in the transmittal memo.

The Finance Director will be on hand to answer any questions.

COUNCIL ACTION REQUESTED

Motion to Receive and place on file



Date: July 18, 2017
To: Mayor Olson, Common Council and Finance Committee Members
From: Paul Rotzenberg, Director of Finance & Treasurer *PR*
Subject: Six months ended June 2017 Financial Report

The June, 2017 financial reports for the General Fund, Debt Service Fund, TID3, TID4, TID5, Library, Solid Waste Fund, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Development Fund, Utility Development, Sanitary Sewer Fund, Municipal Water Utility Fund, Self Insurance Fund and Employee Retirement Insurance Fund and other Non-Major Funds are attached.

The budget allocation is completed using an average of the last five years actual spending. Caution is advised in that spending patterns may have changed. Comments on specific and trending results are provided below to aid in understanding or explaining current year financial results. Budget allocations are based upon the amended budget.

A Cash & Investments Summary – identifies the resources available to meet current activities. Cash & investments are positions with safety and liquidity as primary objectives as stated in the City's Investment policy. Investment returns are secondary in the investment decisions, while return potential is not ignored.

Cash & Investments in the General Governmental Funds decreased \$505,474 in the last month. This represents the net of the \$1 million property tax settlement and the payment of operating expenses for June. The \$3.8 million decrease in Property Tax Fund cash balances reflects the tax settlement that occurred in June.

GENERAL FUND revenues of \$17,404,732 are \$249,251 more than budget, principally on faster collection of the tax roll. As the year progresses, this will resort back to budget. Comments on specific types of revenues follow:

- Fire insurance dues were collected a month earlier than expected.
- Building permit revenues of \$290,790 are \$135,005 (68.3% of budget) behind budget. A \$44,000 permit was pulled in May for a new development in the business park. The slow level of new development impacts several funds, as noted later.
- \$60,910 of Landfill Siting Revenues have been credited to the General Fund, representing 67% of budget. Total Landfill siting revenues across all funds are \$341,336 represents 92% of budget, behind pace for the year.

Total Expenditures of \$12,547,060 are \$553,386 under spent to budget. The largest underspending is in the Restricted Contingency (\$304,633), Public Works (\$202,733), General Government (\$140,699) and Public Safety (\$132,463).

- General Government expenditures of \$1,551,837 are \$140,699 under spent. Information Systems is spending slower than budget by \$41,033. Administration is underspent by \$26,620, with postage and labor attorney having the greatest underspending. This is likely a delay in spending, not a reduction. Assessor services are under spending by \$60,128 – which represents delayed billing from the contract provider.
- Public Safety costs of \$8,254,451, is \$132,463 less than budget. Overtime in the Fire Dept continues to plague spending.
- Public Works expenditures of \$2,066,982 are \$202,733 underspent. The biggest savings are on fuel and vehicle maintenance.
- Summer work is temporarily pushing parks labor costs over budget.

A \$4,857,672 surplus is \$802,637 greater than budget. This surplus will disappear as revenue collections slow, but personnel costs continue. If anything, the anticipated underexpenditure appropriation looks to be very difficult to meet. Some budget amendments in the personnel categories are likely before year end.

DEBT SERVICE – Debt payments were made March 1 as required with no budget issues.

TID Funds – TID 3 has unresolved commitments on the S 27th Street reconstruction project, but otherwise is on budget. TID 4 is on budget. TID 5 is substantially inactive until the Ball Park Commons developer's agreement is concluded.

LIBRARY FUND – Reduced labor costs are the result of an employee leave, which ended in June. .

SOLID WASTE FUND – Activity is occurring as budgeted.

CAPITAL OUTLAY FUND – revenues are in line with budget, with landfill siting revenues running slightly slower than budget anticipated.

Public Safety purchases relate to the 2017 patrol cars, (2) K-9 units, Tasers, safety equipment, (11) Police desktop PC's and the Fire Dept Zoll defibrillator unit and four turnout gear sets. Public Works has purchased \$24,223 of trees.

The \$26,950 transfer out is the reclassification of an IT expenditure that was originally budgeted as a software purchase but re-characterized as professional services in the General Fund.

EQUIPMENT REPLACEMENT FUND – Revenues are in line with budget.

The 2017 ambulance and two Jeep vehicles in Inspection are the Public Safety expenditures. In Public Works, the snow blower has arrived, while purchase commitments on the Snow Plow, and Self Propelled Paver account for the expenditures.

STREET IMPROVEMENT FUND – Revenues are in line with budget.

The 2017 street improvement program contract was let in April.

CAPITAL IMPROVEMENT FUND – Few resources to this fund have been received as yet. The Finance Committee will be examining the debt sale options at the July meeting and make recommendations to Common Council for this resource. Refund revenues relate to insurance proceeds on the HVAC equipment struck by lightning at the Police Station.

Expenditure wise, projects are in various state of completion:

The General Government project is the Health Wing remodeling - \$39,123 spent to date.

Public Safety is completing the 2016 Communications Center project, and the Emergency Vehicle Pre-emption system 2016 project also in the completion stage. The lightning struck HVAC equipment has been replaced.

Within Public Works \$75,714 has been spent on the 2016 Emergency Vehicle Pre-emption system related to traffic signals, and purchase orders are outstanding on the St. Martin's Road/Tess Corners bridge project (\$652,408), and the City's share of the St Martin's Road reconstruction County project (\$139,155).

Very little has been spent on 2017 Park projects. A \$18,210 engineering purchase order is outstanding on the River Park trail project.

None of the Ball Park Commons projects have been approved as yet.

DEVELOPMENT FUND – Impact fee collections are smaller than expected on development activity so far in 2017. Impact fee collections are less than half what was expected to this point in the year. Most of the \$4 million fund balance relates to Park Impact fees - \$3.3 million and Water Impact fees of \$597,000. The Park Impact fee holding period is on extension until 2019. Significant park expenditures are needed to utilize the Park Impact fees collected, or they must be rebated to property owners.

Transfers to the Debt Service Fund we made in March to help meet debt service requirement but have been minimal as receipts are not sufficient to pay the 2017 debt service for these programs.

The St. Martin's Road water main oversizing project was approved, but not yet disbursed.

UTILITY DEVELOPMENT FUND – Activity is infrequent in this fund.

SANITARY SEWER FUND – Revenues of \$1,637,000 are 8.8% less than budget as the budgeted rate increase was not needed. Operating costs of \$1,603,000 are \$117,298 (6.8%) less than budget as MMSD charges are less than expected. The \$34,216 operating income is shy of the budgeted operating profit.

FRANKLIN WATER UTILITY FUND – Revenues of \$2,482,714 are 3% less than budget but 6.7% greater than 2016. 5.4% less water is being used than 2016, but an 8% rate increase in July 2016 off set much of the volume reduction.

On the expense side, more of the water purchased from our supplier is getting billed, which is keeping the cost of purchased water as a percentage of the billed water more favorable. Transmission and distribution costs of \$139,013 are less than budget and last year. 2016 saw a significant effort toward the search for leaks, that has reduced the cost of repairs in 2017. Administrative costs of \$189,338 are greater than budget but less than 2016. While the utility is again challenging our supplier's construction application with the PSC, the costs are lower this year than last year.

The Utility has an operating profit of \$256,440, which compares rather favorably to the \$39,723 budget and 2016's \$134,758 loss. The rate increase and reduced unbilled water are responsible for this improved performance.

SELF INSURANCE FUND – Revenues are 95% of budget. The 2017 revenue budget in this fund was not adjusted when the Council reduced health premium cost in the General Fund. As a result, revenues will fall 5% behind budget all year.

Claims costs are rather strong so far in 2017, not unlike 2016. The budget includes a \$591,500 contingency for excess claims before Aggregate insurance coverage becomes available. So far, 2017 looks to require much of that contingency. Monitoring of the Stop Loss coverage is more difficult now that the Stop Loss carrier is divorced from the claims processor.

Results thru June reflect a \$352,744 deficit, worse than expected by the budget and worse than 2016 at this point. The fund began 2017 with a \$2.7 million reserve balance, which means that the 2017 deficit is eating up more of that fund balance.

RETIREE HEALTH FUND – Insurance results are worse than 2016, as claims exceed the prior year by \$40,860 or 21%. Claim experience can be choppy, longer term results are better indicators, especially with the small census this plan has.

Positive investment results are healthy following the market returns so far in 2017 (\$295,991 favorable, compared to \$129,144 in 2016). The fund is invested in passive index investments and will mirror market returns for the mix of investment classes used in the fund. The Finance committee is provided regular portfolio performance updates.

Caution is advised, as equity market returns can be volatile, and current positive gains will be reduced or temporarily lost due to market gyrations.

City of Franklin
Cash & Investments Summary
June 30, 2017

	Cash	American Deposit Management	Institutional Capital Management	Local Government Invest Pool	Fidelity Investments	Total	May Total
General Fund	\$ (191,590)	\$ 2,480,004	\$ 7,031,528	\$ 3,551,978	\$ -	\$ 12,871,921	\$ 12,983,245
Debt Service Funds	18,162	112,803	439,669	-	-	570,634	570,801
TIF Districts	72,986	2,528,334	1,226,983	-	-	3,828,303	3,824,818
Nonmajor Governmental Funds	590,868	4,761,671	9,039,152	-	-	14,391,691	14,789,159
Total Governmental Funds	490,427	9,882,812	17,737,332	3,551,978	-	31,662,549	32,168,023
Sewer Fund	409,926	349,814	730,180	-	-	1,489,920	1,570,219
Water Utility	638,401	895,426	-	-	-	1,533,827	1,891,374
Self Insurance Fund	8,193	75,326	2,196,224	-	-	2,279,743	2,439,918
Retiree Health Fund	(45,198)	-	-	-	5,266,547	5,221,349	5,179,815
Property Tax Fund	1,190,586	(799,205)	-	0	-	391,382	4,184,114
Other Trust Funds	14,457	-	-	-	-	14,457	14,368
Total Other Funds	2,216,365	521,361	2,926,404	0	5,266,547	10,930,677	15,279,808
Grand Total Cash & Investments	2,706,791	10,404,173	20,663,736	3,551,978	5,266,547	42,593,226	47,447,831
Average Rate of Return		0.77%	1.30%	0.77%			
Maturities:							
Demand	2,706,791	9,404,173	10,087	3,551,978	86,165	15,759,195	20,618,508
Fixed Income & Equities	-	-	-	-	3,751,357	3,751,357	3,709,669
2017 - Q2	-	-	-	-	-	-	-
2017 - Q3	-	-	1,499,970	-	-	1,499,970	1,500,230
2017 - Q4	-	-	2,999,564	-	-	2,999,564	2,998,832
2018 - Q1	-	-	1,088,937	-	-	1,088,937	1,260,570
2018 - Q2	-	-	-	-	-	-	-
2018	-	1,000,000	3,042,011	-	171,271	4,213,282	4,046,290
2019	-	-	3,974,565	-	150,875	4,125,440	4,129,234
2020	-	-	5,512,081	-	174,438	5,686,519	5,703,063
2021	-	-	981,085	-	177,103	1,158,188	1,161,236
2022	-	-	1,555,436	-	172,530	1,727,966	1,735,709
2023	-	-	-	-	176,120	176,120	176,680
2024	-	-	-	-	202,934	202,934	203,585
2025	-	-	-	-	203,754	203,754	204,226
	2,706,791	10,404,173	20,663,736	3,551,978	5,266,547	42,593,226	47,447,831

**City of Franklin
General Fund
Comparative Statement of Revenue, Expenses and Fund Balance
For the 6 months ended June 30, 2017**

<u>Revenue</u>	<u>2017 Original Budget</u>	<u>2017 Amended Budget</u>	<u>2017 Year-to-Date Budget</u>	<u>2017 Year-to-Date Actual</u>	<u>Var to Budget Surplus (Deficiency)</u>
Property Taxes	\$ 16,423,500	\$ 16,423,500	\$ 13,924,065	\$ 14,129,402	\$ 205,337
Other Taxes	726,958	726,958	191,920	220,344	28,424
Intergovernmental Revenue	2,237,400	2,237,400	579,278	726,032	146,754
Licenses & Permits	1,051,865	1,051,865	579,649	453,472	(126,177)
Law and Ordinance Violations	500,000	500,000	279,921	276,157	(3,764)
Public Charges for Services	1,753,250	1,753,250	779,969	751,173	(28,796)
Intergovernmental Charges	203,200	203,200	64,757	78,745	13,988
Investment Income	220,000	220,000	110,000	113,052	3,052
Sale of Capital Assets	-	-	-	572	572
Miscellaneous Revenue	125,650	125,650	83,182	103,833	20,651
Transfers from Other Funds	1,050,000	1,076,950	562,740	551,950	(10,790)
Total Revenue	\$ 24,291,823	\$ 24,318,773	\$ 17,155,481	\$ 17,404,732 101.45%	\$ 249,251
<u>Expenditures</u>	<u>2017 Original Budget</u>	<u>2017 Amended Budget</u>	<u>2017 Year-to-Date Budget</u>	<u>2017 Year-to-Date Actual</u>	<u>Var to Budget Surplus (Deficiency)</u>
General Government	\$ 3,063,257	\$ 3,090,207 A	\$ 1,692,536	\$ 1,551,837 E	\$ 140,699
Public Safety	16,768,325	16,773,897 A	8,386,914	8,254,451 E	132,463
Public Works	4,196,359	4,239,523 A	2,269,715	2,066,982 E	202,733
Health & Human Services	684,797	684,797	326,744	312,129	14,615
Culture & Recreation	172,218	179,454 A	79,310	85,315 E	(6,005)
Conservation and Development	623,677	631,177 A	273,885	281,727 E	(7,842)
Contingency & Unclassified	707,500	707,750 A	333,796	29,163	304,633
Anticipated Underexpenditures	(455,820)	(455,820)	(227,910)	-	(227,910)
Transfers to Other Funds	24,000	24,000	-	-	-
Encumbrances	-	-	-	(34,544)	-
Total Expenditures	\$ 25,784,313	\$ 25,874,985	\$ 13,134,990	\$ 12,547,060 95.52%	\$ 553,386
Excess of revenue over (under) expenditures	(1,492,490)	(1,556,212)	<u>4,020,491</u>	4,857,672	<u>\$ 802,637</u>
Fund Balance, beginning of year	<u>7,690,684</u>	<u>7,690,684</u>		<u>7,690,684</u>	
Fund Balance, end of period	<u>\$ 6,198,194</u>	<u>\$ 6,134,472</u>		<u>\$ 12,548,356</u>	

A Represents an amendment to Adopted Budget
E Represents an encumbrance for current year from prior year

**City of Franklin
General Fund
Comparative Statement of Revenue
For the 6 months ended June 30, 2017**

Revenue	2017 Original Budget	2017 Amended Budget	2017 Year-to-Date Budget	2017 Year-to-Date Actual	Var to Budget Surplus (Deficiency)
Property Taxes	\$ 16,423,500	\$ 16,423,500	\$ 13,924,065	\$ 14,129,402	\$ 205,337
Other Taxes:					
Cable television franchise fees	530,000	530,000	140,485	123,304	(17,181)
Mobile Home	22,600	22,600	11,300	11,928	628
Room tax	174,358	174,358	40,135	85,112	44,977
Total Other taxes	<u>726,958</u>	<u>726,958</u>	<u>191,920</u>	<u>220,344</u>	<u>28,424</u>
Intergovernmental Revenue:					
State shared revenue	403,400	403,400	-	-	-
Expenditure restraint revenue	207,900	207,900	-	-	-
State computer aid	220,600	220,600	-	-	-
State transportation aids	1,100,000	1,100,000	495,000	546,670	51,670
Fire insurance dues	141,500	141,500	56,600	153,400	96,800
Other grants	164,000	164,000	27,678	25,962	(1,716)
Total Intergovernmental Revenue	<u>2,237,400</u>	<u>2,237,400</u>	<u>579,278</u>	<u>726,032</u>	<u>146,754</u>
Licenses & Permits:					
Licenses	148,300	148,300	125,282	129,287	4,005
Permits	903,565	903,565	454,367	324,185	(130,182)
	<u>1,051,865</u>	<u>1,051,865</u>	<u>579,649</u>	<u>453,472</u>	<u>(126,177)</u>
Law & Ordinance Violations:					
Fines, Forfeitures & Penalties	500,000	500,000	279,921	276,157	(3,764)
Public Charges for Services:					
Planning Related Fees	64,000	64,000	35,394	39,650	4,256
General Government	8,950	8,950	4,779	5,545	766
Architectural Board Review	5,500	5,500	2,808	2,330	(478)
Police & Related	7,500	7,500	3,433	1,064	(2,369)
Ambulance Services - ALS	716,000	716,000	347,026	368,381	21,355
Ambulance Services - BLS	425,000	425,000	209,888	190,326	(19,562)
Fire Safety Training	1,000	1,000	272	194	(78)
Fire Sprinkler Plan Review	60,000	60,000	26,735	13,715	(13,020)
Fire Inspections	20,000	20,000	8,267	10,247	1,980
Quarry Reimbursement	43,300	43,300	7,272	5,565	(1,707)
Weed Cutting	12,000	12,000	758	1,300	542
Engineering Fees	11,250	11,250	6,858	9,703	2,845
Public Works Fees	25,000	25,000	7,137	10,889	3,752
Weights & Measures	8,000	8,000	1,630	20	(1,610)
Landfill Operations - Siting	180,000	180,000	90,000	60,910	(29,090)
Landfill Operations - Emerald Park	75,000	75,000	20,910	23,255	2,345
Health Department	90,750	90,750	6,802	8,079	1,277
Total Public Charges for Services	<u>\$ 1,753,250</u>	<u>\$ 1,753,250</u>	<u>\$ 779,969</u>	<u>\$ 751,173</u>	<u>\$ (28,796)</u>

A Represents an amendment to Adopted Budget
E Represents an encumbrance for current year from prior year

**City of Franklin
General Fund
Comparative Statement of Revenue
For the 6 months ended June 30, 2017**

Revenue	2017 Original Budget	2017 Amended Budget	2017 Year-to-Date Budget	2017 Year-to-Date Actual	Var to Budget Surplus (Deficiency)
Intergovernmental Charges:					
Milwaukee County - Paramedics	\$ 125,000	\$ 125,000	\$ 35,291	\$ 35,803	\$ 512
School Liaison Officer	78,200	78,200	29,466	42,942	13,476
Total Intergovernmental Charges	203,200	203,200	64,757	78,745	13,988
Investment Income:					
Interest on Investments	135,000	135,000	67,500	38,586	(28,914)
Market Value Change on Investments	-	-	-	13,260	13,260
Interest - Tax Roll	85,000	85,000	42,500	60,692	18,192
Other Interest	-	-	-	514	514
Total Investment Income	220,000	220,000	110,000	113,052	3,052
Sale of Capital Assets	-	-	-	572	572
Miscellaneous Revenue:					
Rental of Property	45,000	45,000	23,769	28,773	5,004
Refunds/Reimbursements	22,500	22,500	8,026	25,497	17,471
Insurance Dividend	45,000	45,000	45,000	45,097	97
Other Revenue	13,150	13,150	6,387	4,466	(1,921)
Total Miscellaneous Revenue	125,650	125,650	83,182	103,833	20,651
Transfer from Other Funds:					
Capital Outlay Fund	- A	26,950 A	26,950	26,950	-
Water Utility-Tax Equivalent	1,050,000	1,050,000 A	535,790	525,000	(10,790)
Total Transfers from Other Funds	1,050,000	1,076,950	562,740	551,950	(10,790)
Total Revenue	\$ 24,291,823	\$ 24,318,773	\$ 17,155,481	\$ 17,404,732	\$ 249,251
				101.45%	

A Represents an amendment to Adopted Budget

E Represents an encumbrance for current year from prior year

City of Franklin
General Fund
Comparative Statement of Expenditures
For the 6 months ended June 30, 2017

Expenditures	2017 Original Budget	2017 Amended Budget	2017 Year-to-Date Budget	2017 Year-to-Date Actual	Var to Budget Surplus (Deficiency)
General Government:					
Mayor & Aldermen - Labor	\$ 65,979	\$ 65,979	\$ 32,989	\$ 32,969	\$ 20
Mayor & Aldermen - Non-Personnel	31,110	31,110	22,169	19,385	2,784
Municipal Court - Labor	190,061	190,061	95,030	91,059	3,971
Municipal Court - Non-Personnel	47,150	47,150	28,466	30,046	(1,580)
City Clerk Labor	302,038	302,038	151,019	153,728	(2,709)
City Clerk - Non-Personnel	28,000	28,000	13,353	12,848	505
Elections - Labor	31,082	31,082	16,763	18,917	(2,154)
Elections - Non-Personnel	9,600	9,600	5,552	5,830	(278)
Information Services - Labor	119,720	119,720	59,860	59,261	599
Information Services - Non-Personnel	363,067	390,017 A	217,101	176,068	41,033
Administration - Labor	289,457	289,457	144,728	142,806	1,922
Administration - Non-Personnel	138,015	138,015	70,340	43,720	26,620
Finance - Labor	416,898	416,898	209,049	208,758	291
Finance - Non-Personnel	96,724	96,724	51,483	50,807	676
Independent Audit	36,500	36,500	27,740	26,505	1,235
Assessor - Labor	-	-	-	-	-
Assessor - Non-Personnel	222,375	222,375	111,127	50,999	60,128
Legal Services	337,532	337,532	157,600	158,979	(1,379)
Municipal Buildings - Labor	125,159	125,159	80,718	82,019	(1,301)
Municipal Buildings - Non-Personnel	119,215	119,215	55,936	47,155	8,781
Property/liability insurance	93,575	93,575	141,513	139,978	1,535
Total General Government	3,063,257	3,090,207	1,692,536	1,551,837	140,699
Public Safety:					
Police Department - Labor	8,360,642	8,360,642	4,179,676	4,140,852	38,824
Police Department - Non-Personnel	1,145,626	1,150,853 A	574,797	532,576 E	42,221
Fire Department - Labor	5,679,632	5,679,632	2,830,599	2,853,223	(22,624)
Fire Department - Non-Personnel	473,100	473,100	242,342	206,435 E	35,907
Public Fire Protection	283,900	283,900	145,461	140,015	5,446
Building Inspection - Labor	788,275	788,275	393,412	363,030	30,382
Building Inspection - Non-Personnel	29,550	29,895 A	13,027	10,720	2,307
Weights and Measures	7,600	7,600	7,600	7,600	-
Total Public Safety	16,768,325	16,773,897	8,386,914	8,254,451	132,463
Public Works:					
Engineering - Labor	624,790	624,790	326,207	285,731	40,476
Engineering - Non-Personnel	21,820	29,220	10,978	17,402 E	(6,424)
Highway - Labor	2,399,102	2,399,102	1,497,689	1,419,590	78,099
Highway - Non-Personnel	790,797	807,318 A	271,364	205,267 E	66,097
Street Lighting	344,800	364,043 A	160,992	137,635 E	23,357
Weed Control	15,050	15,050	2,485	1,357	1,128
Total Public Works	\$ 4,196,359	\$ 4,239,523	\$ 2,269,715	\$ 2,066,982	\$ 202,733

A Represents an amendment to Adopted Budget
E Represents an encumbrance for current year from prior year

City of Franklin
General Fund
Comparative Statement of Revenue, Expenses and Fund Balance
For the 6 months ended June 30, 2017

Expenditures	2017 Original Budget	2017 Amended Budget	2017 Year-to-Date Budget	2017 Year-to-Date Actual	Var to Budget Surplus (Deficiency)
Health & Human Services:					
Public Health - Labor	\$ 581,507	\$ 581,507	\$ 290,463	\$ 287,520	\$ 2,943
Public Health - Non-Personnel	68,790	68,790	17,512	13,076	4,436
Animal Control	34,500	34,500	18,769	11,533	7,236
Total Health & Human Services	684,797	684,797	326,744	312,129	14,615
Culture & Recreation:					
Senior Travel & Activities	21,400	23,686	10,017	7,647	2,370
Parks - Labor	109,093	109,093	50,204	58,978	(8,774)
Parks - Non-Personnel	41,725	46,675 A	19,089	18,690	399
Total Culture & Recreation	172,218	179,454	79,310	85,315	(6,005)
Conservation & Development:					
Planning - Labor	336,310	336,310	168,155	165,230	2,925
Planning - Non-Personnel	60,550	60,550	19,935	14,775	5,160
Economic Dev - Labor	102,617	102,617	51,309	55,371	(4,062)
Economic Dev - Non-Personnel	124,200 A	131,700 A	34,486	46,351 E	(11,865)
Total Conservation & Development	623,677	631,177	273,885	281,727	(7,842)
Contingency & Unclassified:					
Restricted - other	500,000	500,000	250,000	-	250,000
Unrestricted	125,000	125,250 A	62,625	9,180	53,445
Unclassified	82,500	82,500	21,171	19,983	1,188
Total Contingency & Unclassified	707,500	707,750	333,796	29,163	304,633
Anticipated Underexpenditures	(455,820)	(455,820)	(227,910)	-	(227,910)
Transfers to Other Funds:					
Capital Improvement Fund	-	-	-	-	-
Other Funds	24,000	24,000	-	-	-
Total Transfers to Other Funds	24,000	24,000	-	-	-
Total Expenditures	\$ 25,784,313	\$ 25,874,985	\$ 13,134,990	\$ 12,581,604	\$ 553,386
Less Encumbrances				(34,544)	
Net Expenditures				\$ 12,547,060	
% of YTD Budget				95.52%	

A Represents an amendment to Adopted Budget
E Represents an encumbrance for current year from prior year

**City of Franklin
General Fund
Balance Sheet**

ASSETS	6/30/2017
Cash & Investments	\$ 12,871,921
Accounts & Taxes Receivable	2,747,615
Due from/Advances to Other Funds	294,856
Due from Other Governments	153,887
Prepaid Expenditures & Inventories	22,337
Total Assets	\$ 16,090,616
LIABILITIES	
Accounts Payable	\$ 268,711
Accrued Liabilities	700,888
Due to Other Funds & Governments	155,175
Special Deposits	104,348
Unearned Revenue	2,313,138
Total Liabilities	3,542,260
FUND BALANCES	
Nonspendable - Inventories, Prepaids, Advances, Assigned	317,193
Unassigned	12,231,163
Total Fund Balances	12,548,356
Total Liabilities & Fund Balances	\$ 16,090,616

City of Franklin
Debt Service Funds
Balance Sheet
June 30, 2017 and 2016

	2017 Special Assessment	2017 Debt Service	2017 Total	2016 Special Assessment	2016 Debt Service	2016 Total
Assets						
Cash and investments	\$ 570,831	\$ (197)	\$ 570,634	\$ 512,005	\$ 46,941	\$ 558,946
Special assessment receivable	195,819	-	195,819	111,456	-	111,456
Total Assets	<u>\$ 766,650</u>	<u>\$ (197)</u>	<u>\$ 766,453</u>	<u>\$ 623,461</u>	<u>\$ 46,941</u>	<u>\$ 670,402</u>
Liabilities and Fund Balance						
Unearned & unavailable revenue	\$ 195,819	\$ -	\$ 195,819	\$ 111,456	\$ -	\$ 111,456
Unassigned fund balance	570,831	(197)	570,634	512,005	46,941	558,946
Total Liabilities and Fund Balance	<u>\$ 766,650</u>	<u>\$ (197)</u>	<u>\$ 766,453</u>	<u>\$ 623,461</u>	<u>\$ 46,941</u>	<u>\$ 670,402</u>

Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016

	2017 Special Assessment	2017 Debt Service	2017 Year-to-Date Actual	2017 Amended Budget	2016 Special Assessment	2016 Debt Service	2016 Year-to-Date Actual
Revenue							
Property Taxes	\$ -	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ -	\$ 1,500,000	\$ 1,500,000
Special Assessments	-	-	-	-	-	-	-
Investment Income	4,041	735	4,776	-	5,979	2,324	8,303
Total Revenue	<u>4,041</u>	<u>1,300,735</u>	<u>1,304,776</u>	<u>1,300,000</u>	<u>5,979</u>	<u>1,502,324</u>	<u>1,508,303</u>
Expenditures:							
Debt Service:							
Principal	-	1,355,000	1,355,000	1,355,000	-	1,300,000	1,300,000
Interest	-	79,444	79,444	272,463	-	201,852	201,852
Bond Issuance Cost	-	-	-	-	-	53,789	53,789
Total expenditures	<u>-</u>	<u>1,434,444</u>	<u>1,434,444</u>	<u>1,627,463</u>	<u>-</u>	<u>1,555,641</u>	<u>1,555,641</u>
Transfers in	-	49,004	49,004	327,113	-	69,799	69,799
Transfers out	-	-	-	-	-	-	-
Refunding Bond Issuance	-	-	-	-	-	5,770,000	5,770,000
Premium (Discount) on Refunding Bonds	-	-	-	-	-	154,202	154,202
Repayment of Refunded bonds	-	-	-	-	-	(5,895,000)	(5,895,000)
Net change in fund balances	<u>4,041</u>	<u>(84,705)</u>	<u>(80,664)</u>	<u>(350)</u>	<u>5,979</u>	<u>45,684</u>	<u>51,663</u>
Fund balance, beginning of year	566,790	84,508	651,298	651,298	506,026	1,257	507,283
Fund balance, end of period	<u>\$ 570,831</u>	<u>\$ (197)</u>	<u>\$ 570,634</u>	<u>\$ 650,948</u>	<u>\$ 512,005</u>	<u>\$ 46,941</u>	<u>\$ 558,946</u>

City of Franklin
Tax Increment Financing District #3
Balance Sheet
June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash & investments	\$ 1,409,737	\$ 2,029,114
Total Assets	<u>\$ 1,409,737</u>	<u>\$ 2,029,114</u>
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 10,308	\$ 4,126
Interfund advance from Development Fund	<u>550,000</u>	<u>550,000</u>
Total Liabilities	560,308	554,126
Assigned fund balance	<u>849,429</u>	<u>1,474,988</u>
Total Liabilities and Fund Balance	<u>\$ 1,409,737</u>	<u>\$ 2,029,114</u>

Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016

	<u>2017</u> <u>Annual</u> <u>Budget</u>	<u>2017</u> <u>Amended</u> <u>Budget</u>	<u>2017</u> <u>Year-to-Date</u> <u>Budget</u>	<u>2017</u> <u>Year-to-Date</u> <u>Actual</u>	<u>2016</u> <u>Year-to-Date</u> <u>Actual</u>
Revenue					
General property tax levy	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,253,575	\$ 1,730,642
State exempt computer aid	464,300	464,300	-	-	-
Investment income	3,000	3,000	2,062	13,218	7,320
Transfer from other funds	-	-	-	-	-
Total revenue	<u>1,767,300</u>	<u>1,767,300</u>	<u>1,302,062</u>	<u>1,266,793</u>	<u>1,737,962</u>
Expenditures					
Debt service principal	1,675,000	1,675,000	1,675,000	1,675,000	650,000
Debt service interest & fees	55,325	55,325	55,325	40,127	46,619
Administrative expenses	12,720	12,720	6,206	7,136	22,839
Interfund interest	19,250	19,250	19,250	9,546	12,966
Capital outlays	-	1,421,608	597,026	1,383,323	2,353,856
Encumbrances	-	-	-	(1,356,363)	(1,826,846)
Total expenditures	<u>1,762,295</u>	<u>3,183,903</u>	<u>2,352,807</u>	<u>1,758,769</u>	<u>1,259,434</u>
Revenue over (under) expenditures	5,005	(1,416,603)	<u>\$ (1,050,745)</u>	(491,976)	478,528
Fund balance, beginning of year	<u>1,341,405</u>	<u>1,341,405</u>		<u>1,341,405</u>	<u>996,460</u>
Fund balance, end of period	<u>\$ 1,346,410</u>	<u>\$ (75,198)</u>		<u>\$ 849,429</u>	<u>\$ 1,474,988</u>

City of Franklin
Tax Increment Financing District #4
Balance Sheet
June 30, 2017 and 2016

<u>Assets</u>	2017	2016
Cash & investments	\$ 2,402,068	\$ 1,237,268
Total Assets	<u>\$ 2,402,068</u>	<u>\$ 1,237,268</u>
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 234	\$ -
Total Liabilities	<u>234</u>	<u>-</u>
Assigned fund balance	2,401,834	1,237,268
Total Liabilities and Fund Balance	<u>\$ 2,402,068</u>	<u>\$ 1,237,268</u>

Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016

	2017 Annual Budget	2017 Amended Budget	2017 Year-to-Date Budget	2017 Year-to-Date Actual	2016 Year-to-Date Actual
Revenue					
General property tax levy	\$ 994,000	\$ 994,000	\$ 994,000	\$ 1,013,892	\$ 1,289,709
State exempt computer aid	16,200	16,200	-	-	-
Payment in Lieu of Taxes	85,000	85,000	85,000	148,173	91,206
Investment income	19,200	19,200	9,600	12,030	2,221
Total revenue	<u>1,114,400</u>	<u>1,114,400</u>	<u>1,088,600</u>	<u>1,174,095</u>	<u>1,383,136</u>
Expenditures					
Debt service/interfund interest	-	-	-	-	920
Administrative expenses	9,075	89,075	4,537	79,043	18,832
Encumbrances	-	-	-	(64,500)	(12,100)
Total expenditures	<u>9,075</u>	<u>89,075</u>	<u>4,537</u>	<u>14,543</u>	<u>7,652</u>
Revenue over (under) expenditures	1,105,325	1,025,325	<u>\$ 1,084,063</u>	1,159,552	1,375,484
Fund balance, beginning of year	<u>1,242,282</u>	<u>1,242,282</u>		<u>1,242,282</u>	<u>(138,216)</u>
Fund balance, end of period	<u>\$ 2,347,607</u>	<u>\$ 2,267,607</u>		<u>\$ 2,401,834</u>	<u>\$ 1,237,268</u>

City of Franklin
Tax Increment Financing District #5
Balance Sheet
June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash & investments	\$ 16,499	\$ -
Total Assets	<u>\$ 16,499</u>	<u>\$ -</u>
<u>Liabilities and Fund Balance</u>		
Interfund advance from General Fund	\$ 74,695	\$ -
Total Liabilities	<u>74,695</u>	<u>-</u>
Unassigned fund balance	<u>(58,196)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 16,499</u>	<u>\$ -</u>

Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016

	<u>2017</u> <u>Annual</u> <u>Budget</u>	<u>2017</u> <u>Amended</u> <u>Budget</u>	<u>2017</u> <u>Year-to-Date</u> <u>Budget</u>	<u>2017</u> <u>Year-to-Date</u> <u>Actual</u>	<u>2016</u> <u>Year-to-Date</u> <u>Actual</u>
Revenue					
Bond proceeds	\$ 11,430,312	\$ 11,430,312	\$ -	\$ -	\$ -
Transfer from other funds	-	-	-	-	-
Total revenue	<u>11,430,312</u>	<u>11,430,312</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures					
Transfer to other funds	10,949,250	10,949,250	-	-	-
Debt service interest & fees	206,700	206,700	-	-	-
Administrative expenses	61,270	71,418	16,350	16,498	-
Encumbrances	-	-	-	(10,148)	-
Total expenditures	<u>11,217,220</u>	<u>11,227,368</u>	<u>16,350</u>	<u>6,350</u>	<u>-</u>
Revenue over (under) expenditures	213,092	202,944	<u>\$ (16,350)</u>	(6,350)	-
Fund balance, beginning of year	<u>(51,846)</u>	<u>(51,846)</u>		<u>(51,846)</u>	<u>-</u>
Fund balance, end of period	<u>\$ 161,246</u>	<u>\$ 151,098</u>		<u>\$ (58,196)</u>	<u>\$ -</u>

**City of Franklin
Library Fund
Balance Sheet
June 30, 2017 and 2016**

	Operating		Restricted	
	2017	2016	2017	2016
Assets				
Cash and investments	\$ 1,025,512	\$ 1,028,838	\$ 131,045	\$ 125,840
Prepaid expenses	-	-	650	650
Total Assets	<u>\$ 1,025,512</u>	<u>\$ 1,028,838</u>	<u>\$ 131,695</u>	<u>\$ 126,490</u>
Liabilities and Fund Balance				
Accounts payable	\$ 8,574	\$ 8,001	\$ 1,164	\$ 658
Accrued salaries & wages	23,020	19,467	-	-
Assigned fund balance	993,918	1,001,370	130,531	125,832
Total Liabilities and Fund Balance	<u>\$ 1,025,512</u>	<u>\$ 1,028,838</u>	<u>\$ 131,695</u>	<u>\$ 126,490</u>

**Statement of Revenue, Expenses and Fund Balance - Operating Fund
For the Six months ended June 30, 2017 and 2016**

	2017 Annual Budget	2017 Amended Budget	2016 Year-to-Date Budget	2017 Year-to-Date Actual	2016 Year-to-Date Actual
Revenue					
Property taxes	\$ 1,296,600	\$ 1,296,600	\$ 1,296,600	\$ 1,296,600	\$ 1,287,000
Reciprocal borrowing (restricted)	90,000	90,000	-	-	-
Investment income	8,500	8,500	4,250	4,698	9,078
Transfers in	-	-	-	-	-
Total Revenue	<u>1,395,100</u>	<u>1,395,100</u>	<u>1,300,850</u>	<u>1,301,298</u>	<u>1,296,078</u>
Expenditures:					
Salaries and benefits	977,951	977,951	488,975	436,476	459,686
Contractual services	19,300	19,300	14,844	11,238	15,215
Supplies	37,400	37,400	20,001	19,398	22,920
Services and charges	78,010	78,010	52,329	48,648	38,901
Facility charges	254,210	254,210	120,545	111,525	114,131
Capital outlay	88,500	97,500	49,724	51,466	50,718
Capital outlay (restricted)	-	-	-	-	-
Total Library Costs	<u>1,455,371</u>	<u>1,464,371</u>	<u>746,418</u>	<u>678,751</u>	<u>701,571</u>
Total expenditures	<u>1,455,371</u>	<u>1,464,371</u>	<u>746,418</u>	<u>678,751</u>	<u>701,571</u>
Revenue over (under) expenditures	(60,271)	(69,271)	<u>554,432</u>	622,547	594,507
Fund balance, beginning of year	<u>371,371</u>	<u>371,371</u>		<u>371,371</u>	<u>406,863</u>
Fund balance, end of period	<u>\$ 311,100</u>	<u>\$ 302,100</u>		<u>\$ 993,918</u>	<u>\$ 1,001,370</u>

**City of Franklin
Solid Waste Collection Fund
Balance Sheet
June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 1,154,278	\$ 1,075,121
Accrued Receivables	187	-
Total Assets	<u>\$ 1,154,465</u>	<u>\$ 1,075,121</u>
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 127,773	\$ 122,100
Accrued salaries & wages	-	292
Restricted fund balance	1,026,692	952,729
Total Liabilities and Fund Balance	<u>\$ 1,154,465</u>	<u>\$ 1,075,121</u>

**Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016**

<u>Revenue</u>	<u>2017 Adopted Budget</u>	<u>2017 Year-to-Date Actual</u>	<u>2016 Year-to-Date Actual</u>
Grants	\$ 69,200	\$ 68,838	\$ 65,995
User Fees	1,203,200	1,209,533	1,198,161
Landfill Operations-tippage	346,000	135,622	132,596
Investment Income	2,500	5,171	8,736
Sale of Recyclables	500	28	905
Total Revenue	<u>1,621,400</u>	<u>1,419,192</u>	<u>1,406,393</u>
Expenditures:			
Personal Services	13,215	6,934	9,967
Refuse Collection	666,751	336,241	329,435
Recycling Collection	355,650	184,344	182,024
Leaf & Brush Pickups	54,300	18,086	17,786
Tippage Fees	455,000	176,424	173,025
Miscellaneous	3,500	1,354	2,256
Printing	1,800	-	115
Total expenditures	<u>1,550,216</u>	<u>723,383</u>	<u>714,608</u>
Revenue over (under) expenditures	71,184	695,809	691,785
Fund balance, beginning of year	<u>330,883</u>	<u>330,883</u>	<u>260,944</u>
Fund balance, end of period	<u>\$ 402,067</u>	<u>\$ 1,026,692</u>	<u>\$ 952,729</u>

**City of Franklin
Capital Outlay Fund
Balance Sheet
June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 441,526	\$ 752,327
Total Assets	\$ 441,526	\$ 752,327
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 16,640	\$ 4,041
Miscellaneous claims payable	-	6,422
Encumbrance	73,985	73,598
Assigned fund balance	350,901	668,266
Total Liabilities and Fund Balance	\$ 441,526	\$ 752,327

**Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016**

<u>Revenue</u>	<u>2017 Original Budget</u>	<u>2017 Amended Budget</u>	<u>2017 Year-to-Date Budget</u>	<u>2017 Year-to-Date Actual *</u>	<u>2016 Year-to-Date Actual</u>
Property Taxes	\$ 444,300	\$ 444,300	\$ 444,300	\$ 444,300	\$ 437,100
Grants				3,938	2,000
Landfill Siting	148,000	148,000	104,840	64,500	47,400
Investment Income	6,000	6,000	3,000	3,395	9,380
Miscellaneous Revenue	25,000	58,470	9,881	45,005	7,075
Transfers from Other Funds	3,500	3,500	1,750	-	-
Total Revenue	626,800	660,270	563,771	561,138	502,955
Expenditures:					
General Government	217,379	294,918	85,303	29,646	16,887
Public Safety	389,589	525,012	309,258	448,078	393,574
Public Works	51,000	51,000	31,764	30,777	68,977
Health and Human Services	-	-	-	-	-
Culture and Recreation	7,000	17,776	3,920	12,689	6,054
Conservation and Development	1,900	1,900	950	1,019	-
Contingency	30,000	20,470	15,000	-	15,357
Transfers to Other Funds	-	26,950	-	26,950	-
Total expenditures	696,868	938,026	446,195	549,159	500,849
Revenue over (under) expenditures	(70,068)	(277,756)	<u>117,576</u>	11,979	2,106
Fund balance, beginning of year	<u>338,922</u>	<u>338,922</u>		<u>338,922</u>	<u>666,160</u>
Fund balance, end of period	<u>\$ 268,854</u>	<u>\$ 61,166</u>		<u>\$ 350,901</u>	<u>\$ 668,266</u>

* Amount shown is actual expenditures plus encumbrance

**City of Franklin
Equipment Replacement Fund
Comparative Balance Sheet
June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 2,454,202	\$ 2,537,436
Total Assets	\$ 2,454,202	\$ 2,537,436
 <u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 9,221	\$ 48,834
Encumbrance	269,819	181,185
Assigned fund balance	2,175,162	2,307,417
Total Liabilities and Fund Balance	\$ 2,454,202	\$ 2,537,436

**Comparative Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016**

	<u>2017 Original Budget</u>	<u>2017 Amended Budget</u>	<u>2017 Year-to-Date Budget</u>	<u>2017 Year-to-Date Actual *</u>	<u>2016 Year-to-Date Actual</u>
Revenue:					
Property Taxes	\$ 348,300	\$ 348,300	\$348,300	\$ 348,300	\$ 342,600
Landfill	200,000	200,000	137,186	87,800	131,400
Investment Income	25,000	25,000	12,500	19,024	23,408
Property Sales	15,000	15,000	5,607	-	81,279
Total revenue	588,300	588,300	503,593	455,124	578,687
Expenditures:					
Public Safety	250,000	250,000	234,265	233,404	-
Public Works	400,000	436,891	221,921	417,561	575,913
Total expenditures	650,000	686,891	456,186	650,965	575,913
Revenue over (under) expenditures	(61,700)	(98,591)	<u>47,407</u>	(195,841)	2,774
Fund balance, beginning of year	2,371,003	2,371,003		2,371,003	2,304,643
Fund balance, end of period	\$ 2,309,303	\$ 2,272,412		\$ 2,175,162	\$ 2,307,417

* Amount shown is actual expenditures plus emcumbrance

**City of Franklin
Street Improvement Fund
Balance Sheet
June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 1,016,488	\$ 1,027,236
Total Assets	\$ 1,016,488	\$ 1,027,236
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ -	\$ 666
Encumbrances	837,433	903,806
Assigned fund balance	179,055	122,764
Total Liabilities and Fund Balance	\$ 1,016,488	\$ 1,027,236

**Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016**

	<u>2017 Original Budget</u>	<u>2017 Year-to-Date Totals</u>	<u>2016 Year-to-Date Totals</u>
Revenue:			
Property Taxes	\$ 704,900	\$ 704,900	\$ 693,500
Landfill Siting	133,000	58,500	86,700
Investment Income	5,500	3,421	4,429
Total revenue	843,400	766,821	784,629
Expenditures:			
Street Reconstruction Program - Current Year	940,000	845,094	907,820
Street Reconstruction Program - Prior Year(s)	-	-	-
Total expenditures	940,000	845,094	907,820
Revenue over (under) expenditures	(96,600)	(78,273)	(123,191)
Fund balance, beginning of year	257,328	257,328	245,955
Fund balance, end of period	\$ 160,728	\$ 179,055	\$ 122,764

**City of Franklin
Capital Improvement Fund
Balance Sheet
June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 2,677,736	\$ 2,155,421
Accrued receivables	847	22,596
Total Assets	\$ 2,678,583	\$ 2,178,017
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 1,210	\$ 124,241
Contracts Payable	6,531	20,465
Accrued payables	90,000	-
Fund Balance - Encumbrance	889,308	392,343
Assigned fund balance	1,691,534	1,640,968
Total Liabilities and Fund Balance	\$ 2,678,583	\$ 2,178,017

**Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016**

	<u>2017 Original Budget</u>	<u>2017 Amended Budget</u>	<u>2017 Year-to-Date Totals</u>	<u>2016 Year-to-Date Totals</u>
Revenue:				
Block Grants	\$ -	\$ -	\$ -	\$ -
Landfill Siting	389,500	389,500	69,626	85,116
Transfers from Other Funds	390,000	390,000	-	-
Transfers from General Funds	10,949,250	10,949,250	-	600,000
Transfers from Impact Fees	2,779,725	2,779,725	-	127,172
Transfers from Connection Fees	900,000	900,000	-	-
Bond Proceeds	8,500,000	8,500,000	-	-
Refunds & Reimbursements	-	-	97,480	-
Investment Income	5,000	5,000	20,659	3,985
Total revenue	23,913,475	23,913,475	187,765	816,273
Expenditures:				
General Government	1,800,000	1,800,000	39,123	-
Public Safety	102,800	396,857	274,867	95,563
Public Works	11,653,000	12,615,494	871,512	216,750
Culture and Recreation	4,824,326	4,848,801	24,917	425,058
Sewer & Water	4,059,500	4,059,500	-	116,177
Contingency	2,196,375	2,196,375	3,084	11,593
Bond/Note Issuance Cost	170,000	170,000	-	-
Total expenditures	24,806,001	26,087,027	1,213,503	865,141
Revenue over (under) expenditures	(892,526)	(2,173,552)	(1,025,738)	(48,868)
Fund balance, beginning of year	2,717,272	2,717,272	2,717,272	1,689,836
Fund balance, end of period	\$ 1,824,746	\$ 543,720	\$ 1,691,534	\$ 1,640,968

**City of Franklin
Development Fund
Comparative Balance Sheet
June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 3,938,242	\$ 3,860,248
Due From TID 3	275,000	275,000
Total Assets	\$ 4,213,242	\$ 4,135,248
 <u>Liabilities and Fund Balance</u>		
Accounts payable	\$ -	\$ -
Payable to Developers- Oversizing	99,665	-
Non-Spendable Fund Balance - Advances	275,000	275,000
Encumbrance	3,321	3,321
Assigned fund balance	3,835,256	3,856,927
Total Fund Balance	4,110,256	4,131,927
Total Liabilities and Fund Balance	\$ 4,213,242	\$ 4,135,248

**Comparative Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016**

	<u>2017 Original Budget</u>	<u>2017 Year-to-Date Budget</u>	<u>2017 Year-to-Date Actual</u>	<u>2016 Year-to-Date Actual</u>
Revenue:				
Impact Fee: Parks	\$ 300,000	\$ 166,185	\$ 31,710	\$ 155,713
Impact Fee: Southwest Sewer Serv	-	-	-	-
Impact Fee: Administration	6,000	3,366	1,980	3,905
Impact Fee: Water	275,000	148,162	73,097	158,453
Impact Fee: Transportation	37,000	18,350	17,734	5,926
Impact Fee: Fire Protection	40,000	20,984	12,749	22,690
Impact Fee: Law Enforcement	73,000	38,183	23,326	42,142
Impact Fee: Library	60,000	32,871	9,230	43,661
Total Impact Fees	791,000	428,101	169,826	432,490
Investment Income	35,000	17,500	29,086	41,593
Interfund Interest Income	1,618	809	4,773	6,483
Total revenue	827,618	446,410	203,685	480,566
Expenditures:				
Other Professional Services	5,000	27	3,321	3,321
Transfer to Debt Service:				
Law Enforcement	205,000	54,854	12,000	21,681
Fire	43,100	29,603	28,220	37,637
Transportation	73,250	13,455	-	-
Library	133,100	44,187	8,785	10,481
Total Transfers to Debt Service	454,450	142,099	49,005	69,799
Transfer to Capital Improvement Fund:				
Park	2,891,185	315,728	-	127,172
Total Transfers to Capital Improve	2,891,185	315,728	-	127,172
Water Fees	500,000	208,333	99,665	-
Total expenditures	3,850,635	666,187	151,991	200,292
Revenue over (under) expenditures	(3,023,017)	(219,777)	51,694	280,274
Fund balance, beginning of year	4,058,562		4,058,562	3,851,653
Fund balance, end of period	<u>\$ 1,035,545</u>		<u>\$ 4,110,256</u>	<u>\$ 4,131,927</u>

City of Franklin
Development Fund Financial Report
For the six months ended June 30, 2017

Effective with all permits applied for after May 31, 2002, in accordance with our Impact Fee Ordinance 2002-1712 new impact fees were adopted. The fees are automatically increased 5% in January of each year. The components of the fees for 2017 are as follows.

	Single Family	Two Family	Multi Family per Unit
Park and Playground Facilities	\$ 3,171.00	\$ 6,342.00	\$ 2,249.00
Fire Protection Facilities	452.00	904.00	313.00
Law Enforcement Facilities	840.00	1,680.00	584.00
Water system ¹ per every 169 gallons of daily use	2,281.00	4,562.00	2,281.00 ¹
Transportation Facilities	88.00	176.00	62.00
Administrative Fee	55.00	110.00	55.00
Library Facilities	923.00	1,846.00	616.00
Sanitary Sewer - Ryan Creek	2,928.00	5,856.00	see note ²
	<u>\$10,738.00</u>	<u>\$21,476.00</u>	<u>\$ 6,160.00</u>

In addition to the above, there is an established commercial impact fee of \$.523 psf, an industrial impact fee of \$.136 psf and an institutional impact fee of \$.738 psf. There is also a charge on each commercial, industrial or institutional building for water of \$2,069 per REC (residential equivalency) and an administrative fee of \$55 for the first 10,000 sq. ft. plus \$55 for each additional 10,000 sq. ft.

The funds generated are available for capital projects or related debt service of those municipal activities. Interest revenue is credited to each account balance.

²

On May 21, 2013, the Common Council adopted Ordinance 2013-2105 to provide for the extension of and cost recovery of public sanitary sewer within the southwest sanitary sewer service area served by the Ryan Creek Interceptor public sanitary sewer. The fee for a single family dwelling with a 0.75" meter is \$2,928.00. For a multi family dwelling the fee is \$2,928.00 for the first unit and \$1,464.00 for each additional unit.

City of Franklin

Development Fund

Summary of Impact Fee Activity
For the six months ended June 30, 2017

Cash Acct	4292	4293	4294	4295	4296	4297	4299	27,1100.1111	
Revenue Acct								-27,2000.2117	
Expenditure Acct								Net Cash Balance	
	Parks Recreation	SW Sewer	Admin Fee	Water	Transportation	Fire Protection	Law Enforcement	Library	
Beginning Bal, 12/31/16	3,284,554.91	33,803.63	66,900.24	618,917.95	3,103.76	27,087.61	9,634.92	14,558.81	4,058,561.83
1st Quarter									
Impact Fees	12,684.00	0.00	385.00	22,156.00	2,027.00	2,618.00	4,868.00	3,692.00	48,430.00
Expenditures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
subtotal	3,297,238.91	33,803.63	67,285.24	641,073.95	5,130.76	29,705.61	14,502.92	18,250.81	4,106,991.83
Transfers						(28,220.25)	(12,000.00)	(8,784.26)	(49,004.51)
Investment Income	13,945.37	143.24	284.31	2,669.64	17.45	120.33	51.14	69.52	17,301.00
Ending balance 3/31/2017	3,311,184.28	33,946.87	67,569.55	643,743.59	5,148.21	1,605.69	2,554.06	9,536.07	4,075,288.32
2nd Quarter									
Impact Fees	19,026.00	0.00	1,595.00	50,941.00	15,707.00	10,131.00	18,458.00	5,538.00	121,396.00
Expenditures	0.00	0.00	0.00	(99,665.00)	0.00	0.00	0.00	0.00	(99,665.00)
subtotal	3,330,210.28	33,946.87	69,164.55	595,019.59	20,855.21	11,736.69	21,012.06	15,074.07	4,097,019.32
Transfers									0.00
Investment Income	13,458.95	137.20	279.53	2,404.76	84.29	47.43	84.92	60.92	16,558.00
Ending balance 6/30/2017	3,343,669.23	34,084.07	69,444.08	597,424.35	20,939.50	11,784.12	21,096.98	15,134.99	4,113,577.32
Ending balance 12/31/2017	3,343,669.23	34,084.07	69,444.08	597,424.35	20,939.50	11,784.12	21,096.98	15,134.99	4,113,577.32
Number of Months	217.37	23.28	142.94	30.45	4.89	2.94	2.86	3.50	
2017 Impact Fees	31,710.00	0.00	1,980.00	73,097.00	17,734.00	12,749.00	23,326.00	9,230.00	169,826.00
2016 Impact Fees	203,953.00	0.00	4,950.00	206,237.00	8,570.00	30,198.00	56,096.00	57,725.00	395,486.00
2015 Impact Fees	137,670.00	2,928.00	3,630.00	133,352.00	20,533.00	27,116.00	50,222.00	38,526.00	413,977.00
2014 Impact Fees	184,592.00	17,568.00	5,830.00	235,415.00	51,436.00	48,134.00	88,431.00	51,821.00	683,227.00
2013 Impact Fees	317,206.00	11,712.00	6,160.00	427,429.00	31,829.00	45,110.00	82,280.00	66,179.00	987,905.00

* Funded by an Administrative Fee not an impact fee

¹ Debt service payments

² Oversizing payments made

³ Transfer to Water Utility for Puetz Road Water Tower Project

120,367.40 Oversizing payments due in future periods

73,635.62	42,974.50	205,021.90	134,103.83
899,899.74	359,200.00	1,863,400.00	1,099,029.73

**City of Franklin
Utility Development Fund
Comparative Balance Sheet
June 30, 2017 and 2016**

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments - Water	\$ 536,374	\$ 373,846
Cash and investments - Sewer	711,493	558,198
Special Assessment - Water Current	212,883	316,797
Special Assessment - Water Deferred	332,962	362,373
Special Assessment - Sewer Current	297,705	393,369
Special Assessment - Sewer Deferred	76,728	116,426
Reserve for Uncollectible	(40,982)	(110,090)
Total Assets	<u>\$ 2,127,163</u>	<u>\$ 2,010,919</u>
 <u>Liabilities and Fund Balance</u>		
Accounts payable	\$ -	\$ -
Unearned Revenue	879,297	1,078,875
Total Fund Balance	1,247,866	932,044
Total Liabilities and Fund Balance	<u>\$ 2,127,163</u>	<u>\$ 2,010,919</u>

**Comparative Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016**

	<u>2017 Original Budget</u>	<u>2017 Year-to-Date Budget</u>	<u>2017 Year-to-Date Actual</u>	<u>2016 Year-to-Date Actual</u>
Revenue:				
Special Assessments				
Water	\$ 73,000	\$ 17,804	\$ -	\$ 13,880
Sewer	50,000	14,197	-	-
Connection Fees				
Water	4,100	2,596	2,281	-
Sewer	35,000	17,297	13,380	9,300
Total Impact Fees	<u>162,100</u>	<u>51,894</u>	<u>15,661</u>	<u>23,180</u>
Special Assessment Interest	44,400	6,628	-	81
Investment Income	-	-	8,015	1,780
Total revenue	<u>206,500</u>	<u>58,522</u>	<u>23,676</u>	<u>25,041</u>
 Transfer to Capital Improvement Fund:				
Water	450,000	-	-	-
Sewer	450,000	-	-	-
Total Transfers to Capital Improven	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	(693,500)	58,522	23,676	25,041
Fund balance, beginning of year			<u>1,224,190</u>	<u>907,003</u>
Fund balance, end of period			<u>\$ 1,247,866</u>	<u>\$ 932,044</u>

**City of Franklin
Sanitary Sewer Fund
Comparative Balance Sheet
June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current assets:		
Cash and investments	\$ 1,489,919	\$ 785,410
Accounts receivable	931,385	931,370
Due from Franklin Water Utility	7,739	12,080
Miscellaneous receivable	7,031	279,785
Prepaid expenses	-	2,319
Total current assets	<u>2,436,074</u>	<u>2,010,964</u>
Non current assets:		
Due from MMSD	20,014,692	23,780,810
Sanitary Sewer plant in service:		
Land	725,594	358,340
Buildings and improvements	3,292,878	3,277,771
Improvements other than buildings	78,725,672	54,380,956
Machinery and equipment	825,184	813,942
Construction in progress	485	34,202
	<u>83,569,813</u>	<u>58,865,211</u>
Less accumulated depreciation	<u>(19,539,719)</u>	<u>(14,576,119)</u>
Net sanitary sewer plant in service	<u>64,030,094</u>	<u>44,289,092</u>
Deferred assets:		
Pension assets	<u>168,109</u>	<u>80,922</u>
Total Assets	<u>\$ 86,648,969</u>	<u>\$ 70,161,788</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 556,853	\$ 556,716
Accrued liabilities	27,937	31,757
Due to Franklin Water Utility	-	2,736
Due to General Fund - non-interest bearing	<u>86,992</u>	<u>2,290,408</u>
Total current liabilities	671,782	2,881,617
Non current liabilities:		
Accrued compensated absences	74,066	67,229
Pension liability (GASB 68)	41,843	108,210
General Obligation Notes payable - CWF	<u>20,014,693</u>	<u>21,200,228</u>
Total liabilities	<u>20,802,384</u>	<u>24,257,284</u>
Deferred inflows:		
Pension liabilities	51,939	-
Net Assets:		
Invested in capital assets, net of related debt	64,030,094	44,289,092
Sewer equipment replacement	394,227	356,106
Retained earnings	<u>1,370,325</u>	<u>1,259,306</u>
Total net assets	<u>65,794,646</u>	<u>45,904,504</u>
Total Liabilities and Net Assets	<u>\$ 86,648,969</u>	<u>\$ 70,161,788</u>

**City of Franklin
Sanitary Sewer Fund
Statement of Revenue, Expenditures,
and Changes in Net Assets
For the Six months ended June 30, 2017 and 2016**

	2016 Amended Budget	2016 Year-to-Date Budget	Current Year-to-Date Totals	Prior Year-to-Date Totals
Operating Revenue				
Residential	\$ 1,876,560	\$ 999,193	\$ 900,231	\$ 893,422
Commercial	484,500	245,339	236,213	229,545
Industrial	430,500	225,854	203,798	204,948
Public Authority	152,000	80,100	67,702	72,831
Penalties/Other	32,000	9,906	9,924	11,360
Multi Family	468,800	234,400	219,876	222,469
Total Operating Revenue	<u>3,444,360</u>	<u>1,794,792</u>	<u>1,637,744</u>	<u>1,634,575</u>
Operating Expenditures				
Salaries and benefits	\$ 460,800	\$ 230,400	\$ 254,201	\$ 223,989
Contractual services	108,000	74,983	76,677	74,832
Supplies	91,300	45,650	21,314	29,523
Facility charges	62,900	33,983	25,210	33,647
Shared meter costs	5,000	2,500	-	-
Sewer service - MMSD	2,258,400	1,129,200	1,063,241	1,052,356
Other operating costs	28,200	14,870	7,725	8,969
Allocated expenses	116,500	58,250	62,735	61,235
Sewer improvements	170,000	80,790	42,235	43,639
Retirement - GASB 68	-	-	-	-
Depreciation	100,400	50,200	50,190	53,100
Total operating expenditures	<u>3,401,500</u>	<u>1,720,826</u>	<u>1,603,528</u>	<u>1,581,290</u>
Operating Income (Loss)	42,860	73,966	34,216	53,285
Non-Operating Revenue (Expenditures)				
Miscellaneous income	-	-	1,050	1,285
Refunds/Reimbursements	-	-	-	-
Investment income	510,856	255,428	268,868	277,523
Interest expense	(507,356)	(253,678)	(260,975)	(275,218)
Total non-operating revenue (expenditures)	<u>3,500</u>	<u>1,750</u>	<u>8,943</u>	<u>3,590</u>
Income (Loss) before Capital Contributions	<u>46,360</u>	<u>75,716</u>	<u>43,159</u>	<u>56,875</u>
Retained Earnings- Beginning	1,685,002	1,685,002	1,685,002	1,537,815
Transfer (to) from Invested in Capital Assets	(271,000)	(135,500)	36,391	20,722
Retained Earnings- Ending	<u>1,460,362</u>	<u>1,625,218</u>	<u>1,764,552</u>	<u>1,615,412</u>
Capital Contributions	600,000	300,000	-	-
Depreciation - CIAC	(586,000)	(293,000)	(1,005,402)	(299,100)
Transfer (to) from Retained Earnings	271,000	135,500	(36,391)	(20,722)
Change in Net Investment in Capital Assets	<u>285,000</u>	<u>142,500</u>	<u>(1,041,793)</u>	<u>(319,822)</u>
Net Investment in Capital Assets-Beginning	<u>65,071,887</u>	<u>65,071,887</u>	<u>65,071,887</u>	<u>44,608,914</u>
Net Investment in Capital Assets-Ending	<u>65,356,887</u>	<u>65,214,387</u>	<u>64,030,094</u>	<u>44,289,092</u>
Total net assets	<u>\$ 66,817,249</u>	<u>\$ 66,839,605</u>	<u>\$ 65,794,646</u>	<u>\$ 45,904,504</u>

**City of Franklin
Sanitary Sewer Fund
Statement of Cash Flows
For the Six months ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Operating income (loss)	\$ 34,216	\$ 53,285
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	50,190	53,100
(Increase) decrease in assets:		
Accounts receivable	(71,775)	(67,607)
Taxes receivable	121,939	124,633
Due from other funds	48,432	76,976
Miscellaneous receivable	98	-
Prepaid expenses	2,214	2,109
Increase (decrease) in liabilities:		
Accounts payable	(1,232)	(32,502)
Accrued expenses	-	(18,817)
Due to other funds	(20,492)	(47,294)
Due to general fund	(2,198,615)	-
GASB 68 pension	(138,600)	-
Total Adjustments	<u>(2,207,841)</u>	<u>90,598</u>
Net Cash Provided by Operating Activities	<u>\$ (2,173,625)</u>	<u>\$ 143,883</u>
 Cash Flows From Capital & Related Financing Activities		
Due from MMSD & Other Governments	3,940,407	1,531,089
Notes payable	(1,185,535)	(1,157,048)
Acquisition of capital assets	(13,799)	(32,378)
Net Cash Provided (Used) in Capital and Financing Activities	<u>2,741,073</u>	<u>341,663</u>
 Cash Flows from Investing Activities		
Interest and other income	269,918	278,808
Interest expense	<u>(260,975)</u>	<u>(275,218)</u>
Net Change in Cash and Cash Equivalents	576,391	489,136
 Cash and Cash Equivalents, beginning of period	913,528	296,274
 Cash and Cash Equivalents, end of period	<u>\$ 1,489,919</u>	<u>\$ 785,410</u>

Franklin Municipal Water Utility
Notes to the Financial Statements
For the six months ending June 30, 2016 and 2015

¹ Operating revenue is \$88,858 less than budget at June 30, 2017.

² Operating expenditures are \$305,575 less than budget for the first two quarters. 58% of that amount is in wholesale water which was estimated for the second quarter.

Water Connection Fee

Prior to May 31, 2002, the City collected a water connection fee on new construction and connections to existing properties, to be used to fund water main construction projects. The water connection fees on hand on June 30, 2017 total \$536,374.

Water Impact Fee

Since May 31, 2002 a water impact fee on residential and commercial construction replaced the water connection fee. Water Impact Fees collected in 2017 total \$73,097. Water Impact fees on hand at June 30, 2017 total \$597,424.

Franklin Municipal Water Utility
Comparative Balance Sheet
June 30, 2017 & 2016

Assets	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and investments	\$ 1,533,827	\$ 670,021
Accounts receivable	1,619,770	1,547,609
Taxes receivable	(106)	-
Due from City of Franklin	2,487	6,368
Prepaid expenses	-	2,319
Total current assets	<u>3,155,978</u>	<u>2,226,317</u>
Utility plant in service:		
Land	162,885	162,885
Buildings and improvements	3,384,279	3,369,172
Construction in Progress	733	36,654
Improvements other than buildings	55,599,147	54,748,756
Machinery and equipment	4,521,448	4,446,690
	<u>63,668,492</u>	<u>62,764,157</u>
Less accumulated depreciation	<u>18,712,551</u>	<u>17,726,192</u>
Net utility plant in service	<u>44,955,941</u>	<u>45,037,965</u>
Deferred Assets:		
Pension Assets	188,850	148,355
Deferred Costs	238,057	368,723
Total deferred assets	<u>426,907</u>	<u>517,078</u>
Total Assets	<u><u>\$ 48,538,826</u></u>	<u><u>\$47,781,360</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 44,769	\$ 78,729
Accrued liabilities	735,085	808,752
Due to City of Franklin	23,464	30,497
Advance from municipality	155,700	-
Pension liability	47,005	212,661
Compensated absences reserve	74,066	67,229
Bond Payable	1,113,466	1,167,320
	<u>2,193,555</u>	<u>2,365,188</u>
Deferred Liabilities:		
Pension Liabilities	58,347	-
Total liabilities	<u>2,251,902</u>	<u>2,365,188</u>
Net Assets		
Invested in capital assets, net of related debt	44,025,532	45,406,688
Retained earnings	2,261,392	9,484
Total net assets	<u>46,286,924</u>	<u>45,416,172</u>
Total Liabilities and Net Assets	<u><u>\$ 48,538,826</u></u>	<u><u>\$47,781,360</u></u>

Franklin Municipal Water Utility
Comparative Statement of Revenue, Expenditures,
and Changes in Net Assets
For the six months ending June 30, 2016 and 2015

	<u>2017</u>	<u>2016</u>
Operating Revenue		
Total metered sales	2,482,714	2,325,895
Fire protection	331,437	324,864
Forfeited discounts, penalties and other	18,327	19,364
Total Operating Revenue	<u>2,832,478</u>	<u>2,670,123</u>
Operating Expenditures		
Operation and maintenance expenses:		
Source of supply	1,365,315	1,437,495
Pumping	64,810	56,496
Water treatment	1,534	1,404
Transmission and distribution	139,013	222,376
Customers' accounts	21,317	21,745
Administrative and general	189,338	245,290
Total operation and maintenance expenses	<u>1,781,327</u>	<u>1,984,806</u>
Depreciation	193,500	193,500
Amortization and Pension Expenses	65,334	65,334
Taxes	535,877	561,241
Total Operating Expenditures	<u>2,576,038</u>	<u>2,804,881</u>
Operating Income (Loss)	<u>256,440</u>	<u>(134,758)</u>
Non-Operating Revenue (Expenses)		
Sundry	32,013	27,790
Interest on investments	2,805	1,217
Interest on long term debt	(17,144)	(17,694)
Interest-Debt to Municipality	(454)	-
Depreciation - CIAC	(390,690)	(385,200)
Total Non-Operating Revenue (Expenses)	<u>(373,470)</u>	<u>(373,887)</u>
Income before Capital Contributions	<u>(117,030)</u>	<u>(508,645)</u>
Capital Contributions-Developer & Municipality	<u>-</u>	<u>-</u>
Net change in net assets	(117,030)	(508,645)
Net Assets, beginning of period	<u>46,403,954</u>	<u>45,924,817</u>
Net Assets, end of period	<u>\$ 46,286,924</u>	<u>\$45,416,172</u>

Franklin Municipal Water Utility
Comparative Statement of Cash Flows
For the six months ending June 30, 2016 and 2015

	2017	2016
Cash Flows from Operating Activities		
Operating income (loss)	\$ 256,440	\$ (134,758)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation & Amortization	258,834	258,834
(Increase) decrease in assets:		
Accounts receivable	(203,721)	(240,375)
Due from other funds	23,788	104,024
Taxes receivable	183,568	167,052
Prepaid expenses	2,304	4,039
Increase (decrease) in liabilities:		
Accounts payable	(685,714)	(751,472)
Accrued expenses	723,200	775,391
Due to other funds	(47,486)	(155,839)
Advance from municipality	155,700	-
GASB 68 pension	(155,700)	-
Total Adjustments	254,773	161,654
Net Cash Provided (Used) by Operating Activities	511,213	26,896
 Cash Flows From Capital & Related Financing Activities		
Acquisition of capital assets	(129,064)	(141,553)
Interest paid on long term debt	(17,144)	(17,693)
Principal on long term debt	(55,000)	(55,000)
Net Cash Provided (Used) in Capital and Financing Activities	(201,208)	(214,246)
 Cash Flows from Investing Activities		
Interest, property rental & other income	34,818	29,007
 Net Change in Cash and Cash Equivalents	344,823	(158,343)
Cash and Cash Equivalents, beginning of period	1,189,004	828,364
Cash and Cash Equivalents, end of period	\$ 1,533,827	\$ 670,021

Franklin Municipal Water Utility
Detailed Statement of Revenue, Expenditures
and Changes in Net Assets
For the six months ending June 30, 2016 and 2015

Account Description	Annual Budget	Year to Date Budget	Current Year to Date	Prior Year to Date
Operating Revenue				
Metered Sales-Residential	\$ 3,049,600	\$ 1,446,416	\$ 1,399,701	\$ 1,329,512
Metered Sales-Commercial	634,000	302,122	318,701	291,299
Metered Sales-Industrial	514,400	255,503	242,932	219,987
Other Sales to Public Authority	281,500	143,671	122,403	128,092
Metered Sales-Multifamily	711,900	355,950	365,689	327,553
Metered Sales-Irrigation	108,800	54,400	33,288	29,452
Total Metered Sales	5,300,200	2,558,062	2,482,714	2,325,895
Unmetered Sales	5,000	1,362	1,762	3,173
Private Fire Protection	124,100	66,329	60,959	61,138
Public Fire Protection	541,000	280,283	270,478	263,726
Forfeited Discount	51,500	15,300	16,565	16,191
Total Operating Revenue	\$ 6,021,800	\$ 2,921,336	\$ 2,832,478	\$ 2,670,123
Operating Expenditures				
Operation and maintenance expense				
Source of Supply-Oper Labor	\$ 500	\$ 250	\$ 487	\$ 109
Operations Supplies & Expense	20,000	10,439	2,212	6,920
Wholesale Water	3,077,062	1,538,531	1,362,616	1,430,466
Maint of Water Source plant	5,000	2,214	-	-
Source of Supply	3,102,562	1,551,434	1,365,315	1,437,495
Pumping-Fuel	55,000	26,605	18,658	19,494
Pumping-Operations Labor	80,000	40,000	44,939	36,278
Pumping-Main Labor Pumping	750	375	464	73
Pumping-Main Expense Pumping	17,000	8,500	749	651
Pumping	152,750	75,480	64,810	56,496
Water Treat Chemicals	500	203	242	-
Water Treat Operation Labor	750	375	-	-
Water Treat Tests	12,000	6,183	1,292	1,404
Water Treat Maint Labor	500	250	-	-
Water Treat Maint Expenses	500	333	-	-
Water Treatment	14,250	7,344	1,534	1,404
Storage Software Maintenance	11,000	3,925	6,879	841
Trans & Distr Labor	27,000	13,500	9,959	7,724
Trans & distr Supp Exp	25,000	9,373	10,040	9,439
Trans & Distr Safety Supplies & Expense	4,000	1,023	1,450	1,289
Maint Labor-Distr Reservoir	500	250	56	53
Maint Expenses-Distr Reservoir	4,500	1,330	2,041	3,807
Maintenance Labor-Mains	15,000	7,500	4,669	4,269
Maintenance Expense-Mains	80,000	32,365	20,380	81,497
Locating Labor-Mains	10,500	5,250	5,021	5,308
Maint Labor-Services	31,000	15,500	6,930	11,783
Maint Expense-Services	70,000	30,162	20,710	44,751
Locating Labor-Services	10,000	5,000	4,607	6,211
Maint Labor-Meters	35,000	17,500	22,349	19,320
Maint Expenses-Meters	4,000	1,871	1,468	60
Maint Labor-Hydrants	38,927	19,464	13,370	8,298
Maint Expenses-Hydrants	58,000	9,599	1,279	1,157
Maint Labor-Plant	30,000	15,000	6,965	16,569
Maint Expenses-Plant	16,500	9,815	840	-
Transmission & Distribution	470,927	198,427	139,013	222,376

Franklin Municipal Water Utility
Detailed Statement of Revenue, Expenditures
and Changes in Net Assets
For the six months ending June 30, 2016 and 2015

Account Description	Annual Budget	Year to Date Budget	Current Year to Date	Prior Year to Date
Meter Reading Labor	6,500	2,887	961	1,646
Acct & Collection Labor	10,100	5,314	4,778	4,820
Acctg & Coll Payroll Exp	13,560	6,912	7,410	6,600
Supplies & Expense	9,300	4,550	3,840	4,817
Bank Fees	10,200	3,548	3,548	4,407
Uncollectible Accounts	2,500	1,173	780	(545)
Customer Accounts	52,160	24,384	21,317	21,745
Admin & General Payroll Exp	50,400	25,702	20,580	24,360
Office Supplies	1,800	900	41	458
Conferences/Dues/Subscriptions	8,000	4,155	1,970	3,453
Mileage	750	556	182	114
Outside Services	32,250	19,125	55,001	89,345
Insurance	25,400	12,162	12,690	12,690
Employee Leave Time & Benefits	198,927	92,603	91,333	96,962
Regulatory Commision Exp	5,750	554	-	5,130
Misc General Expense	800	179	158	18
Maintenance of General Plant	14,000	6,432	4,868	4,972
Transportation Expenses	22,500	10,495	2,515	7,788
Administrative and general	360,577	172,863	189,338	245,290
Total Operation and Maintenance Expenditures	4,153,226	2,029,932	1,781,327	1,984,806
Depreciation	386,850	191,292	193,500	193,500
Taxes-Property Tax Equivalent	1,050,000	536,954	525,000	550,200
Amortization	130,666	65,333	65,334	65,334
Retirement-GASB 68	91,800	45,900	-	-
Taxes-FICA	26,192	12,202	10,877	11,041
Total Operating Expenditures	5,838,734	2,881,613	2,576,038	2,804,881
Operating Income	\$ 183,066	\$ 39,723	\$ 256,440	\$ (134,758)
Non-Operating Revenue (Expenditures)				
Interest Income	1,500	750	2,805	1,217
Misc Revenue	2,000	316	-	980
Interest on LTD	(33,100)	(16,550)	(17,144)	(17,694)
Water Property Rent	48,800	26,204	28,773	26,485
Other Water Revenue	3,000	1,539	3,240	325
Interest-Debt to Municipality	-	-	(454)	-
Total non-operating revenue	22,200	12,259	17,220	11,313
Income before capital contributions	\$ 205,266	\$ 51,982	\$ 273,660	\$ (123,445)
Retained earnings - beginning	1,928,085	1,928,085	1,928,085	449,705
Transfer (to) from invested in capital assets	(1,735,680)	(867,840)	59,647	(316,776)
Retained earnings - ending	\$ 397,671	\$ 1,112,227	\$ 2,261,392	\$ 9,484
Capital contributions	750,000	-	-	-
Depreciation - CIAC	(781,400)	(390,700)	(390,690)	(385,200)
Transfer (to) from retained earnings	1,735,680	867,840	(59,647)	316,776
Change in net investment	2,499,622	1,833,754	(450,337)	(68,424)
Net investment in capital assets - beginning	44,475,869	44,475,869	44,475,869	45,475,112
Net investment in capital assets - ending	\$ 46,975,491	\$ 46,309,623	\$ 44,025,532	\$ 45,406,688
Total net assets	\$ 47,373,162	\$ 47,421,850	\$ 46,286,924	\$ 45,416,172

City of Franklin
Self Insurance Fund - Actives
Balance Sheet
June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ 2,364,743	\$ 3,212,850
Accounts receivable	588	743
Interfund advance receivable	275,000	275,000
Prepaid expenses	23,500	57,500
Total Assets	<u>\$ 2,663,831</u>	<u>\$ 3,546,093</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ -	\$ -
Claims payable	270,500	270,500
Unrestricted net assets	2,393,331	3,275,593
Total Liabilities and Fund Balance	<u>\$ 2,663,831</u>	<u>\$ 3,546,093</u>

City of Franklin Self Insurance Fund - Actives
Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016

	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
<u>Revenue</u>	<u>Budget</u>	<u>Year-to-Date</u>	<u>Year-to-Date</u>	<u>Year-to-Date</u>
		<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Medical Premiums-City	\$ 2,573,850	1,315,370	\$ 1,227,989	\$ 1,241,195
Medical Premiums-Employee	426,800	215,701	213,902	207,261
Other - Investment Income, etc.	35,000	17,500	23,645	43,749
Medical Revenue	<u>3,035,650</u>	<u>1,548,571</u>	<u>1,465,536</u>	<u>1,492,205</u>
Dental Premiums-City	115,400	49,596	54,473	53,502
Dental Premiums-Retirees	5,850	4,471	2,610	2,592
Dental Premiums-Employee	56,100	28,553	27,669	28,092
Dental Revenue	<u>177,350</u>	<u>82,620</u>	<u>84,752</u>	<u>84,186</u>
Total Revenue	<u>3,213,000</u>	<u>1,631,191</u>	<u>1,550,288</u>	<u>1,576,391</u>
Expenditures:				
Active Employees-Medical				
Medical claims - Current Year	2,119,200	829,989	915,807	808,765
Excess claims	591,500	295,750	-	-
Medical claims - Prior Year	-	-	273,069	251,951
Prescription drug claims	335,000	158,155	140,025	147,019
Refunds-Stop Loss Coverage	-	-	(16,692)	3,376
Total Claims-Actives	<u>3,045,700</u>	<u>1,283,894</u>	<u>1,312,209</u>	<u>1,211,111</u>
Medical Claim Fees	224,300	120,800	105,864	91,467
Memberships	-	-	3,180	3,120
Miscellaneous Wellness	75,000	21,710	13,833	9,836
Section 125 administration Fee	6,200	2,930	950	(227)
Stop Loss Premiums	635,900	333,872	367,233	324,260
ACA Fees	25,000	23,904	1,309	24,762
Total Medical Costs-Actives	<u>4,012,100</u>	<u>1,787,110</u>	<u>1,804,578</u>	<u>1,664,329</u>
Active Employees-Dental				
Dental Claims	152,000	73,051	82,515	85,438
Dental Claim Fees	12,000	6,128	11,626	6,110
Total Dental Costs-Actives	<u>164,000</u>	<u>79,179</u>	<u>94,141</u>	<u>91,548</u>
Retirees-Dental				
Dental Claims	6,100	3,413	4,134	6,710
Dental Claim Fees	200	109	179	93
Total Dental Costs-Retirees	<u>6,300</u>	<u>3,522</u>	<u>4,313</u>	<u>6,803</u>
Total Dental Costs	<u>170,300</u>	<u>82,701</u>	<u>98,454</u>	<u>98,351</u>
Total Expenditures	<u>4,182,400</u>	<u>1,869,811</u>	<u>1,903,032</u>	<u>1,762,680</u>
Revenue over (under) expenditures	(969,400)	<u>\$ (238,620)</u>	(352,744)	(186,289)
Net assets, beginning of year	<u>2,746,075</u>		<u>2,746,075</u>	<u>3,461,882</u>
Net assets, end of period	<u>\$ 1,776,675</u>		<u>\$ 2,393,331</u>	<u>\$ 3,275,593</u>

City of Franklin
City of Franklin Post Employment Benefits Trust
Balance Sheet
June 30, 2017 and 2016

<u>Assets</u>	<u>2017</u>	<u>2016</u>
Cash and investments	\$ -	\$ -
Investments held in trust - Fixed Inc	1,860,880	1,301,336
Investments held in trust - Equities	3,405,667	3,536,695
Accounts receivable	13,255	14,077
Due from Water Utility	-	-
Total Assets	<u>\$ 5,279,802</u>	<u>\$ 4,852,108</u>
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ -	\$ -
Claims payable	45,000	45,000
Due to City	45,198	169,781
Net assets held in trust for post emp	5,189,604	4,637,327
Total Liabilities and Fund Balance	<u>\$ 5,279,802</u>	<u>\$ 4,852,108</u>

City of Franklin Post Employment Benefits Trust
Statement of Revenue, Expenses and Fund Balance
For the Six months ended June 30, 2017 and 2016

<u>Revenue</u>	<u>2017</u> <u>Year-to-Date</u> <u>Actual</u>	<u>2016</u> <u>Year-to-Date</u> <u>Actual</u>
ARC Medical Charges - City	\$ 124,484	\$ 116,813
Medical Charges - Retirees	66,890	62,700
Implicit Rate Subsidy	43,023	14,024
Medical Revenue	<u>234,397</u>	<u>193,537</u>
Expenditures:		
Retirees-Medical		
Medical claims - Current Year	105,089	63,283
Medical claims - Prior Year	20,412	33,289
Prescription drug claims	52,246	46,165
Refunds-Stop Loss Coverage	(14)	2,777
Total Claims-Retirees	<u>177,733</u>	<u>145,514</u>
Medical Claim Fees	11,348	8,342
Stop Loss Premiums	44,885	37,412
Miscellaneous Expense	300	255
ACA Fees	131	2,014
Total Medical Costs-Retirees	<u>234,397</u>	<u>193,537</u>
 Revenue over (under) expenditures	 -	 -
 Annual Required Contribution-Net	 7,777	 (9,802)
Other - Investment Income, etc.	295,991	129,144
Total Revenues	<u>303,768</u>	<u>119,342</u>
 Net Revenues (Expenditures)	 303,768	 119,342
 Net assets, beginning of year	 <u>4,885,836</u>	 <u>4,517,985</u>
 Net assets, end of period	 <u>\$ 5,189,604</u>	 <u>\$ 4,637,327</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS FOR CITY OF FRANKLIN
Period Ending 06/30/2017**

GL Number	FUND 16 LIBRARY - RESTRICTE D FUND	FUND 20 FIRE DEPT GRANT FUND	FUND 24 ST MARTINS FAIR FUND	FUND 25 HEALTH DEPT GRANT FUND	FUND 26 OTHER GRANTS	FUND 28 DONATIONS FUND	FUND 29 CIVIC CELEBRATIONS FUND	TOTAL
REVENUES								
REAL ESTATE TAXES	-	-	-	-	-	-	-	-
SPECIAL ASSESSMENTS	-	-	-	-	-	-	-	-
INTERGOVERNMENTAL	-	-	-	41,308	-	-	-	41,308
LICENSES & PERMITS	-	-	4,075	-	-	-	-	4,075
CHARGES FOR SERVICES	4,505	-	-	-	-	-	700	5,205
MISCELLANEOUS REVENUE	33,130	-	450	2,765	-	36,873	23,825	97,043
INVESTMENT EARNINGS	49	-	-	-	-	-	-	49
Total Revenues	37,683	-	4,525	44,073	-	36,873	24,525	147,680
EXPENDITURES								
PERSONAL SERVICES	-	-	192	24,440	-	-	-	24,632
EMPLOYEE BENEFITS	-	-	56	6,335	-	-	-	6,391
CONTRACTUAL SERVICES	7,036	-	-	10,092	-	3,495	47,455	68,078
SUPPLIES	16,427	1,250	675	13,096	-	12,578	4,723	48,749
SERVICES & CHARGES	4,670	-	322	16,944	-	-	3,748	25,684
FACILITY CHARGES	-	-	-	-	-	-	-	-
INTEREST	-	-	-	-	-	-	-	-
Total Expenditures	28,133	1,250	1,244	70,907	-	16,073	55,926	173,534
Excess (deficiency) of Revenues vs. Expenditures	9,550	(1,250)	3,281	(26,834)	-	20,800	(31,401)	(25,854)
OTHER FINANCING USES								
CAPITAL OUTLAY	3,308	-	-	7,224	-	40,024	-	50,556
Net Change in Fund Balance	6,242	(1,250)	3,281	(34,058)	-	(19,224)	(31,401)	(76,410)
Fund Balance - Beginning:	124,289	14,869	(18,470)	146,387	315	177,333	48,386	493,109
Fund Balance - Ending:	130,532	13,619	(15,189)	112,329	315	158,109	16,985	416,699

**City of Franklin
Park Commission
Statement of Revenue and Expenses
For the Six months ended June 30, 2017**

	2017 Amended Budget	2017 Year-to-Date Budget	Current Year-to-Date Totals	2016 Year-to-Date Totals
General Fund Operating Expenses:				
Personal Services	\$ 109,093	\$ 50,204	\$ 58,978	\$ 56,056
Park Maintenance	32,950	13,107	12,313	6,885
Uniforms	250	56	-	-
Allocated insurance	4,900	2,428	2,450	2,450
Mileage	1,000	274	407	357
Utilities	7,575	3,222	3,519	2,906
Total Operating Fund Expenses	\$ 155,768	\$ 69,291	\$ 77,667	\$ 68,654
Capital Outlay Fund Expenses:				
Landscaping-Park/Tree Maint	\$ 1,000	\$ 500	\$ 490	\$ 112
Park Improvements-Development	-	-	-	2,169
Park Equipment & Supplies	16,776	3,420	12,199	3,772
Total Capital Outlay Expenditures	\$ 17,776	\$ 3,920	\$ 12,689	\$ 6,053
Development Fund Expenses:				
Appraisal services	\$ -	\$ -	\$ -	\$ -
Transfer to Capital Improvement Fund	2,891,185	437,142	-	127,172
Total Capital Improvement Expenditures	2,891,185	437,142	-	127,172
Capital Improvement Fund Expenses:				
General Park Development	\$ 4,704,326	\$ 2,352,163	\$ -	\$ -
Recreation/Bike Trail	120,000	-	-	-
Equipment Kayla's Playground	-	-	-	25,160
Franklin Historical Society Barn	-	-	441	-
Kayla's Playground - Franklin Woods	-	-	-	135,755
Pedestrian Walkway - College Ave 27 to 35	-	-	-	128,110
Pleasant View/Victory Creek Trail	-	-	-	27,600
Robinwood Trail	3,891	1,945	3,891	-
Southbrook Trail	-	-	-	4,463
Kayla's Playground - Park Equipment & Supp	-	-	-	339
River Park Trail Bridge	20,585	10,292	2,375	103,631
Total Capital Improvement Expenditures	4,848,802	2,364,400	6,707	425,058
Less Impact Fees Transfer	-	-	-	-
Amount Due From Impact Fees	\$ 4,848,802	\$ 2,364,400	\$ 6,707	\$ 425,058

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APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 8/1/17
REPORTS AND RECOMMENDATIONS	<p>Interstate Partners LLC Commercial, Light Industrial and Distribution Development on the southwest corner of South 27th Street and West Oakwood Road; Tax Incremental District No. 4 Development Agreement Between the City of Franklin and JAMS IP LLC. The Common Council may enter closed session pursuant to Wis. Stat. § 19.85(1)(e), to consider the terms and negotiation of a development agreement with JAMS IP LLC for the Interstate Partners LLC commercial, light industrial and distribution development on the southwest corner of South 27th Street and West Oakwood Road, for competitive and bargaining reasons, and to reenter open session at the same place thereafter to act on such matters discussed therein as it deems appropriate</p>	ITEM NUMBER <i>G.8.</i>

Annexed hereto are the materials included in the July 18, 2017 Common Council meeting for the above subject matter. The Common Council postponed the item to this meeting. Developer representatives met with the Mayor, District Alderman and City staff to discuss agreement terms on July 26, 2017. General understanding was reached upon an agreement which is to include a \$980,000 development incentive payment from the City to support the project.

COUNCIL ACTION REQUESTED

A motion to enter closed session pursuant to Wis. Stat. § 19.85(1)(e), to consider the terms and negotiation of a development agreement with JAMS IP LLC for the Interstate Partners LLC commercial, light industrial and distribution development on the southwest corner of South 27th Street and West Oakwood Road, for competitive and bargaining reasons, and to reenter open session at the same place thereafter to act on such matters discussed therein as it deems appropriate;

or

such other action as the Common Council may deem appropriate.

APPROVAL	REQUEST FOR COUNCIL ACTION	MEETING DATE 7/18/17
<p>REPORTS AND RECOMMENDATIONS</p>	<p>Interstate Partners LLC Commercial, Light Industrial and Distribution Development on the southwest corner of South 27th Street and West Oakwood Road; Tax Incremental District No. 4 Development Agreement Between the City of Franklin and JAMS IP LLC. The Common Council may enter closed session pursuant to Wis. Stat. § 19.85(1)(e), to consider the terms and negotiation of a development agreement with JAMS IP LLC for the Interstate Partners LLC commercial, light industrial and distribution development on the southwest corner of South 27th Street and West Oakwood Road, for competitive and bargaining reasons, and to reenter open session at the same place thereafter to act on such matters discussed therein as it deems appropriate</p>	<p>ITEM NUMBER</p>

Subject to conditions and restrictions, JAMS IP LLC received approval from the Common Council to construct two multi-tenant commercial, light industrial and distribution buildings on the southwest corner of South 27th Street and West Oakwood Road at the May 16, 2017 Common Council meeting. The project has an estimated value of \$11.5 million and would be the first development in the Area D land rezoned last fall for mixed-business park uses.

The developer has requested a development incentive grant of \$1,600,000 from Tax Incremental District (TID) No. 4 to assist in completion of the project.

On June 2, 2017, the City's financial consultant, Ehlers & Associates, Inc., completed a financial analysis of the proposed contribution for the project. Ehlers found that the contribution would not unduly enrich the developer and that the contribution would meet the "but for" test required by law. A complete financial analysis from Ehlers is enclosed.

A tax incremental district pro forma development agreement was provided by City staff to the Developer for review and the provision of the specific terms necessary for this specific new development. A 'clean' copy of Developer's response with the proposed changes and specific terms of an agreement is annexed hereto. Negotiation of the development agreement terms is incomplete and remains ongoing at the time of this writing.

Funding

Funds accruing in TID #4 will be sufficient to cover the grant(s) outlined in the agreement. No bonding will be necessary. An amendment to the TID #4 budget is necessary to fund the grant(s) and the proposed amendment is a separate agenda subject matter item for this meeting after this subject matter item.

Background

On May 16, 2017 the Common Council approved a resolution imposing conditions and restrictions for the approval of a special use to allow for a multi-tenant building development consisting of commercial, light industrial and distribution space use upon property located at the southwest corner of South 27th Street and West Oakwood Road.

The Common Council approved rezoning of land in Area D, including the property, for Mixed-Use Business Park at the November 1, 2016 Common Council meeting.

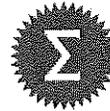
The City continues to work with property owners, Ehlers and engineering consultants from Ruekert & Mielke, Inc. to evaluate solutions to develop additional land in Area D. That work is on-going.

COUNCIL ACTION REQUESTED

A motion to enter closed session pursuant to Wis. Stat. § 19.85(1)(e), to consider the terms and negotiation of a development agreement with JAMS IP LLC for the Interstate Partners LLC commercial, light industrial and distribution development on the southwest corner of South 27th Street and West Oakwood Road, for competitive and bargaining reasons, and to reenter open session at the same place thereafter to act on such matters discussed therein as it deems appropriate;

or

such other action as the Common Council may deem appropriate.



2 June 2017

Aaron Hertzberg
Director of Economic Development
City of Franklin
9229 W Loomis Rd
Franklin WI 53132

RE: 27th & Oakwood Rd – Interstate Partners

Dear Aaron,

Please find our updated analysis for the above referenced project.

In examining the financial need (the “but for” test required by law) for TIF participation, we were originally provided summarized information by Caroline Brzezinski and John Heller of Interstate Partners pertaining to the construction of a 101,025sf speculative industrial development on a vacant 7.7 acre parcel at approximately 3200 W Oakwood Rd, just west of the southwest corner of Oakwood and South 27th St (“Phase 1”). The multi-tenant project is intended for a longer term investment hold. There is also a second building planned on 10.35 acres of land immediately to the west of Phase 1 for development of a 136,500sf facility, for which we were subsequently provided information on (“Phase 2”). This building is expected to commence two years after the start of construction on Phase 1. Both Phase 1 and Phase 2 are the subject of this evaluation.

The information provided for both phases consisted of a sources and uses project budget, sewer and water assessment costs, a 10 year cashflow projection, as well as relevant construction documents, and subsequent communications firmed up those project details and other factors, including lease-up and rollover assumptions. The net operating income that was capitalized to approximate a valuation based on the 10th year of operations. The developer’s cashflow projections also contained preliminary financing assumptions for construction and permanent financing. We have incorporated the Developer’s information and assumptions in our own mathematical models to verify the Net Operating Income and the Net Cash Flow after financing, and then developed a 10-year income and expense projection for use in our analysis. Ehlers also developed a calculation of assessed value for increment generation. TID #4 expires in 2025 (last revenue year 2026), so the TIF evaluation is considered within that context as well.



DEVELOPER BASE CASE - \$1,600,000 TIF GRANT

Ehlers initially input the Developer’s information into our financial model to replicate the income and expenses, deriving a Net Operating Income over a 10 year period and resultant sales estimate, to validate the need for financial assistance. The outcomes are summarized below and the following data and assumptions were used:

- Developer provided estimates for rental incomes, which appear reasonable, and increased both by 2% per year.
- Lease-up of the three tenant spaces (per building) is assumed to occur over the first two years of operations, therefore Year 3 is when stabilization occurs for each building.
- Debt Service payments for the holding period were calculated based upon anticipated bank terms provided by Developer, including the first year of interest-only payments for each phase. These terms are similar to current market deals we’ve evaluated.
- Franklin’s current (2016-17) equalized tax rate of \$22.69 was used for real estate tax assumptions and TIF increment cash flow projections
- Construction of the Phase 1 building is assumed to commence in 2017 and completed in 2018; similarly, Phase 2 should break ground mid 2019 and complete in 2020. Our tax increment projections reflect this timing.

The developer’s revised request was for a \$1.6M TIF Grant between the two buildings on a total \$17.5M development cost, or 9.1% of total cost. The land cost of \$1.125M equates to \$146K per acre, or \$11 per building square foot, and includes a portion of previous sewer and water assessments carried since assessments were implemented. Total construction costs were \$74 per foot, which represents the mostly warehouse nature of the facilities; approximately 8-10% of the area would be office use. The developer’s fee of 3% is on the low end of the 3-6% found in the market. After allocating \$1M to Phase 1 and the \$600K to Phase 2, based on developer’s current negotiations, construction loans for 61% of Phase 1 costs, and 75% of Phase 2 costs, averaged 68% loan-to-cost overall, both at an interest rate of 4.75%. Equity of \$3.96M made up the balance of the sources of funds, which are summarized below.

	Ph 1	%	Ph 2	%	Total	%
Loan	4,850,000	61%	7,100,000	75%	11,950,000	68%
Equity	2,142,869	27%	1,821,486	19%	3,964,355	23%
TIF	1,000,000	13%	600,000	6%	1,600,000	9%
	7,992,869	100%	9,521,486	100%	17,514,355	100%

Rents were adequately estimated at \$5.65/sf (annual) on a triple-net (NNN) basis, which is within market for industrial properties of this type. A NNN lease means that all operating expenses of the property (common area maintenance, insurance, and real estate taxes) are fully passed through to the tenants on a pro-rata share. Lease terms were assumed between 7 and 10 years with annual rent escalations. Re-tenanting costs (weighted average tenant improvements

and lease commissions) for renewing leases were deducted in later years as the initial leases expire, which affect developer's cash flow and returns. Utilizing these assumptions, the average cash-on-cash return to the developer was between 8.5 to almost 9.5%, which is in an acceptable range compared with other developments we've evaluated in the region.

The capitalization rate utilized on the net operating income was 7.75%, which is higher than current rates but also reflective of the speculative nature of the development and timing of sale. Selling costs (sales commissions, title, and other closing costs) were assumed by the developer at only 1.0%, which is admittedly quite low; generally these costs would be at least 3% of the sales price. Between expected lease expirations in the two buildings, significant lease turnover and re-tenanting costs were incurred, particularly in Year 10, the typical hold period for evaluation, which negatively affected the Internal Rate of Return (IRR) for that year. Using the lower selling cost produced a Year 10 IRR of approximately 10.1% under Ehlers' calculations; however, in years without the re-leasing fluctuations, the IRRs ranged from 11.5% to nearly 13.4%, which roughly matches the developer's projections. Using the higher 3% as the selling cost, the Year 10 IRR would reduce to approximately 9.6%, and ranging from around 11.2% to near 13%. These IRR projections are on the lower end of an expected 12-16% investment band, and particularly considering the speculative leasing status, are somewhat conservative. We understand the developer has sunk costs into the project and a long history of working on this site, which partially explains acceptance of the lower return. As a further test, Ehlers removed the \$1.6M TIF grant from the capital structure, and assuming an equal increase in developer's equity, the IRR's reduce to sub 4%. In summary, the \$1.6M TIF request does not unduly enrich the developer, and without such financial assistance, it is unlikely the project would proceed.

ALTERNATE SCENARIO - \$980,000 TIF GRANT

Ehlers was also asked to evaluate the two-building project assuming a total TIF grant of \$980,000. Utilizing the same property cost and operating assumptions as above, the revised sources of funds are presented below:

	<u>Ph 1</u>	<u>%</u>	<u>Ph 2</u>	<u>%</u>	<u>Total</u>	<u>%</u>
Loan	4,850,000	61%	7,100,000	75%	11,950,000	68%
Equity	2,584,486	32%	2,000,000	21%	4,584,486	26%
TIF	558,383	7%	421,486	4%	979,869	6%
	<u>7,992,869</u>	<u>100%</u>	<u>9,521,486</u>	<u>100%</u>	<u>17,514,355</u>	<u>100%</u>

Under this scenario, the cash-on-cash returns range from 7.8% to nearly 8.4%. Similarly, Year 10 IRR reduces to 9.6%, and adjusting for re-tenanting costs, is within a range of 11.3% to approximately 12.2%. Using the higher 3% selling cost further drives returns lower, to 9.1% in Year 10, and the range of 10.7% to about 12.3%.

ALTERNATE SCENARIO – PAYGO

In order to test assumptions as to the form of the financial assistance, we also considered a \$1.6M Pay-As-You-Go (PayGo) structure, where the developer would receive the increment generated by the project on an annual basis, not up front. Generally, the developer would monetize the PayGo payments from the City to make the increment payments, obtaining a second loan from a bank secured by the municipal revenue obligation (MRO) issued by the City. In this instance, due to the limited remaining term of the TID, the payment stream is rather abbreviated. However, inclusion of the second building provides sufficient tax increment through the last revenue year that would provide approximately \$2.4M in future value receipts, and about \$1.8M Net Present Value, which would cover the issuance of a \$1.6M MRO. Assuming 100% of the increment is allocated to developer, the PayGo results in an IRR in the range of 10-12%, and cash-on-cash return of over 9% at stabilization. Therefore, the PayGo structure could be considered as an effective option in this situation, though at a slightly lower IRR.

AFFECT ON TID VALUE AND TIMING

Under the above assumptions (capitalized income approach), the Oakwood project would produce a sales value of approximately \$16.1M upon sale after a 10-year investment period, and again, adjusting for re-leasing expenses, a range of \$17.7 - \$18.1M may be anticipated. The value at stabilization of both buildings (in Year 5 due to construction phasing), and measured in the same manner, would be approximately \$16.7M, generating an estimated \$384K of annual property tax in the first full year of collections. The future value of these collections is roughly \$2.48M, with a net present value of about \$1.86M. TID #4, under its statutory life, has a maximum life of June 2025, with a final revenue collection year of 2026. Given the timing of completion and resultant assessment of both buildings, the tax revenue collections from this project during the remaining years of this district would appear to be sufficient to fully support the \$1.6M assistance requested for this project. This is summarized in the table below:

Value at Stabilization	\$16,729,000
Taxes at Stabilization	\$380,000
Future Value of Increment	\$2,482,000
Present Value of Increment	\$1,865,000

SUMMARY

Generally, we would expect investor returns to be in the 12-16% range (IRR) depending on the product type and market location. The projections outlined above for the \$1.6M TIF Base Case indicated a Year 10 return of approximately 10% and a range of 11-13%, though cash-on-cash returns ranged from 8.5 to around 10%, which is a slightly more attractive measure. In the same manner, returns for the Base Case \$980K grant structure provided an IRR of only 7.9% in Year 10, and within a range of 10-11% overall. The PayGo structure provides an IRR of approximately 10-12%, and could be a viable option. As noted earlier, stressing the cash flows

2 June 2017

Aaron Hertzberg

RE: Interstate Partners Oakwood Rd

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without the TIF assistance results in an IRR of 6.5%. At that level, and given the shorter remaining duration of the TID, the project would not be undertaken but for the City's participation by way of the proposed grant.

Since the costs and revenues that have been provided by the developer are conservative estimates, we believe that it would be prudent for the City to include cost-saving provisions in any agreement to provide assistance to this project. Upon completion of construction, a cost review should be performed to ensure the requested funds were incorporated into the project, thus satisfying part of the "but for" test of the need for project support. Secondly, an operating "look-back" provision should also be included, which would be performed at the earlier of a project sale, or, after a 10 year operating period, a "mock sale" to be calculated at prevailing market rates at that time. Doing so would allow the City to re-calculate the return based upon actual costs and developer cash flows, and would allow for the City to adjust its participation if the costs are significantly lower and/or the returns markedly higher than projected up front. This concept was discussed at the onset with both the City and the developer, including examples of language used in similar development agreements.

Thank you for the opportunity to work with you on this project. Please let us know if there is any further analysis you would like us to perform.

Kind Regards,



Frank Roman
Municipal Advisor

cc: Mike Harrigan, Ehlers
Dawn Gunderson-Schiel, Ehlers

[7/14/14 Draft/Draft note: below is a 'clean' copy of Developer's proposed changes to the City pro forma development agreement terms and added project specific terms and provisions; same remains under review and negotiation.]

**TAX INCREMENTAL DISTRICT NO. 4
DEVELOPMENT AGREEMENT
BETWEEN THE CITY OF FRANKLIN AND
JAMS IP LLC
Commercial, Light Industrial and Distribution Development on
SWC of South 27th Street and West Oakwood Road**

THIS DEVELOPMENT AGREEMENT (the "Agreement") is entered into as of July ____, 2017 by and between JAMS IP LLC, a Wisconsin limited liability company, its successors and/or assigns ("Developer"), and the **CITY OF FRANKLIN, WISCONSIN**, a Wisconsin municipal corporation ("City").

RECITALS

City and Developer acknowledge the following:

A. Developer is or will be the Owner of that certain real property located at the southwest corner of South 27th Street and West Oakwood Road, legally described in **Exhibit A** attached hereto (the "Property").

B. The Property is located within the boundaries of Tax Incremental District No. 4, City of Franklin, Wisconsin (the "District"). Pursuant to Wis. Stat. § 66.1105 (the "Tax Increment Law"), the City adopted a plan for redevelopment within the District (the "Project Plan").

C. In 2006, sanitary sewer and water services were extended to the intersection of South 27th Street and West Oakwood Road, Oakwood Road was improved, and the Property was specially assessed \$528,060 with respect to such improvements. Developer and its predecessors in interest paid such special assessments as they came due and borrowed funds from a third party lender to finance such payments. However, the Property has remained undeveloped.

D. Developer and its affiliates plan on constructing approximately 230,000 square feet of commercial, light industrial and distribution space in two buildings and related improvements on the Property, with an estimated development cost of not less than \$11.5 million (the "Project"). It is acknowledged that development of the Project as described above will be consistent with the Project Plan.

E. The City desires to encourage economic development, expand its tax base and create new jobs within the City, the District and upon the Property. The City finds that the development of the Project and the fulfillment of the terms and conditions of this Agreement will further such goals, are in the vital and best interests of the City and its residents, and will serve a public purpose in accordance with state and local law.

F. The development of the Project would not occur without the financial participation of the City as set forth in this Agreement.

G. The City, pursuant to Common Council action dated July ____, 2017, has approved this Agreement and authorized its execution by the proper City officials on the City's behalf.

H. Developer has approved this Agreement and authorized its execution by the appropriate representatives on its behalf.

AGREEMENTS

In consideration of the RECITALS and the terms and conditions set forth herein, the parties agree and covenant as follows:

ARTICLE I DEVELOPER ACTIVITIES AND OBLIGATIONS

A. Developer shall construct the Project in accordance with all applicable City zoning and building codes, ordinances and regulations. Developer warrants and represents to the City that the Project will contain approximately 230,000 square feet of developed building space and that total development costs expended on the Project (inclusive of personal property) shall be not less than \$11,500,000. Developer or an affiliate shall substantially complete construction of "Phase I" of the Project (the eastern approximately 100,000 square foot building and related improvements) on or before July 31, 2019 ("Phase I Completion Date"), and Developer or an affiliate shall substantially complete construction of "Phase II" of the Project (the western approximately 130,000 square foot building and related improvements) on or before August 31, 2021 ("Phase II Completion Date"), all in accordance with final plans and specifications (including landscaping plans) approved by the City, including, but not limited to the terms, provisions and conditions of drawings for the Project prepared by JAKnetter Architects dated April 25, 2017 and any subsequently approved plans, and of which this Agreement and its terms and conditions are a condition thereof (the "Plans and Specifications"). Copies of the Plans and Specifications will be retained at the offices of the City Economic Development Department. Phase I and Phase II of the Project each shall be deemed to be substantially complete on the date that the City Building Inspector issues a certificate of occupancy for the principal building in that phase of the Project, which certificate may be subject to completion of landscaping and similar seasonal items and other non-material corrective actions. The City Building Inspector shall not issue the certificate of occupancy if the built phase of the Project does not conform to the Plans and Specifications, subject to any changes to the Plans and Specifications that may have been approved by the City.

B. Phase I of the Project shall include sanitary sewer and water extensions, improvements to Oakwood Road (including a turn lane), a sidewalk parallel to Oakwood Road, grading, berming and stormwater management improvements. Phase II of the Project shall include additional sanitary sewer and water improvements and additional grading, berming and stormwater management activities. To the extent any improvements that will be dedicated to the public are included within the scope of work for either Phase I or Phase II of the Project (the "Public Improvements"), Developer will complete the installation of the Public Improvements

for each phase in accordance with City specifications, including the execution of a City standard form development agreement where applicable terms thereof are not specifically set forth in this Agreement, and will dedicate the same to the City in accordance with City inspection and acceptance procedures. If required by applicable law, Developer agrees to comply with public bidding requirements under the Wisconsin Statutes for all work involving improvements to public rights of way or public property or that constitutes public improvements under applicable law (together referred to as the "Public Improvements"). The Public Improvements shall at all times be subject to City inspection and approval and the City or other public entity shall not be required to accept conveyance of the Public Improvements for either Phase I or Phase II of the Project unless the Public Improvements for that phase have been constructed in a good and workmanlike manner, in accordance with the City-approved plans for the Public Improvements, and otherwise are in a condition reasonably acceptable to the City. Following approval by the City of the completed Public Improvements for Phase I or Phase II of the Project, the Public Improvements for the phase shall be conveyed to the City or other public entity, to the extent appropriate. The Developer shall provide to the City or other public entity from all contractors and consultants involved in connection with the construction and installation of the Public Improvements, a one-year warranty against defects in construction, materials and workmanship, in a form reasonably acceptable to the City.

C. The Developer shall arrange for funding for all costs of the Project in excess of the funds provided by its construction lender and the City. By proceeding to commence construction on the Project, Developer will be deemed to have represented and warranted to the City that Developer has secured sufficient debt and equity financing commitments to enable the Project to proceed. Upon written request, Developer shall deliver to the City a copy of any mortgage recorded or to be recorded against title to the Property or any portion thereof in the office of the Register of Deeds of Milwaukee County, Wisconsin.

ARTICLE II CITY ACTIVITIES AND OBLIGATIONS

A. City shall cooperate with Developer throughout the development and construction of the Project and the term of this Agreement and shall reasonably promptly review and/or process all submissions and applications in accordance with applicable City ordinances.

B. The City shall make a total financial contribution to the Project in an amount not to exceed \$1,600,000 (the "Total Grant") which Total Grant shall consist of (i) a grant not to exceed \$980,500 for Phase I of the Project (the "Phase I Grant") and (ii) a grant not to exceed \$619,500 for Phase II of the Project (the "Phase II Grant"), subject to the terms set forth below.

(1) Provided that the Developer is not then in default beyond applicable notice and cure periods under this Agreement, the City shall pay the Phase I Grant to the Developer within ten (10) days after satisfaction of all of the following conditions:

(a) Developer has obtained all permits necessary to construct Phase I, including but not limited to a building permit for an approximately 100,000 square foot commercial, light industrial and distribution building;

(b) Developer has obtained approval from the City Engineer with respect to detailed plans and specifications for those Public Improvements associated with Phase I of the Project;

(c) Developer has provided the City's financial consultant a budget for the construction costs for Phase I consistent with an assessed valuation for Phase I, once completed, of not less than \$5,000,000;

(d) Developer has obtained a commitment from a conventional third party lender for a construction loan as necessary to finance the construction costs of Phase I which exceed Developer's equity;

(e) Developer has provided the City's financial consultant with an executed construction contract for Phase I between Developer and a reputable contractor licensed in the State of Wisconsin on a standard AIA form document; and

(f) Developer has provided the City evidence that Developer owns the Property in fee simple, free and clear of all monetary liens and encumbrances other than liens relating to the construction loan described in subsection (1)(d) above and to this Agreement.

(2) Provided that the Developer is not then in default beyond applicable notice and cure periods under this Agreement, the City shall pay the Phase II Grant to the Developer within ten (10) days after satisfaction of all of the following conditions:

(a) Developer has substantially completed Phase I not later than the Phase I Completion Date and provided full lien waivers from all contractors, subcontractors and materialmen showing that all amounts payable to such parties for Phase I have been paid;

(b) Developer has obtained all permits necessary to construct Phase II, including but not limited to a building permit for an approximately 130,000 square foot commercial, light industrial and distribution building;

(c) Developer has obtained approval from the City Engineer with respect to detailed plans and specifications for those Public Improvements associated with Phase II of the Project;

(d) Developer has provided the City's financial consultant a budget for the construction costs for Phase II consistent with an assessed valuation for Phase II, once completed, of not less than \$6,500,000;

(e) Developer has obtained a commitment from a conventional third party lender for a construction loan as necessary to finance the construction costs of Phase II which exceed Developer's equity;

(f) Developer has provided the City's financial consultant with an executed construction contract for Phase II between Developer and a reputable contractor licensed in the State of Wisconsin on a standard AIA form document; and

(g) Developer has provided the City evidence that Developer owns the Property in fee simple, free and clear of all monetary liens and encumbrances other than liens relating to the construction loans described in subsections (1)(d) and 2(e) above and to this Agreement.

C. In the event that the City has paid the Phase I Grant to Developer and that portion of the Property associated with Phase I of the Project is not assessed with an equalized value of at least \$5,000,000 as of January 1, 2020, thereafter, the City may levy a special assessment against that portion of the Property associated with Phase I in an amount equal to the product of (i) \$5,000,000 less (ii) the actual equalized value of the Phase I portion of the Property, (iii) divided by \$1000, and (iv) multiplied by the City's then current mill rate. In the event that the City has paid the Phase II Grant to Developer and that portion of the Property associated with Phase II of the Project is not assessed with an equalized value of at least \$6,500,000 as of January 1, 2022, thereafter, the City may levy a special assessment against that portion of the Property associated with Phase II in an amount equal to the product of (i) \$6,500,000 less (ii) the actual equalized value of the Phase II portion of the Property, (iii) divided by \$1000, and (iv) multiplied by the City's then current mill rate. During the term of this Agreement as set forth in paragraph M in Article VIII below, the City may continue to levy similarly calculated special assessments in any subsequent year in which the equalized value of the Property remains less than \$1,500,000. Developer's obligations under this paragraph shall be collectible as a debt upon an action at law; and shall also be otherwise collectible as are delinquent real estate taxes and any such delinquent amount shall constitute a lien upon the associated portion of the Property, as and in the same method, manner, status and legal existence as levied taxes are a lien against property pursuant to Wis. Stat. § 70.01; and shall also be otherwise collectible as are delinquent special charges pursuant to Wis. Stat. § 66.0627; and in addition to the foregoing, shall also be otherwise collectible by any other available legal and/or equitable remedy and as otherwise provided by law. Any and all notice and hearing requirements which may be required under the law for such special assessment or special charge are hereby waived by Developer. Notwithstanding the foregoing, as soon as the equalized value of the Property is \$11,500,000 or more, the City shall cease levying special assessments under this paragraph and waive and release unpaid special assessments levied under this paragraph. In addition, to the extent that ad valorem property taxes generated from the Property exceed \$230,000 in any year that this Agreement remains in effect, the City shall refund to Developer any special assessments paid under this paragraph from the tax increment generated from the Property in excess of \$230,000.

D. Developer shall make its records substantiating the costs of the Project available to Ehlers and Associates, Inc., the outside financial consultant for the City, or its designee, including the construction cost budget and monthly construction draws and backup information provided to Developer by its contractor. Such information shall be held and treated as confidential and as trade secrets and shall not be part of the public record associated with the Project, if and as may be permitted under the Wisconsin Open Records Law.

E. The City shall not close or terminate the District until all obligations of the City under this Agreement have been fully performed or as otherwise expressly permitted under this Agreement.

**ARTICLE III
PAYMENT OF TAXES; PAYMENT IN LIEU OF TAXES**

Throughout the life of the District, Developer will pay (or cause to be paid) all ad valorem property taxes lawfully assessed against any portion of the Property owned by the Developer before or when due under the law and Developer guarantees that such taxes shall not become delinquent. The foregoing shall not prohibit the Developer from contesting, in good faith, the assessed value of any portion of the Property.

In the event that any portion of the Property becomes exempt from ad valorem taxes during the statutory life of the District and for a period of five (5) years thereafter (the "PILOT Term"), then the Developer or any successor Developer of such exempt portion of the Property shall make (or cause to be made) during the PILOT Term annual payments in lieu of taxes in amounts equal to what the City's share of such ad valorem property taxes would have been for such portion of the Property (as determined by the City assessor) had it not been exempt. Such payment in lieu of taxes shall be due and payable at the same time and in the same manner as the ad valorem taxes would have been due and payable for such year. Developer's obligations under this Article III upon any default shall be collectible as a debt upon an action at law; and shall also be otherwise collectible as are delinquent real estate taxes and any such delinquent amount shall constitute a lien upon the associated portion of the Property, as and in the same method, manner, status and legal existence as levied taxes are a lien against property pursuant to Wis. Stat. § 70.01; and shall also be otherwise collectible as are delinquent special charges pursuant to Wis. Stat. § 66.0627; and in addition to the foregoing, shall also be otherwise collectible by any other available legal and/or equitable remedy and as otherwise provided by law. If the Developer or any successor Developer fails to make a payment in lieu of taxes when due, the City may, in addition to all other remedies available to it, levy a special assessment or special charge against the exempt portion of the Property in the amount of the unpaid payments. Any and all notice and hearing requirements which may be required under the law for such special assessment or special charge are hereby waived by Developer. The covenant contained in this Article shall be deemed to be a covenant running with the land and shall be binding upon all Developers and/or owners, successors and assigns of any portion of the Property for the duration of the PILOT Term. The City is hereby expressly declared to be a beneficiary of such covenant and entitled to enforce same against all successor Developers and/or owners of the Property.

**ARTICLE IV
NO PARTNERSHIP OR VENTURE**

Developer, its successors and/or assigns and/or owners of the Property shall be solely responsible for the completion of the Project. Nothing contained in this Agreement shall create or effect any partnership, venture or relationship between the City and Developer, its successors and/or assigns and/or owners of the Property in the construction of the Project.

**ARTICLE V
CONFLICT OF INTEREST**

No member, officer or employee of the City, during his/her tenure or for one year thereafter, will have or shall have had any interest, direct or indirect, in this Agreement or any

proceeds thereof, unless such member or officer abstained from any participation in the City review process of the Project and the Agreement from the point of time when a potential conflict of interest arose and thereafter.

ARTICLE VI WRITTEN NOTICES

All notices required or permitted by this Agreement shall be in writing and shall be deemed to have been given (i) upon delivery to an officer or designated representative of the person entitled to such notice, if hand delivered, or (ii) two business days following deposit in the United States mail, postage prepaid, or with a nationally recognized overnight commercial carrier that will certify as to the date and time of delivery, airbill prepaid, or (iii) upon transmission if by facsimile or email, and each such communication or notice shall be addressed as follows, unless and until any of such parties notifies the other in accordance with this Article of a change of address:

If to the City: City of Franklin
 9229 West Loomis Road
 Franklin, WI 53132
 Attention: Aaron Hertzberg, Director of Economic Development
 Facsimile No.: 414-427-7691
 Email address: AHertzberg@franklinwi.gov

With a Copy to: City of Franklin
 9229 West Loomis Road
 Franklin, WI 53132
 Attention: Sandra L. Wesolowski, City Clerk
 Facsimile No.: 414-425-6428
 Email address: SWesolowski@franklinwi.gov

If to the Developer: JAMS IP LLC
 N16 W23217 Stone Ridge Drive, Suite 120
 Waukesha, WI 53186
 Attention: John B. Heller
 Facsimile No.: 262-506-1001
 Email address: jheller@interstate.com

With a Copy to: Matthew Ewig
 1020 Katherine Drive
 Elm Grove, WI 53122
 Email address: matt@langdonpartnersre.com

ARTICLE VII DEFAULT

A. The occurrence of any one or more of the following events shall constitute a default by Developer hereunder ("Default"):

1. Developer fails to pay any amounts when due under this Agreement and further fails to pay such amounts on or before ten days following written notice of such failure; or

2. Any material representation or warranty made by Developer pursuant to this Agreement proves to have been false in any material respect as of the time when made or given; or

3. Developer materially breaches or fails to perform timely or observe timely any of its covenants or obligations under this Agreement (other than relating to the payment of money), and such failure shall continue for thirty (30) days following notice thereof from the City (or such longer period of time as is otherwise expressly set forth herein or as is reasonably necessary to cure the default as long as the Developer has commenced the cure of the default within the thirty (30) day period, is diligently pursuing the cure of the default and as long as the default is cured not later than one hundred twenty (120) days following the notice thereof from the City or such longer period of time as is reasonably agreed to by the City); or

4. Developer:

(a) makes a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its assets; or

(b) becomes the subject of an "order for relief" within the meaning of the United States Bankruptcy Code, or files a petition in bankruptcy, for reorganization or to effect a plan or other arrangement with creditors; or

(c) has a petition or application filed against it in bankruptcy or any similar proceeding, or has such a proceeding commenced against it and such petition, application or proceeding shall remain undismissed for a period of ninety (90) days or Developer shall file an answer to such a petition or application, admitting the material allegations thereof; or

(d) applies to a court for the appointment of a receiver or custodian for any of its assets or properties, with or without consent, and such receiver shall not be discharged within ninety (90) days after his appointment; or

(e) adopts a plan of complete liquidation of its assets; or

(f) shall cease to exist.

B. The City shall be deemed to be in default in the event it materially breaches or fails to perform timely or observe timely any of its covenants or obligations under this Agreement, and such failure shall continue for thirty (30) days following notice thereof from Developer (or such longer period of time as is otherwise expressly set forth herein or as is reasonably necessary to cure the default as long as the City has commenced the cure of the default within the thirty (30) day period, is diligently pursuing the cure of the default and as long as the default is cured not later than one hundred twenty (120) days following the notice

thereof from Developer or such longer period of time as is reasonably agreed to by the Developer).

C. Upon the occurrence of any Default by either party, upon ten (10) days' written notice, without further demand or action of any kind by the nondefaulting party and except as expressly set forth below, the nondefaulting party may, at its option, pursue any or all rights and remedies available at law or in equity. The City's rights shall include, but not be limited to temporary suspension of any payment of the City payments under this Agreement during the continuance of any Default by Developer, or City performance of any Developer obligation under this Agreement. Upon the cure of any such Default on the part of Developer, then, if and to the extent the City suspended any payments of City payments, the City shall promptly distribute to Developer any payments so suspended and promptly resume payments of amounts due with respect to the City payments due under this Agreement and continue such payments so that, subject to available Tax Increment, the cumulative amount paid upon full amortization is equal to that amount contemplated under this Agreement.

No remedy shall be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement, and/or now or hereafter existing at law or in equity. No failure or delay on the part of any party in exercising any right or remedy shall operate as a waiver thereof nor shall any single or partial exercise of any right preclude other or further exercise thereof or the exercise of any other right or remedy.

Notwithstanding the foregoing, the City shall not terminate this Agreement or pursue, exercise or claim any rights or remedies arising out of a Default by Developer hereunder, except injunctive relief or the temporary suspension of City payments unless Developer, its mortgage lender or their designees have not commenced commercially reasonable efforts to cure any such Default within ninety (90) days after receipt of written notice from the City to Developer and its mortgage lender that if such efforts to cure such Default are not so commenced, then the City intends to pursue its other rights and remedies hereunder, including, without limitation, the right to terminate this Agreement.

D. In the event of a Default by either party, all reasonable fees, costs and expenses incurred by the nondefaulting party, including reasonable attorneys fees, in connection with the enforcement of this Agreement shall be paid by the defaulting party, including without limitation the enforcement of the nondefaulting party's rights in any bankruptcy, reorganization or insolvency proceeding.

ARTICLE VIII MISCELLANEOUS

A. Developer shall have in effect at all times, all permits, approvals and licenses as may be required by any governmental authority or, to the extent reasonably prudent or customary for similarly situated business operations, any non-governmental entity in connection with the development, construction, management and operation of the Project.

B. Developer shall maintain the following insurance policies issued by insurers licensed in the State of Wisconsin, with Best's A ratings and in the financial size category as

insurers of similar projects, with such policies (the "Insurance Policies") covering loss by perils, hazards, liabilities and other risks and casualties and in such amounts as may be reasonably required by the City:

(i) Following completion of construction of the Project, "all risks" property insurance insuring against such risks as are insured against by developers of similar projects, in amounts equal to 100% replacement cost of all buildings, improvements, fixtures, equipment and other real and personal property constituting the Project with an extended replacement cost endorsement; and

(ii) During the construction of the Project, builder's risk insurance in commercially reasonable form and amounts; and

(iii) During the term of this Agreement, commercial general liability insurance covered under a comprehensive general liability policy including contractual liability in amounts maintained by developers of similar projects, and insuring against bodily injury, including personal injury, death and property damage; and

(iv) Such other insurance as may be reasonably requested by the City.

Each Insurance Policy shall require the insurer to provide at least ten (10) days prior written notice to the City of any material change or cancellation of such policy. The City shall be named as an additional insured/loss payee on all policies of insurance except worker's compensation insurance.

C. Subject to one or more Force Majeure Events as set forth in paragraph E. of this Article, if the Developer does not substantially complete construction of Phase I the Project by the Phase I Completion Date or of Phase II of the Project by the Phase II Completion Date, then the City may, in its sole discretion, terminate this Agreement upon written notice to the Developer, provided, however, that if Developer substantially completes construction of the Project within ninety (90) days following receipt of such written election to terminate (a "Developer Savings Action"), this Agreement shall not terminate but shall continue in full force and effect. Upon an election to terminate that is not followed by any Developer Savings Action, the City shall thereafter have no further obligations under this Agreement and in addition thereto, the City may, in its sole discretion, terminate the District.

D. Developer hereby indemnifies, defends, covenants not to sue and holds the City harmless from and against all loss, liability, damage and expense, including attorneys' fees, suffered or incurred by the City in any way in connection with the Project, including without limitation: (a) the failure of Developer or its contractors, subcontractors, agents, employees, or invitees (while under control of Developer) to comply with any environmental law, rule, regulation or ordinance, or any order of any regulatory or administrative authority with respect thereto; (b) any release by Developer or its contractors, subcontractors, agents, employees, or invitees (while under control of Developer) of petroleum products or hazardous materials or hazardous substances on, upon or into the Project; (c) any and all damage to natural resources or real property or harm or injury to persons resulting from any failure by the Developer and/or its contractors, subcontractors and/or agents to comply with any law, rule, regulation or ordinance or any release of petroleum products or hazardous materials or hazardous substances as

described in clauses (a) and (b) above; (d) any violation by Developer at the Project of any environmental law, rule, regulation or ordinance; (e) claims arising under the Americans With Disabilities Act or similar laws, rules, regulations or ordinances; (f) the failure by Developer to comply with any term or condition of this Agreement; (g) injury to or death of any person at the Project; injury to any property caused by or at the Project; and (h) the failure of Developer to maintain, repair or replace, as needed, any portion of the Project; except, in each of the foregoing instances described in (a) through (h) above, to the extent negligently or willfully and wrongfully caused by the City or its agents, employees, contractors or representatives.

The terms "hazardous substances" means any flammable explosives, radioactive materials, hazardous wastes, toxic substances, or related materials, including without limitation, any substances defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "toxic substances" under any applicable federal or state or local laws or regulations.

E. Time is of the essence of each and every obligation or covenant contained in this Agreement; provided, however, that if the Developer is delayed or prevented from timely commencing or completing construction of the Project by reason of fire, earthquake, war, flood, riot, strikes, labor disputes, governmental restrictions, judicial order, public emergency, or other causes beyond the control of the Developer ("Force Majeure Event"), performance of such act shall be excused for the period of such delay and the time for the performance of any such act shall be extended for a period equivalent to such delay.

F. Nothing contained in this Agreement is intended to or has the effect of releasing Developer, its successors and/or assigns and/or owners of the Property, from compliance with all applicable laws, rules, regulations and ordinances in addition to compliance with all terms, conditions and covenants contained in this Agreement.

G. Prior to substantial completion of the applicable phase of the Project, this Agreement may not be assigned by the Developer without the City's consent, which may be granted or withheld in the City's sole discretion, provided, however, Developer may assign or partially assign this Agreement to an entity that controls, is controlled by, or is under common control with, Developer without the consent of the City. The City specifically acknowledges and consents to assignment of all aspects of Phase II by Developer to an entity that controls, is controlled by, or is under common control with, Developer. Notwithstanding the foregoing, the Developer may collaterally assign this Agreement to the Developer's lender(s) for the Project without the consent of the City. In the event that any such lender forecloses on its collateral and succeeds to Developer of the Property, the City shall fulfill its obligations hereunder provided that such lender, or the party purchasing the Property at a foreclosure sale, assumes in writing all of the obligations of the Developer hereunder.

H. Developer shall timely construct and complete the Project as its primary obligation under this Agreement. In the event of fire, damage or any other casualty to any part of the Project, Developer agrees, at its cost and expense, to rebuild, repair and replace the Project to substantially the condition or better than existed immediately prior to the casualty. The fair market value of the Project following reconstruction and/or repair by Developer must be substantially similar to the fair market value of the Project immediately prior to the casualty. Developer shall not be relieved of any of its obligations under the terms of this Agreement as a

result of any fire, damage or any other casualty or during the period of repair or rebuilding or replacement of the Project. This obligation to repair, rebuild or replace shall remain in effect for a period expiring upon the later of: (i) the date of the expiration and closure of the District; or (ii) the date which is ten (10) years after the date this Agreement is executed.

I. If the State laws regarding ad valorem taxation are amended or modified during the term of this Agreement such that the projected Tax Increments from the Property are materially reduced, i.e., seven percent (7%) or more, and there are no corresponding amendments or modifications to the Tax Increment Law to compensate for such reduction, the parties agree to work in good faith to consider amendments to this Agreement toward the end of rendering the respective positions of the parties generally equivalent to the positions set forth herein.

J. In the event that any term or provision of this Agreement is determined to be invalid or unenforceable for any reason, then the other terms and provisions of this Agreement shall not be affected thereby and said terms and provisions shall remain in full force and effect.

K. A Memorandum of Agreement shall be recorded in the office of the Register of Deeds of Milwaukee County, Wisconsin, prior to the recording of the mortgages securing any construction loan, or any other mortgage on the Project, it being understood by the parties that this Agreement will run with the land and will be binding upon the Project and any owner of all or any portions of the Project and their successors and assigns in a form in substantial conformance with the attached Exhibit B.

L. This Agreement shall be construed pursuant to the laws of the State of Wisconsin. Except as otherwise specifically and expressly set forth in this Agreement, the venue for any disputes arising under this Agreement shall be the Circuit Court for Milwaukee County. The prevailing party shall be entitled to its costs, including its reasonable attorneys' fees, incurred in any litigation.

M. This Agreement and all rights and obligations hereunder shall terminate upon the earlier to occur of (i) full performance by Developer and the City of all of their respective obligations under this Agreement and (ii) five (5) years after the statutory life of the District. Upon such termination, the parties shall execute and record a termination of all Memoranda of Agreement recorded against the Property pursuant to paragraph K above.

[Signature page(s) follow.]

IN WITNESS WHEREOF, this Agreement is executed as of the date first above written.

DEVELOPER:

JAMS IP LLC

By: _____
(Name and Title)

Date: _____

STATE OF WISCONSIN)
)ss.
_____ COUNTY)

Personally appeared before me this ____ day of _____, 2017, the above-named _____, the _____ of JAMS IP LLC, to me known to be the persons who executed the foregoing agreement on behalf of the City and by its authority.

Notary Public State of Wisconsin
My commission expires: _____

City of Franklin, Wisconsin

By: _____
Stephen R. Olson, Mayor

Date: _____

By: _____
Paul Rotzenberger, Director of Finance and
Treasurer

Date: _____

Attest: _____
Sandra L. Wesolowski, City Clerk

Date: _____

EXHIBIT A

Property Legal Description

EXHIBIT B

Memorandum of Development Agreement

Document Number	MEMORANDUM OF DEVELOPMENT AGREEMENT Document Title
<p>THIS MEMORANDUM OF DEVELOPMENT AGREEMENT ("Memorandum") is made effective as of the ____ day of _____, 2017, by and between [_____, a Wisconsin _____, and assigns] ("Developer"), and the CITY OF FRANKLIN, a municipal corporation of Milwaukee County, Wisconsin ("City").</p>	
<p style="text-align: center;">WITNESSETH:</p>	
<p>WHEREAS, Developer and the City entered into that certain Development Agreement dated _____, 2017 ("Development Agreement"). The full Development Agreement is available for inspection and copies can be obtained at the City of Franklin City Hall; and</p>	
<p>WHEREAS, this Memorandum is being executed for the purpose of providing notice of the Development Agreement and certain terms thereof in the Office of the Register of Deeds for Milwaukee County, State of Wisconsin in order to place third parties on notice of the Development Agreement and Developer's and the City's rights and obligations thereunder, some of which are hereinafter summarized.</p> <p>NOW, THEREFORE, in consideration of the mutual covenants and promises contained in the Development Agreement, Developer and the City hereby acknowledge as follows:</p> <ol style="list-style-type: none">PROPERTY. The "Property" is land located in the City of Franklin, Milwaukee County, State of Wisconsin, legally described on <u>Exhibit A</u> attached hereto.TERM. The Development Agreement shall run with the land pursuant to its terms unless terminated pursuant to its terms.NO MODIFICATION; DEVELOPMENT AGREEMENT CONTROLLING. This Memorandum is only a summary of some of the terms and conditions contained in the Development	
Recording Area	
Name and Return Address	
PIN:	

Agreement and this Memorandum is not intended in any way to amend, alter, modify, abrogate, substitute or otherwise affect any of the terms or conditions contained in the Development Agreement, all of which are hereby incorporated herein in full by this reference. It is hereby understood and agreed that, notwithstanding this Memorandum, the terms and conditions contained in the Development Agreement shall in all events control the relationship between Developer and the City with respect to the subject matter therein contained. This Memorandum is solely for recording and notice purposes.

4. **COUNTERPART SIGNATURES.** This Memorandum may be signed in two or more counterparts, all of which, when taken together, shall constitute one and the same instrument.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Developer and the City have executed this Memorandum effective as of the date first written above.

DEVELOPER:

CITY:

CITY OF FRANKLIN

By: _____
Name:
Title:

By: _____
Stephen R. Olson, Mayor

By: _____
Sandra L. Wesolowski, City Clerk

STATE OF WISCONSIN)
)ss.
_____ COUNTY)

Personally appeared before me this ____ day of _____, 2017, the above-named _____, the _____ of _____, to me known to be the persons who executed the foregoing agreement on behalf of the City and by its authority.

Notary Public State of Wisconsin
My commission expires: _____

STATE OF WISCONSIN)
)ss.
MILWAUKEE COUNTY)

Personally appeared before me this ____ day of _____, 2017, the above-named Stephen R. Olson and Sandra L. Wesolowski, Mayor and City Clerk, respectively, of the City of Franklin, Wisconsin, to me known to be the persons who executed the foregoing agreement on behalf of the City and by its authority.

Notary Public State of Wisconsin
My commission expires: _____

This Document was drafted by:

EXHIBIT A

LEGAL DESCRIPTION

Certified Survey Map No. _____

Tax Key No. _____

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APPROVAL <i>slw</i> <i>AM</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE August 1, 2017
REPORTS & RECOMMENDATIONS	AN ORDINANCE TO AMEND ORDINANCE 2016-2240, AN ORDINANCE ADOPTING THE 2017 ANNUAL BUDGETS FOR TID4 FOR THE CITY OF FRANKLIN FOR FISCAL YEAR 2017 TO PROVIDE APPROPRIATIONS FOR A DEVELOPERS AGREEMENT	ITEM NUMBER <i>G.9.</i>

Background

This item was held over from the July 18, 2017 meeting.

A developer's agreement for a project located in TID4 will likely include a Developer Incentive. A parcel at S 27th Street and Oakwood Road is the subject of this project.

The 2017 Budget did not include any Developer's Incentive.

Fiscal Impact

A new appropriation is needed to provide appropriations for the Developer's Incentive.

COUNCIL ACTION REQUESTED

Motion adopting an Ordinance to amend Ordinance 2016-2240, an ordinance adopting the 2017 annual budgets for TID4 for the City of Franklin for fiscal year 2017 to provide appropriations for a Developers Agreement.

Roll call vote required

Finance Dept - Paul

STATE OF WISCONSIN: CITY OF FRANKLIN: MILWAUKEE COUNTY

ORDINANCE NO. 2017 _____

AN ORDINANCE TO AMEND ORDINANCE 2016-2240, AN ORDINANCE ADOPTING THE 2017 ANNUAL BUDGETS FOR TID4 FOR THE CITY OF FRANKLIN FOR FISCAL YEAR 2017, TO PROVIDE APPROPRIATIONS FOR A DEVELOPERS AGREEMENT

WHEREAS, the Common Council adopted the 2017 Budget for the City of Franklin providing resources and appropriations for 2017; and

WHEREAS, a developer has proposed a project at S 27th Street and Oakwood Road; and

WHEREAS, the developer is requesting assistance to provide the economic incentive to cause the project to proceed; and

WHEREAS, the Common Council of the City of Franklin believes these expenditures provide for the well being of the Community.

NOW, THEREFORE, the Common Council of the City of Franklin does hereby ordain as follows:

Section 1 That the 2017 Budget of TID4 be adjusted as follows:

Econ Dev	Professional Services	Increase	980,000
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Section 2 Pursuant to §65.90(5)(a), Wis. Stats., the City Clerk is directed to publish a Class 1 notice of this budget amendment within ten days of adoption of this ordinance.

Passed and adopted at a regular meeting of the Common Council of the City of Franklin this ____ day of _____, 2017.

APPROVED:

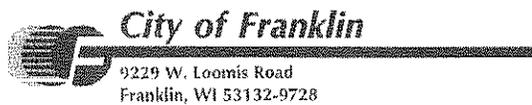
Stephen R Olson, Mayor

ATTEST:

Sandra L. Wesolowski, City Clerk

AYES ___ NOES ___ ABSENT ___

APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 8/1/17
LICENSES AND PERMITS	MISCELLANEOUS LICENSES	ITEM NUMBER H.1.
<p data-bbox="186 380 876 420">See attached list from meeting of August 1, 2017.</p> <p data-bbox="527 1541 1096 1581" style="text-align: center;">COUNCIL ACTION REQUESTED</p>		



City of Franklin

9229 W. Loomis Road
Franklin, WI 53132-9728

414-425-7500

**License Committee
Agenda*
Aldermen's Room
August 1, 2017 – 5:25 p.m.**

1.	Call to Order & Roll Call	Time:		
2.	Applicant Interviews & Decisions			
License Applications Reviewed		Recommendations		
Type/ Time	Applicant Information	Approve	Hold	Deny
Restaurant License 2017-18 5:30 p.m.	Kriton & Ermira LLC DBA Toscana Restaurant 8405 S 27 th St Ermira Lazaj, Owner			
Operator 5:35 p.m.	Bianca R Bolyn 9801 W Oakwood Rd Franklin, WI 53132 The Landmark			
Operator 5:40 p.m.	Jody B Isaacson 7815 S Scepter Dr., #25 Franklin, WI 53132 Pick n Save – S 76 th St			
Operator 5:45 p.m.	Amanda N Julian 2811 W Acre Ave Franklin, WI 53132 Walgreen – W Loomis Rd			
Operator	Danielle N Cooper 3590 S 17 th St Milwaukee, WI 53221 Chili's Bar & Grill			
Operator	Kayla M Corona 623 Manistique Ave South Milwaukee, WI 53172 Chili's Bar & Grill			
Operator	Robert M Kriskovic 11106 W Forest Home Ave Franklin, WI 53132 Hideaway Pub & Eatery			
Operator	Apolonia P Kust 10845 W St Martins Rd Franklin, WI 53132 Cross Roads II Pizza & Subs			
Operator	Pamela J LeHouillier 6456 W River Pointe Dr Franklin, WI 53132 Franklin Lioness Club – St. Martins Fair			
Operator	David P Lindner 4007 W Acre Ave Franklin, WI 53132 Franklin Lions Club – St. Martins Fair			
Operator	Robert R Martinez II 7633 S Drake Ln Franklin, WI 53132 Walgreen – Loomis Rd			

Type/ Time	Applicant Information	Approve	Hold	Deny
Operator	Russell H Owens 12314 W Woods Rd Franklin, WI 53132 VFW 10394			
Operator	Christine L Platzer 8650 Ventana Dr., #3811 Oak Creek, WI 53154 Iron Mike's			
Operator	Brittany J Sime 221 E Oregon St., #106 Milwaukee, WI 53204 Walgreen - S 27 th St			
Operator	Shannon M Smallish 6160 S 6 th St., Lot #W53 Milwaukee, WI 53221 Iron Mike's			
Operator	Jeffrey F Terp 16430 Grace Dr Wind Lake, WI 53185 Franklin Lions Club			
Operator	Casey A Wisniewski 6520 Legend Lane Wind Lake, WI 53185 Kwik Trip #287			
Extraordinary Entertainment & Special Event (Extension)	The Rock Summer Concert Series Person in charge: John Rinelli Location: 7900 W Crystal Ridge Dr (The Rock) Dates of Event: Addition of September concert dates (Sept. 2 nd , 9 th , 16 th , & 23 rd)			
Temporary Entertainment & Amusement	Willey Herda American Legion Post 192 – Fishbowl Game Person in Charge: Gretchen W Davies Location: St. Martins Fair Date of Event: 9/3/2017			
Temporary Class B Beer	Franklin Little League - Picnic Person in Charge: Tanya Bielinski Location: 8900 S. 76 th St Dates of Event: 8/13/2017			
People Uniting for the Betterment of Life and Investment in the Community (PUBLIC) Grant	Root River Church Fee Waiver: St. Martins Labor Day Permit Date: 9/3/2017 to 9/4/2017 Location: St. Martins Road			
3.	Adjournment			
		Time		

*Notice is given that a majority of the Common Council may attend this meeting to gather information about an agenda item over which they have decision-making responsibility. This may constitute a meeting of the Common Council per State ex rel. Badke v. Greendale Village Board, even though the Common Council will not take formal action at this meeting.

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APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 8/1/17
Bills	Vouchers and Payroll Approval	ITEM NUMBER I. 1

Attached are vouchers dated July 14, 2017 through August 1, 2017 Nos. 165585 through Nos. 165753 in the amount of \$ 980,311.78. Included in this listing are EFT's Nos. 3548 through Nos. 3558 and Library vouchers totaling \$ 14,072.05. Voided checks in the amount of \$ (200.00) are separately listed.

Early release disbursements dated July 14, 2017 through July 27, 2017 in the amount of \$ 677,722.74 are provided on a separate listing and are also included in the complete disbursement listing. These payments have been released as authorized under Resolution 2013-6920.

The net payroll dated July 21, 2017 is \$ 414,900.24 previously estimated at \$ 391,000.00. Payroll deductions dated July 21, 2017 are \$ 459,917.22 previously estimated at \$ 400,000.00.

The estimated payroll for August 4, 2017 is \$ 366,000.00 with estimated deductions and matching payments of \$ 219,000.00.

Attached is a list of property tax payments and refunds dated July 14, 2017 through August 1, 2017 Nos. 17202 through Nos. 17203 and EFT Nos. 166 in the amount of \$ 371.64. These payments have been released as authorized under Resolution 2013-6920.

COUNCIL ACTION REQUESTED

Motion approving the following:

- City vouchers with an ending date of August 1, 2017 in the amount of \$ 980,311.78 and
- Payroll dated July 21, 2017 in the amount of \$ 414,900.24 and payments of the various payroll deductions in the amount of \$ 459,917.22 plus City matching payments and
- Estimated payroll dated August 4, 2017 in the amount of \$ 366,000.00 and payments of the various payroll deductions in the amount of \$ 219,000.00, plus City matching payments and
- Property tax payments and refunds with an ending date of August 1, 2017 in the amount of \$ 371.64.

ROLL CALL VOTE NEEDED