

APPROVAL <i>slw</i> <i>ps</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE Oct 2, 2018
REPORTS & RECOMMENDATIONS	Renewal of Dissemination Agent Agreement for Issuer Continuing Disclosure Required Under Securities and Exchange Commission Rule 15c2-12	ITEM NUMBER <i>G.12.</i>

Background

When the City issues debt that is sold in the market place, the debt sale includes a Continuing Disclosure Agreement. That Agreement obligates the City to make certain financial disclosures within certain time frames to the market place.

In January 2015, the Common Council authorized the engagement of Ehlers & Associates as Dissemination Agent for Issuer Continuing Disclosure Required under Securities and Exchange Commission rule 15c2-12. That engagement terminates on December 31, 2019, unless earlier termination options are exercised.

The Ehler's agreement requires Ehlers to cause required financial information disclosures to be made timely and in compliance with the Continuing Disclosure Agreements included with Debt Sales.

Analysis

The Agreement has automatic annual renewal terms effective January 1 each year, unless 60 day notice is provided by either party. The 2019 renewal option window is upon us.

In exchange for early adoption of the Agent Agreement, Ehlers provide the City of Franklin very attractive pricing related to this work. Effectively, the cost of these services would double if the agreement were terminated.

Options

Take no action which causes the agreement to renew for another year.

OR

Direct staff to send timely termination notice to Ehlers.

OR

Take such other action as the Council deems appropriate.

Recommendation

Staff reviewed the Agreement renewal options with the Finance Committee at the Sept 25, 2018 meeting, and the Finance Committee recommends extending the term into 2019 by taking no action. .

Fiscal Impact

The \$1,400 cost of the Service Agreement is included in the 2019 budget request, and was guaranteed until Dec 31, 2019.

COUNCIL ACTION REQUESTED

Take no action – in which case the Agreement will automatically renew for 2019 – OR

Such action as the Common Council deems appropriate.



EHLERS
LEADERS IN PUBLIC FINANCE

January 5, 2015

Paul Rotzenberg
Finance Director/Treasurer
City of Franklin
9229 West Loomis Road
Franklin, Wisconsin 53132

Re: Letter of Engagement to Retain Ehlers as Dissemination Agent for Issuer Continuing Disclosure
Required Under Securities and Exchange Commission (SEC) Rule 15c2-12 (the "Rule")

As an issuer of municipal securities, the City ("Issuer") is required to comply with all continuing disclosure obligations enumerated in the Continuing Disclosure Agreement/Certificate/Undertaking (CDU) associated with each issue of securities subject to the Rule. Many Issuers have CDU's that vary significantly from one CDU to another. Ehlers & Associates, Inc. ("Ehlers") has been helping you comply with all CDU obligations as Issuer's Dissemination Agent. Fulfilling this obligation requires research, preparation and filing of disclosure reports within specific time frames.

This Letter of Engagement ("Letter") is being presented to memorialize and clarify the terms of the Issuer's engagement of Ehlers as the Issuer's Dissemination Agent. In this regard, Ehlers agrees to provide Issuer with those services described in Appendix A ("Services"). Ehlers shall be entitled to compensation by the Issuer also as described in Appendix A.

This Letter shall be effective as of the date of its execution by the Issuer and shall remain in effect for a period of one (1) year (the "Initial Term"). This Letter shall renew automatically on each anniversary of the effective date of this Letter (each an "Additional Term"). Notwithstanding the foregoing, this Letter may be terminated by either party upon sixty (60) days prior written notice. The Initial Term and each Additional Term shall collectively be referred to herein as the "Term".

In order to perform the engagement, Issuer agrees to provide Ehlers all documents and information as are deemed necessary to fulfill the Issuer's reporting requirements under each respective CDU, and within the applicable timeframe(s) ("Disclosure Information"). With respect to Issuer's obligation to report the occurrence of any event for which a material event notice ("Event Notice") is to be filed, Issuer shall provide Disclosure Information related to the event to Ehlers within five (5) days of its occurrence. All other Disclosure Information must be provided to Ehlers within fourteen (14) days of Issuer's receipt of any such request from Ehlers. If Issuer fails to provide any Disclosure Information to Ehlers in accordance with the foregoing, Ehlers shall not be held liable for any reason in the event that any necessary disclosure filing is



not disseminated to the appropriate party within the applicable timeframe(s). Further, if for any reason Issuer fails to provide required Disclosure Information to Ehlers in accordance with the foregoing and Issuer's delay results in any disclosure filing being after a stated deadline, Ehlers shall, without further direction or instruction from Issuer, file a notice(s) with the applicable recipient submitting information provided by Issuer, if any, and/or describing the failure and providing any other information as Ehlers deems appropriate.

Ehlers shall deem all Disclosure Information provided to it by the Issuer to be accurate and free of defect, as well as not containing any material misstatements, falsehoods, or omissions of fact. Issuer acknowledges that Ehlers shall be entitled to rely on all Disclosure Information provided by the Issuer without further investigation as to its completeness or accuracy.

Ehlers shall maintain professional liability insurance at a minimum coverage level of \$2,000,000 per claim, and \$2,000,000 annual aggregate. Upon request of the Client, Ehlers shall provide a certificate of insurance to the Client. To the fullest extent permitted by applicable law, the total aggregate liability of Ehlers under this Agreement for any actions or omissions taken by Ehlers in the performance of this Agreement shall not exceed \$2,000,000 per claim, and \$2,000,000 annual aggregate during the Term then in effect notwithstanding anything contained herein. In addition, Issuer acknowledges that Ehlers shall not be responsible and/or liable for any errors, misstatements or omissions associated with any continuing disclosure report or filing, or for the correction thereof, that was prepared or disseminated by anyone other than Ehlers.

This Letter constitutes the entire agreement between the parties and is intended to supersede any and all agreements, whether oral or written, between the parties that were entered into relative to the subject matter hereof prior to the effective date of this Letter. No amendment or modification of this Letter shall be deemed valid unless made in writing and signed by both parties.

Our records show that Issuer is subject to Full CDU's. Ehlers will continue to act as Issuer's Dissemination Agent for the CDU's we have been handling.

This Letter covers these securities and any subsequent securities for which Ehlers has acted as the Municipal Advisor. The Issuer may request in writing that Ehlers act as the Dissemination Agent on any future securities subject to the Rule not involving Ehlers.

If our engagement under the terms of this Letter is acceptable, please sign this Letter in the appropriate signature block below and return a signed copy to us for our records. If, however, you do not wish to engage our services, please note that election and return a copy of this Letter to us.

Please contact me if you have any questions or would like to discuss our engagement further.

Sincerely,

Ehlers

Dawn Gunderson, CIPFA
Senior Financial Advisor

SO ACCEPTED BY ISSUER

Issuer hereby accepts this Letter and engages Ehlers to provide the services noted herein and executes this Letter as of the date noted below:

By: Stephen R. Olson

Name: STEPHEN R. OLSON

Title: MAYOR

Date: February 5, 2015

By: Sandra L. Wesolowski

Name: SANDRA L. WESOLOWSKI

Title: DIR. OF CLERK SERVICES/CITY CLERK

Date: February 5, 2015

By: Paul A. Rotzenberg

Name: PAUL A. ROTZENBERG

Title: DIR. OF FINANCE & TREASURER

Date: February 5, 2015

Approved as to form:

By: Jesse A. Wesolowski

Name: JESSE A. WESOLOWSKI

Title: CITY ATTORNEY

Date: February 5, 2015



SO DECLINED BY ISSUER

Issuer hereby acknowledges that it will be responsible for updating and submitting all necessary continuing disclosure reports and filings as may be required of Issuer without the assistance of Ehlers. Issuer further acknowledges and agrees that Ehlers assumes no responsibility for the compilation and/or submission of any such continuing disclosure reports or filings.

By: _____

Title: _____

Name: _____

Date: _____

APPENDIX A

EHLERS DISSEMINATION AGENT SERVICES AND FEES

Ehlers' continuing disclosure services are designed to assist the Issuer in meeting its continuing disclosure obligations. Depending on the size of a transaction and the total amount of debt outstanding at the time of issuance, different debt issues may be subject to different reporting requirements. Ehlers will provide the services identified below, which are reflective of the Issuer's requirements under its respective Continuing Disclosure Undertaking (CDU). In no event will Ehlers assist Issuer with assessing whether information provided or omitted as part of an annual filing is "material" or whether an event is "material" under the federal securities laws requiring the filing of an event notice pursuant to a CDU. If the Issuer accepts this letter and engages Ehlers as the Dissemination Agent, Ehlers shall provide the following services and charge the following fees:

Full Disclosure Services.

Background

Since 1995, Securities and Exchange Commission (SEC) rule 15c2-12 (the "Rule") has required underwriters of municipal securities to ensure that issuers are obligated to provide periodic reporting of specific information with respect to certain issues of municipal securities. An issuer is classified as a "full disclosure" reporting entity when it issues securities subject to the Rule in an amount of \$1 million or more, and further provided that total securities subject to the Rule and currently outstanding exceed \$10 million. Full disclosure reporting entities must:

- File reports consisting of specific information at least annually with the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access (EMMA) system (<http://emma.msrb.org>).
- File "Event Notices" regarding enumerated events specified in SEC rules and CDUs within 10 business days of occurrence. Event Notices are filed through the same EMMA system.

Description of Services

Issuer engages Ehlers to provide the following services in connection with the preparation and dissemination of Issuer's continuing disclosure reports and Event Notice filings in connection with all outstanding debt issues of Issuer subject to the Rule and for which continuing disclosure reports or filings are required. During the Term of the engagement, Ehlers shall provide the services hereinafter described with respect to all existing and future securities of the Issuer subject to the Rule and having continuing disclosure requirements. Ehlers shall provide these services for any other securities of the Issuer when requested in writing by the Issuer.

Annual Filings, or More Frequently, if Required

- a. Review and catalog of all Continuing Disclosure Agreement/Certificate/Undertaking (CDU)'s of Issuer relative to current and future issues of securities subject to the Rule.
- b. Creation of a timetable for the anticipated schedule of events relating to the preparation of Issuer's annual (or more frequently, if required) continuing disclosure report.
- c. Collection of information from third parties and Issuer, as applicable, to the extent necessary to prepare the annual (or more frequently, if required) continuing disclosure report.
- d. Preparing the annual (or more frequently, if required) continuing disclosure report in a standardized format acceptable for submission to the EMMA system, or any future industry standard.
- e. Submission of the annual (or more frequently, if required) continuing disclosure report and any Event Notices to the designated recipient based on the applicable CDU's of Issuer and all laws, rules and regulations relative thereto.

- f. Delivering a copy of any report or notice submitted in accordance with (e. above) to Issuer for its records, as well as confirmations of receipt of filing(s).
- g. Respond to Underwriter/Investor inquiries and requests.
- h. Providing recommendations to Issuer relating to future continuing disclosure related matters.

Event Notices

- a. Informing Issuer of the types of events that may require the filing of an "Event Notice" and the required reporting period for such notices.
- b. Notifying Issuer of any information Ehlers discovers that may require the filing of an Event Notice, and preparation and filing of the required Event Notice.
- c. Upon notification by Issuer of any circumstances that may require the filing of an Event Notice, preparing, filing, and providing confirmation of filing the required Event Notice.

Description of Fees

Full Disclosure Services fees shall be assessed as follows:

Number of Issuer Continuing Disclosure Undertakings	Annual Fee
One (1) to three (3) CDU's	\$2,800
Four (4) to six (6) CDU's	\$3,300
Seven (7) or more CDU's	\$3,800

Plus any out of pocket expenses.

Special Circumstances

If an Issuer's CDU requires periodic filings (quarterly or semiannually) in addition to the annual filings, a fee of \$500 per required CDU filing shall be assessed.

Limited Disclosure Services.

Background

In 2009, the Securities and Exchange Commission put into place revised rules regarding a limited scope of continuing disclosure requirements for certain municipal securities issuers. These rules apply to any securities issued on or after July 1, 2009 in amounts of \$1 million or more and where the Issuer's total amount of principal outstanding and subject to the Rule is less than \$10 million upon issuance. Any issuer meeting the aforementioned parameters must comply with a limited disclosure undertaking and file annual reports. Issuers subject to limited disclosure requirements must file audited financial statements (or unaudited financial statements if allowed under a CDU) on an annual basis, rather than both financial statements and operating and statistical data.

Description of Services

Ehlers shall provide the following services in connection with the preparation and dissemination of Issuer's continuing disclosure reports and Event Notice filings for all current and future outstanding securities of Issuer subject to the Rule and for which continuing disclosure reports or filings are required. During the Term of the engagement, Ehlers shall provide the services hereinafter described with respect to all future issuances for which Ehlers provides municipal advisory services and that have continuing disclosure requirements. Ehlers will also provide these services for any other issues when requested in writing by the Issuer.

Services to be provided are as follows:

Annual Filings

- a. Review of all Continuing Disclosure Agreement/Certificate/Undertaking (CDU)'s of Issuer relative to currently outstanding issuances.
- b. Creation of a timetable for the anticipated schedule of events relating to the dissemination of Issuer's annual updated financial information and operating data.
- c. Submitting the Issuer's annual financial statements to the designated recipient thereof based on the applicable CDU's of Issuer and all laws, rules and regulations relative thereto.
- d. Delivering a copy of any report or notice submitted in accordance with (c above) to Issuer for its records.
- e. Respond to Underwriter/Investor inquiries and requests.
- f. Providing recommendations to Issuer relating to future continuing disclosure related matters.

Event Notices

- a. Informing Issuer of the types of events that may require the filing of an "Event Notice".
- b. Notifying Issuer of any information Ehlers discovers that may require the filing of an Event Notice, and preparation and filing of the required Event Notice.
- c. Upon notification by Issuer of any circumstances that may require the filing of an Event Notice, prepare and file the required Event Notice.

Description of Fees

Limited Disclosure Services shall be provided annually for a fee of \$750.

Future Fee Changes

Ehlers reserves the right to adjust fees during the Term of the engagement without prior consent of the Issuer, but not more than annually. Prior to any fee adjustments, the Issuer will be notified in writing of the revised fees and their effective date.

APPENDIX A AMENDMENT

The City of Franklin has contracted with Ehlers to be the dissemination agent for disclosure filings through December 31, 2019. The base annual fee will be \$1400 plus a miscellaneous office expense for the first revenue source. If Ehlers prepares an Official Statement on behalf of the City in the same revenue year, there will be no charge for disclosure filings. As dissemination agent, Ehlers will provide dissemination services as described in this agreement. Any other dissemination agreement executed between both parties is replaced by this agreement.

At the end of the term of the aforementioned agreement and for any dissemination services provided January 1, 2020 and thereafter, the fees for this service will be those charged by Ehlers for services provided as outlined in Appendix A.

APPENDIX B

EVENT NOTICES

If any one of the listed events occurs in relation to the Issuer and/or any of the Issuer's securities subject to this agreement, you must notify Ehlers at the earliest possible time to discuss the applicability and the need for any filing of an Event Notice. The Issuer may also wish to discuss the matter with its legal counsel to gauge materiality of any occurrence.

Mandatory Event Notices

- Principal and interest payment delinquencies
- Non-payment related defaults, if material
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers or their failure to perform
- Adverse tax opinions, IRS notices or material events affecting the tax status of the security
- Modifications to rights of security holders, if material
- Bond calls, if material
- Defeasances
- Release, substitution or sale of property securing repayment of the securities, if material
- Rating changes
- Tender offers
- Bankruptcy, insolvency, receivership or similar event of the obligated person
- Merger, consolidation, or acquisition of the obligated person, if material
- Appointment of a successor or additional trustee, or the change of name of a trustee, if material

Additional / Voluntary Event-Based Disclosures

- Amendment to continuing disclosure undertaking
- Change in obligated person
- Notice to investors pursuant to bond documents
- Certain communications from the Internal Revenue Service
- Secondary market purchases
- Bid for auction rate or other securities
- Capital or other financing plan
- Litigation / enforcement action
- Change of tender agent, remarketing agent, or other on-going party
- Derivative or other similar transaction
- Other event-based disclosures

APPROVAL <i>slw</i> <i>PaQ</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE Oct 2, 2018
REPORTS & RECOMMENDATIONS	August, 2018 Monthly Financial Report	ITEM NUMBER <i>G.13.</i>

Background

The August, 2018 Financial Report is attached.

The Finance Committee reviewed this report at its Sept 25, 2018 meeting and recommends acceptance.

Highlights of the report are contained in the transmittal memo.

The Finance Director will be available at the meeting.

COUNCIL ACTION REQUESTED

Motion to Receive and place on file

W.

Date: Sept 19, 2018
 To: Mayor Olson, Common Council and Finance Committee Members
 From: Paul Rotzenberg, Director of Finance & Treasurer *PR*
 Subject: August 2018 Financial Report

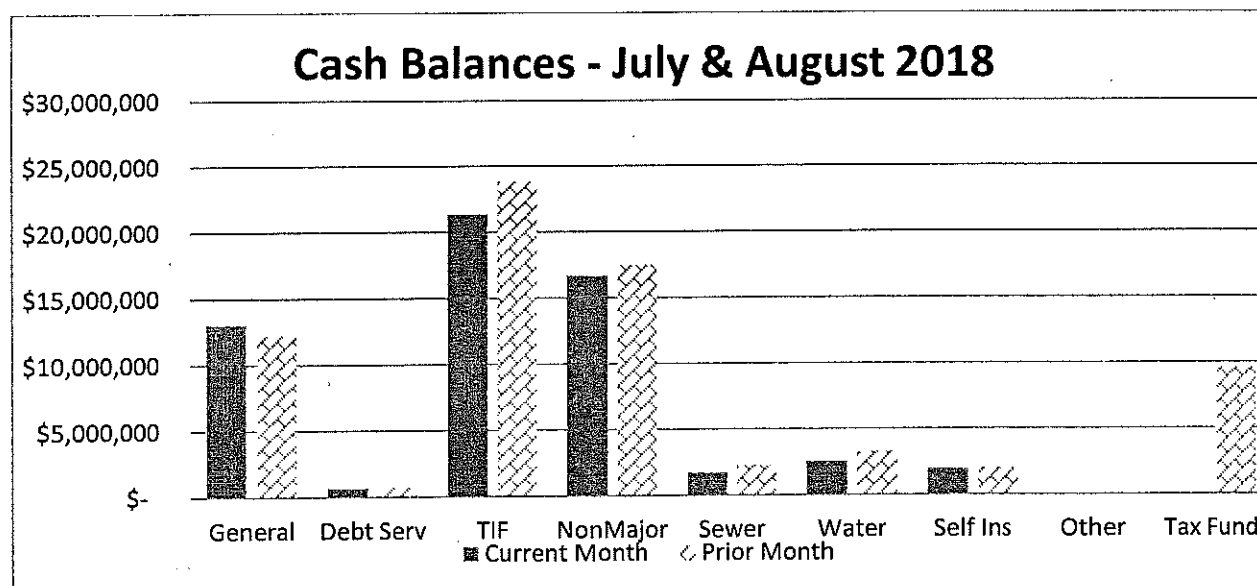
The Aug, 2018 financial reports for the General Fund, Debt Service Fund, TID Summary and TID Funds, Solid Waste Fund, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Development Fund, Utility Development, Self Insurance Fund, and Post Employment Retirement Insurance Funds are attached.

The budget allocation is completed using an average of the last five years actual spending against the Amended Budget. Budget Amendments approved thru August 21, 2018 Common Council meeting have been included. Caution is advised in that spending patterns may have changed. Comments on specific and trending results are provided below to aid the reader in understanding or explaining current year financial results.

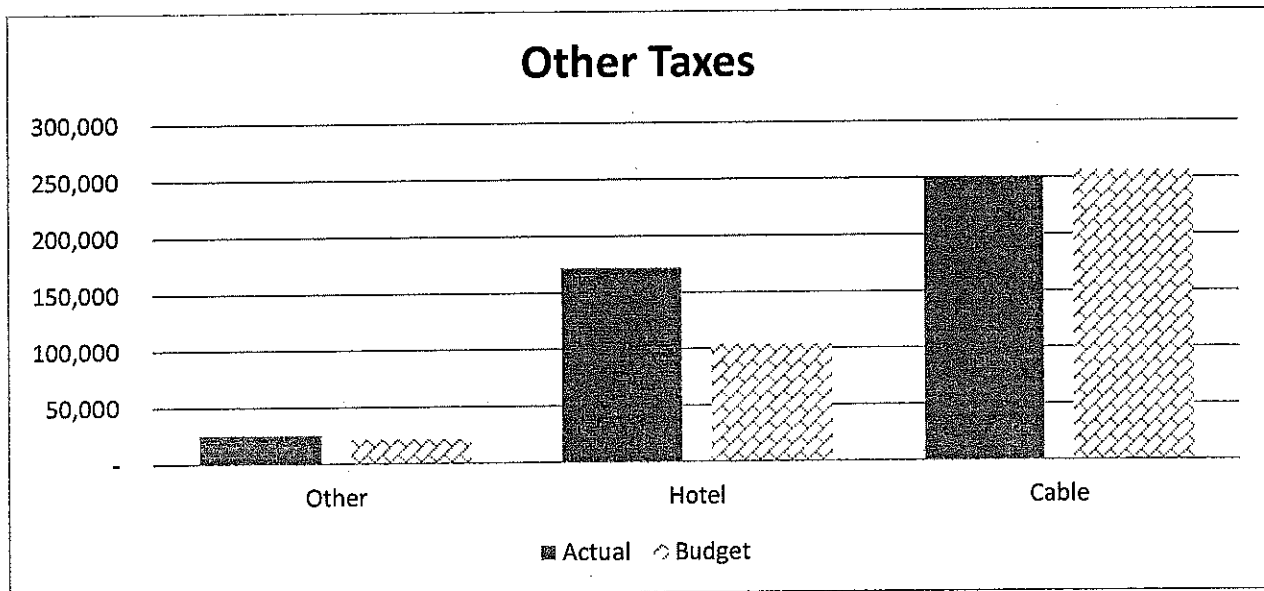
Cash & Investments Summary – is provided to aid in understanding the resources available to meet current activities. Cash & investments are positions with safety and liquidity as primary objectives as stated in the City's Investment policy. Investment returns are secondary in the investment decisions, while return potential is not ignored. Recently increases in short term interest rates have aided short term investment returns, while generating losses on the multi year fixed income securities the City holds. Those are un-realized losses. So long as the City holds to maturity, those losses will not be realized.

Cash & Investments in the General Governmental Funds decreased \$2,499,508 to \$51,801,101 since last month. The Tax fund settled in August the State School aids collected in July.

A visual presentation of cash balances follows.

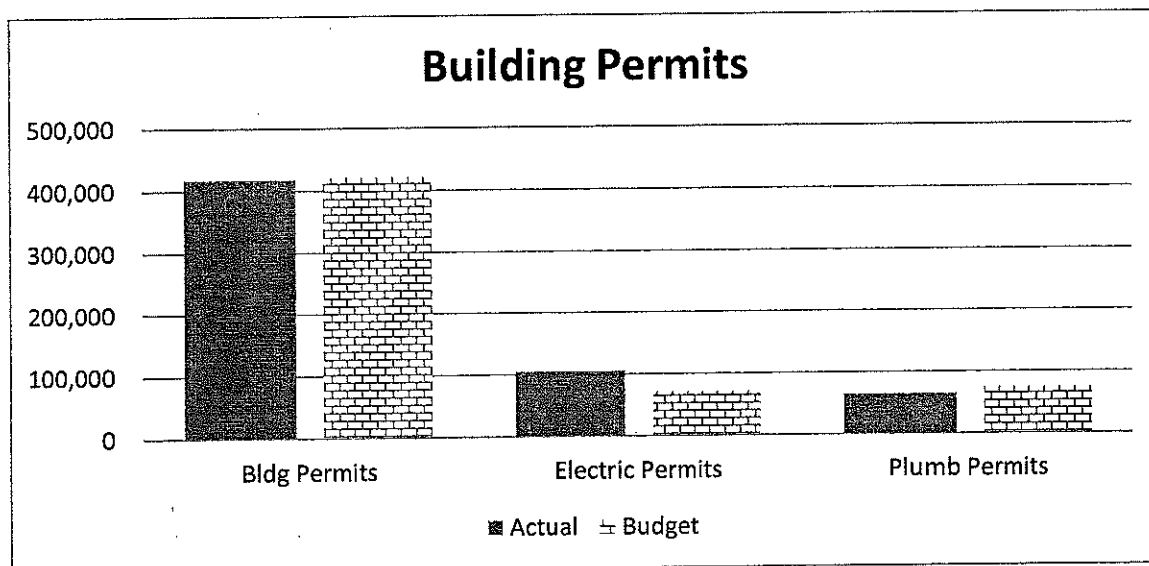


GENERAL FUND revenues of \$19,342,913 are \$225,956 more than budget. Hotel taxes are arriving earlier than prior years and will only match budget by year's end. A COPS Grant that was budgeted was not received and will fall behind budget all year.



Planning fees are greater than budget with more developments to review. Engineering fees on new subdivisions has generated \$54,900 in un-budgeted revenues. Landfill Siting revenues are arriving slower than budgeted.

Building permit revenues are in line with a planned increased level.



Other revenues include Insurance dividends and rental income for cell towers. These revenues have exceeded budget levels.

August's expenditures of \$16,642,302 are \$358,471 less than budget. Expenditure items of note are:

- Public Safety costs of \$11,663,499, are \$513,543 (4.6%) greater than budget. Three payrolls in August helped drive personnel costs over budget, which will smooth out some as the balance of the year moves along. Additional Public Safety Personnel appropriations will be needed by year's end.
 - Total Police personnel costs are \$240,296 over budget. Police Overtime is a major cause. 3-4 officers were on field training early in the year and overtime was needed to fill the vacant patrol positions. Also note that the requested Police overtime budget was \$230,000, while the adopted budget was only \$190,000. A budgeted grant funding a Police position will remain vacant when the grant did not get awarded. Police overtime thru August now exceeds the annual budget.
 - Total Fire personnel costs are \$338,385 (9.1%) over budget. Fire overtime costs (now \$281,182) reached the annual budget by the end of June.
- Public Works expenditures of \$1,939,591 are \$153,234 (7.3%) underspent.
- Culture and Recreation is \$35,607 (30%) overspent related to efforts in the parks.

A \$5,744,515 surplus is \$710,933 greater than budget. 96% of the surplus (\$680,000) is related to contingency reserves that are not expected to be spent. However the surplus is 50% the result of increased revenues and 50% the result of net under spending (related to contingency).

DEBT SERVICE – Debt payments were made timely as required.

TIF Districts – see the summary schedule of all TID activity.

TID 3 – the remaining debt balance was retired March 1. The Dept of Transportation has not yet billed the S 27th Street project costs, approximating \$1.3 million. The Developer incentives are awaiting completion of the new apartment units.

TID4 – In June the Council authorized a \$1.2 million engineering contract for infrastructure in a proposed business park.

TID5 – The Developer's Agreement was signed in late February 2018. The TID sold a \$23.4 million debt issue on May 1. The Developer has been making monthly draw requests. Just over \$7.2 million has been expended to date.

SOLID WASTE FUND – Activity is occurring as budgeted. Waste Management raised the placement fee for materials placed in the landfill. Since the City does not pay a fee for materials from the City, the revenue coming back to this fund are exceeding budget. The 2017 CPI index was larger than expected which raised the contracted hauler's fees more than expected. It is possible that a budget amendment maybe needed by years end.

CAPITAL OUTLAY FUND – revenues are in line with budget. The Police have ordered three Ford Explorers, one Tauras, one F-150 and a Chevy Tahoe and nine squad tablets. The City Hall phone system replacement (\$55,000) was placed in service in July.

EQUIPMENT REPLACEMENT FUND – Revenues are in line with budget.

Both of the Highway replacement vehicles (Tandem axle dump truck and flat-bed truck) have been ordered.

CAPITAL IMPROVEMENT FUND – Debt resources to fund the 2018 programs were received in December 2017. Debt sale proceeds are in the opening fund balance. A 2016 \$1.2 million transfer from the General Fund provided most of the resources for a City Hall roof and Heating, Ventilating and Air Conditioning project.

Three Public Safety projects are in process, the Squad Car, radio system dispatch console and Drug Vault ventilation system.

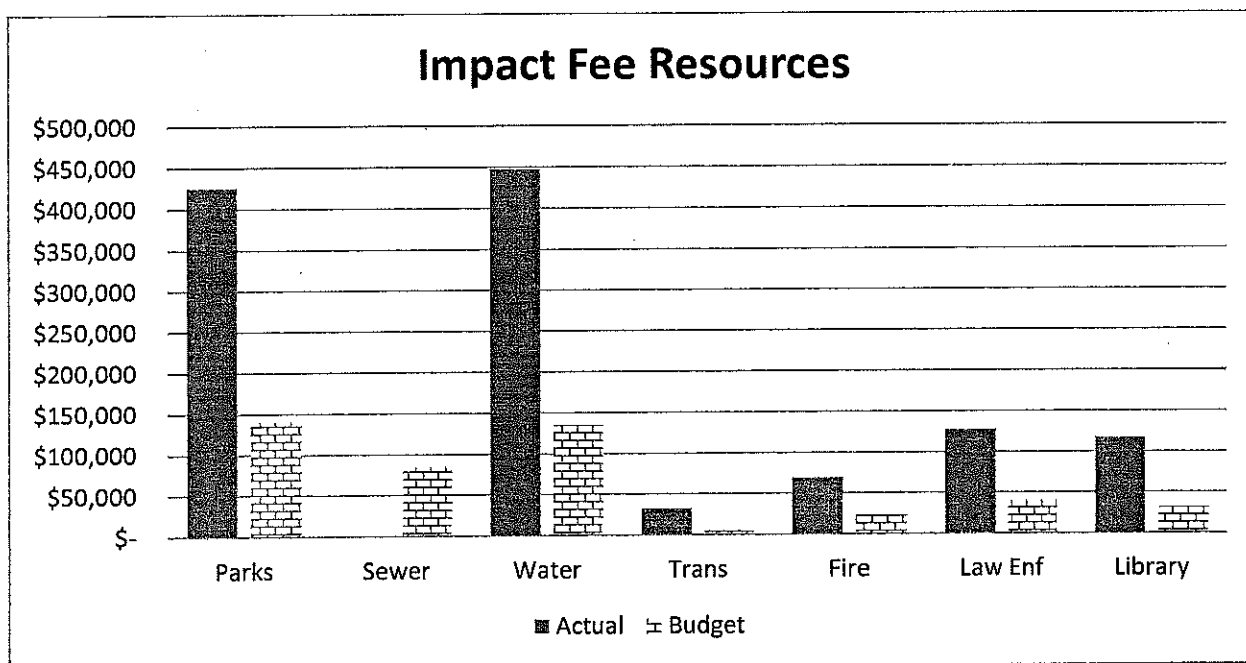
The Highway Salt storage barn is complete, and several other projects are in various states of progress.

Within Culture, a contract has been let for the River Park trail/bridge.

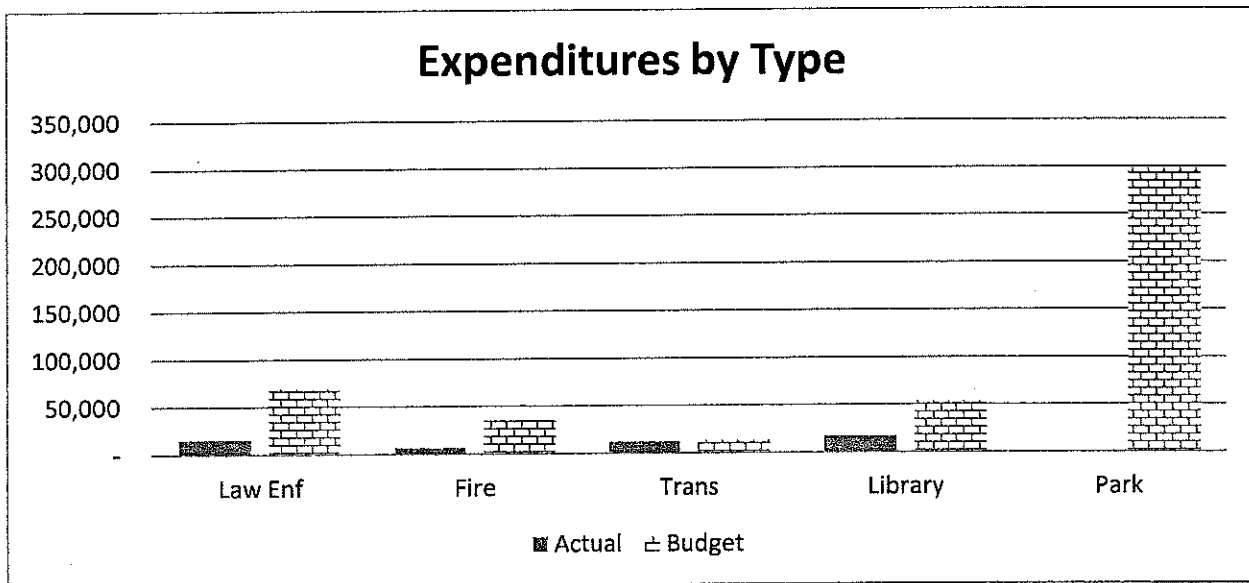
STREET IMPROVEMENT FUND – Revenues are in line with budget. The Grant will be applied for once the contractor has been paid.

The 2018 program is substantially complete at this time.

DEVELOPMENT FUND – Impact fee collections are stronger than budget. A S 27th Street apartment complex project is currently driving impact fee revenues over budget.



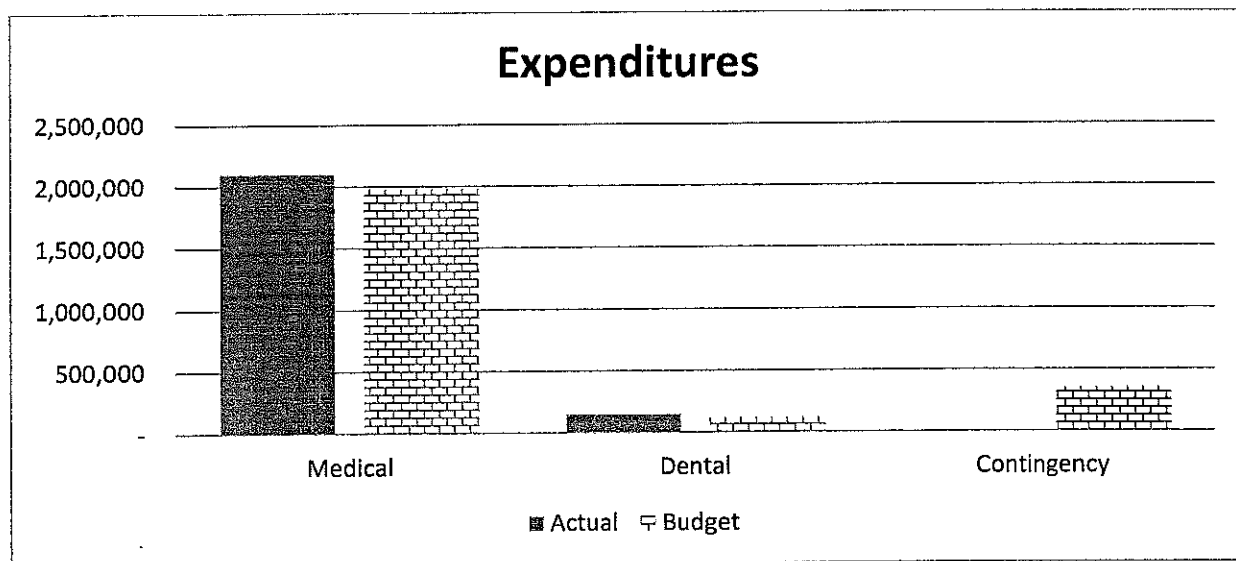
Transfers from the Development Fund to the Debt Service Fund have been minimal as receipts are not sufficient to pay the 2018 debt service for these programs. Those transfers will be re-examined in August for the September debt service payments.



UTILITY DEVELOPMENT FUND – The S 27th St apartment project is driving the activity in this fund. No projects have been approved for 2018.

SELF INSURANCE FUND – Revenues are very close to budget.

Medical expenditures are still greater than planned, but with lighter claims than normal in since May, the fund's deficit was reduced to \$136,983. After adjusting for the budgeted contingency, the deficit is greater than budgeted.



RETIREE HEALTH FUND – Insurance results are much worse than 2017, with claim costs 185% of the prior year. The fund has a \$111,027 insurance loss even considering the Implicit Rate Subsidy of \$143,235 for the older participants. With the small group size (25 participants), claims can be rather unpredictable.

Investment results reflect a \$283,333 gain, approximately an 8% annualized return. The fund is invested in passive index investments and is mirroring a blended equity/fixed income market. Equities have recovered the February swoon, and rising interest rates have tugged at Fixed Income returns. The rather short duration position of the portfolio mitigates much of the rising interest rate impact. Still the portfolio is 66% invested in equities, arguably an overweight position.

Caution is advised, as equity market returns can be volatile.

City of Franklin
Cash & Investments Summary
August 31, 2018

	Cash	American Deposit Management	Institutional Capital Management	Local Government Invest Pool	Fidelity Investments	Total	Prior Month Total
General Fund	\$ (99,045)	\$ 7,448,432	\$ 4,999,292	\$ 697,664	\$ -	\$ 13,046,344	\$ 12,230,807
Debt Service Funds	36,159	146,925	515,537	-	-	698,621	736,799
TIF Districts	79,463	19,604,560	1,681,079	-	-	21,365,102	23,846,848
Nonmajor Governmental Funds	727,135	7,369,062	8,594,838	-	-	16,691,035	17,486,155
Total Governmental Funds	743,712	34,568,979	15,790,746	697,664	-	51,801,101	54,300,609
Sewer Fund	182,511	817,632	731,652	-	-	1,731,795	2,281,706
Water Utility	40,193	2,098,404	401,439	-	-	2,540,036	3,272,962
Self Insurance Fund	4,723	152,920	1,851,756	-	-	2,009,399	2,016,724
Other Designated Funds	12,472	-	-	-	-	12,472	8,182
Total Other Funds	239,899	3,068,956	2,984,847	-	-	6,293,702	7,579,575
Total Pooled Cash & Investments	983,611	37,637,935	18,775,593	697,664	-	58,094,803	61,880,184
Retiree Health Fund	(44,758)	-	-	-	5,919,509	5,874,751	5,778,678
Property Tax Fund	43,933	53,873	-	-	-	97,805	9,613,917
Total Trust Funds	(825)	53,873	-	-	5,919,509	5,972,556	15,392,596
Grand Total Cash & Investments	982,785	37,691,808	18,775,593	697,664	5,919,509	64,067,359	77,272,779
Average Rate of Return		1.93%	1.46%	2.00%			
Maturities:							
Demand	982,785	29,922,858	12,698	697,664	80,620	31,696,624	39,574,899
Fixed Income & Equities	-	-	-	-	4,415,145	4,415,145	4,324,653
2018 - Q3	-	4,772,064	1,000,048	-	-	5,772,112	11,250,404
2018 - Q4	-	2,996,886	2,012,584	-	-	5,009,471	4,995,355
2019 - Q1	-	-	996,869	-	150,236	1,147,105	996,006
2019	-	-	2,952,296	-	-	2,952,296	3,097,115
2020	-	-	5,416,414	-	172,961	5,589,375	5,575,460
2021	-	-	3,903,420	-	173,970	4,077,390	4,065,137
2022	-	-	2,481,264	-	168,480	2,649,744	2,638,867
2023	-	-	-	-	171,150	171,150	170,450
2024	-	-	-	-	196,299	196,299	195,696
2025	-	-	-	-	197,233	197,233	196,177
2026	-	-	-	-	193,415	193,415	192,560
	982,785	37,691,808	18,775,593	697,664	5,919,509	64,067,359	77,272,779

City of Franklin
2018 Financial Report
General Fund Summary
For the Eight months ended August 31, 2018

Revenue	2018 Original Budget	2018 Amended Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual	Var to Budget Surplus (Deficiency)
Property Taxes	\$ 16,918,049	\$ 16,918,049	\$ 16,817,179	\$ 16,899,503	\$ 82,324
Other Taxes	725,100	725,100	375,838	436,172	60,334
Intergovernmental Revenue	2,432,926	2,432,926	1,567,534	1,559,056	(8,478)
Licenses & Permits	1,040,990	1,040,990	757,057	807,995	50,938
Law and Ordinance Violations	500,000	500,000	353,671	350,332	(3,339)
Public Charges for Services	1,805,350	1,805,350	1,144,299	1,192,780	48,481
Intergovernmental Charges	196,500	196,500	81,794	127,921	46,127
Investment Income	205,000	205,000	136,667	135,855	(812)
Miscellaneous Revenue	120,350	120,350	88,156	177,203	89,047
Transfer from Other Funds	1,050,000	1,050,000	712,160	700,000	(12,160)
Total Revenue	\$ 24,994,265	\$ 24,994,265	\$ 22,034,355	\$ 22,386,817 101.60%	\$ 352,462
Expenditures	2018 Original Budget	2018 Amended Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual	Var to Budget Surplus (Deficiency)
General Government	\$ 3,107,447	\$ 3,153,162	A \$ 2,200,774	\$ 2,138,824	E \$ 61,950
Public Safety	17,296,241	17,348,342	A 11,149,956	11,663,499	E (513,543)
Public Works	3,437,593	3,456,493	A 2,092,825	1,939,591	153,234
Health and Human Services	710,345	710,345	428,775	454,302	(25,527)
Other Culture and Recreation	173,914	201,874	A 115,664	151,271	E (35,607)
Conservation and Development	595,345	630,045	A 390,073	357,143	E 32,930
Contingency and Unclassified	1,487,500	1,425,500	A 682,961	2,327	680,634
Anticipated underexpenditures	(413,320)	(413,320)	-	-	-
Transfers to Other Funds	24,000	24,000	17,400	13,000	4,400
Encumbrances	-	-	-	(77,655)	-
Total Expenditures	\$ 26,419,065	\$ 26,536,441	\$ 17,078,428	\$ 16,642,302 97.45%	\$ 358,471
Excess of revenue over (under) expenditures	(1,424,800)	(1,542,176)	\$ 4,955,927	5,744,515	\$ 710,933
Fund balance, beginning of year	6,587,511	6,587,511		6,587,511	
Fund balance, end of period	\$ 5,162,711	\$ 5,045,335		\$ 12,332,026	

A Represents an amendment to Adopted Budget

E Represents an encumbrance for current year from prior year

City of Franklin
Debt Service Funds
Balance Sheet
August 31, 2018 and 2017

	2018 Special Assessment	2018 Debt Service	2018 Total	2017 Special Assessment	2017 Debt Service	2017 Total
Assets						
Cash and investments	\$ 677,941	\$ 20,680	\$ 698,621	\$ 636,245	\$ (19,766)	\$ 616,479
Special assessment receivable	83,018	-	83,018	132,795	-	132,795
Total Assets	<u>\$ 760,959</u>	<u>\$ 20,680</u>	<u>\$ 781,639</u>	<u>\$ 769,040</u>	<u>\$ (19,766)</u>	<u>\$ 749,274</u>
Liabilities and Fund Balance						
Unearned & unavailable revenue	\$ 83,018	\$ -	\$ 83,018	\$ 132,795	\$ -	\$ 132,795
Unassigned fund balance	677,941	20,680	698,621	636,245	(19,766)	616,479
Total Liabilities and Fund Balance	<u>\$ 760,959</u>	<u>\$ 20,680</u>	<u>\$ 781,639</u>	<u>\$ 769,040</u>	<u>\$ (19,766)</u>	<u>\$ 749,274</u>

Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	2018 Special Assessment	2018 Debt Service	2018 Year-to-Date Actual	2018 Amended Budget	2017 Special Assessment	2017 Debt Service	2017 Year-to-Date Actual
Revenue							
Property Taxes	\$ -	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ -	\$ 1,300,000	\$ 1,300,000
Special Assessments	51,449	-	51,449	-	63,025	-	63,025
Investment Income	2,541	2,658	5,199		6,430	735	7,165
Total Revenue	<u>53,990</u>	<u>1,302,658</u>	<u>1,356,648</u>	<u>1,300,000</u>	<u>69,455</u>	<u>1,300,735</u>	<u>1,370,190</u>
Expenditures:							
Debt Service:							
Principal	-	1,339,008	1,339,008	1,330,000	-	1,355,000	1,355,000
Interest	-	106,040	106,040	481,613	-	99,013	99,013
Total expenditures	<u>-</u>	<u>1,445,048</u>	<u>1,445,048</u>	<u>1,811,613</u>	<u>-</u>	<u>1,454,013</u>	<u>1,454,013</u>
Transfers in	-	111,999	111,999	328,644	-	49,004	49,004
Transfers out	(60,000)	-	(60,000)	-	-	-	-
Net change in fund balances	<u>(6,010)</u>	<u>(30,391)</u>	<u>(36,401)</u>	<u>(182,969)</u>	<u>69,455</u>	<u>(104,274)</u>	<u>(34,819)</u>
Fund balance, beginning of year	<u>683,951</u>	<u>51,071</u>	<u>735,022</u>	<u>735,022</u>	<u>566,790</u>	<u>84,508</u>	<u>651,298</u>
Fund balance, end of period	<u>\$ 677,941</u>	<u>\$ 20,680</u>	<u>\$ 698,621</u>	<u>\$ 552,053</u>	<u>\$ 636,245</u>	<u>\$ (19,766)</u>	<u>\$ 616,479</u>

**City of Franklin
Consolidating TID Funds
Balance Sheet
August 31, 2018**

	<u>TID 3</u>	<u>TID 4</u>	<u>TID 5</u>	<u>Total</u>
<u>Assets</u>				
Cash & investments	\$ 1,962,132	\$ 3,596,151	\$ 15,805,199	\$ 21,363,482
Total Assets	<u>\$ 1,962,132</u>	<u>\$ 3,596,151</u>	<u>\$ 15,805,199</u>	<u>\$ 21,363,482</u>
<u>Liabilities and Fund Balance</u>				
Accounts payable		\$ 41,533	\$ -	\$ 41,533
Accrued liabilities	1,323,600	-	-	1,323,600
Due to Other Funds	-	-	29,695	29,695
Interfund advance from Development Fund	-	-	75,000	75,000
Total Liabilities	<u>1,323,600</u>	<u>41,533</u>	<u>104,695</u>	<u>1,469,828</u>
Assigned fund balance	<u>638,532</u>	<u>3,554,618</u>	<u>15,700,504</u>	<u>19,893,654</u>
Total Liabilities and Fund Balance	<u>\$ 1,962,132</u>	<u>\$ 3,596,151</u>	<u>\$ 15,805,199</u>	<u>\$ 21,363,482</u>

**Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018**

	<u>TID 3</u>	<u>TID 4</u>	<u>TID 5</u>	<u>Total</u>
<u>Revenue</u>				
General property tax levy	\$ 1,381,191	\$ 1,059,413	\$ 30,500	\$ 2,471,104
Payment in Lieu of Taxes	-	132,871	-	132,871
State exempt computer aid	464,931	16,195		481,126
Investment income	18,187	27,020	92,252	137,459
Bond proceeds	-	-	23,386,959	23,386,959
Total revenue	<u>1,864,309</u>	<u>1,235,499</u>	<u>23,509,711</u>	<u>26,609,519</u>
<u>Expenditures</u>				
Transfer to other funds	-	-	-	-
Debt service principal	985,000	-	-	985,000
Debt service interest & fees	15,010	-	337,663	352,673
Administrative expenses	30,498	5,423	31,750	67,671
Professional Services	-	129,894	63,223	193,117
Interfund interest	148			148
Capital outlays	30,711	1,201,850	7,255,289	8,487,850
Development incentive & obligation payer	109,000		49,686	158,686
Encumbrances	<u>(29,713)</u>	<u>(1,250,287)</u>	<u>(27,279)</u>	<u>(1,307,279)</u>
Total expenditures	<u>1,140,654</u>	<u>86,880</u>	<u>7,710,332</u>	<u>8,937,866</u>
Revenue over (under) expenditures	723,655	1,148,619	15,799,379	17,671,653
Fund balance, beginning of year	<u>(85,123)</u>	<u>2,405,999</u>	<u>(98,875)</u>	<u>2,222,001</u>
Fund balance, end of period	<u>\$ 638,532</u>	<u>\$ 3,554,618</u>	<u>\$ 15,700,504</u>	<u>\$ 19,893,654</u>

City of Franklin
Tax Increment Financing District #3
Balance Sheet
August 31, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Cash & investments	\$ 1,962,132	\$ 1,844,025
Total Assets	<u>\$ 1,962,132</u>	<u>\$ 1,844,025</u>
 <u>Liabilities and Fund Balance</u>		
Accounts payable	\$ -	\$ 23
Accrued liabilities	1,323,600	-
Interfund advance from Development Fund	-	550,000
Total Liabilities	<u>1,323,600</u>	<u>550,023</u>
Assigned fund balance	638,532	1,294,002
Total Liabilities and Fund Balance	<u>\$ 1,962,132</u>	<u>\$ 1,844,025</u>

Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	<u>2018</u> <u>Annual</u> <u>Budget</u>	<u>2018</u> <u>Amended</u> <u>Budget</u>	<u>2018</u> <u>Year-to-Date</u> <u>Budget</u>	<u>2018</u> <u>Year-to-Date</u> <u>Actual</u>	<u>2017</u> <u>Year-to-Date</u> <u>Actual</u>
Revenue					
General property tax levy	\$ 1,384,100	\$ 1,384,100	\$ 1,384,100	\$ 1,381,191	\$ 1,253,575
State exempt computer aid	584,400	584,400	584,400	464,931	458,196
Investment income	5,000	5,000	3,579	18,187	16,035
Bond proceeds	5,100,000	5,100,000	3,400,000	-	-
Transfer from other funds	-	-	-	-	-
Total revenue	<u>7,073,500</u>	<u>7,073,500</u>	<u>5,372,079</u>	<u>1,864,309</u>	<u>1,727,806</u>
Expenditures					
Transfer to other funds	-	-	-	-	-
Debt service principal	985,000	985,000	985,000	985,000	1,675,000
Debt service interest & fees	182,575	182,575	153,467	15,010	54,902
Administrative expenses	12,870	38,370	23,678	30,498	8,801
Interfund interest	1,634	1,634	850	148	9,546
Capital outlays	-	1,353,313	830,155	30,711	1,383,323
Development incentive & obligation payments	5,000,000	5,000,000	3,333,333	109,000	-
Encumbrances	-	-	-	(29,713)	(1,356,363)
Total expenditures	<u>6,182,079</u>	<u>7,560,892</u>	<u>5,326,483</u>	<u>1,140,654</u>	<u>1,775,209</u>
Revenue over (under) expenditures	891,421	(487,392)	<u>\$ 45,596</u>	723,655	(47,403)
Fund balance, beginning of year	(85,123)	(85,123)		(85,123)	1,341,405
Fund balance, end of period	<u>\$ 806,298</u>	<u>\$ (572,515)</u>		<u>\$ 638,532</u>	<u>\$ 1,294,002</u>

City of Franklin
Tax Increment Financing District #4
Balance Sheet
August 31, 2018 and 2017

<u>Assets</u>	2018	2017
Cash & investments	\$ 3,596,151	\$ 2,420,734
Taxes receivable	-	-
Total Assets	<u>\$ 3,596,151</u>	<u>\$ 2,420,734</u>
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 41,533	\$ 365
Unearned revenue	-	-
Total Liabilities	<u>41,533</u>	<u>365</u>
Assigned fund balance	3,554,618	2,420,369
Total Liabilities and Fund Balance	<u>\$ 3,596,151</u>	<u>\$ 2,420,734</u>

Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	2018 Annual Budget	2018 Amended Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual	2017 Year-to-Date Actual
Revenue					
General property tax levy	\$ 1,061,600	\$ 1,061,600	\$ 1,061,600	\$ 1,059,413	\$ 1,013,892
Payment in Lieu of Taxes	90,000	90,000	90,000	132,871	148,173
State exempt computer aid	14,700	14,700	14,700	16,195	15,960
Investment income	15,000	15,000	10,000	27,020	19,685
Bond proceeds	10,000,000	10,000,000	6,666,667	-	-
Total revenue	<u>11,181,300</u>	<u>11,181,300</u>	<u>7,842,967</u>	<u>1,235,499</u>	<u>1,197,710</u>
Expenditures					
Debt service interest & fees	125,350	125,350	83,567	-	-
Administrative expenses	10,650	10,650	7,100	5,423	6,462
Professional services	104,500	155,693	69,667	129,894	74,500
Capital outlay	12,000,000	12,000,000	8,000,000	1,201,850	-
Development incentive/grant	980,000	980,000	653,333	-	-
Encumbrances	-	-	-	(1,250,287)	(61,339)
Total expenditures	<u>13,220,500</u>	<u>13,271,693</u>	<u>8,813,667</u>	<u>86,880</u>	<u>19,623</u>
Revenue over (under) expenditures	(2,039,200)	(2,090,393)	<u>\$ (970,700)</u>	1,148,619	1,178,087
Fund balance, beginning of year	<u>2,405,999</u>	<u>2,405,999</u>		<u>2,405,999</u>	<u>1,242,282</u>
Fund balance, end of period	<u>\$ 366,799</u>	<u>\$ 315,606</u>		<u>\$ 3,554,618</u>	<u>\$ 2,420,369</u>

City of Franklin
Tax Increment Financing District #5
Balance Sheet
August 31, 2018 and 2017

	2018	2017
Assets		
Cash & investments	\$ 15,805,199	\$ 10,299
Taxes receivable	-	-
Total Assets	<u>\$ 15,805,199</u>	<u>\$ 10,299</u>
Liabilities and Fund Balance		
Accounts payable	\$ -	\$ -
Due to other funds	29,695	74,695
Advances from other funds	75,000	-
Unearned revenue	-	-
Total Liabilities	<u>104,695</u>	<u>74,695</u>
Fund balance	15,700,504	(64,396)
Total Liabilities and Fund Balance	<u>\$ 15,805,199</u>	<u>\$ 10,299</u>

Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	2018 Annual Budget	2018 Amended Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual	2017 Year-to-Date Actual
Revenue					
General property tax levy	\$ 30,100	\$ 30,100	\$ 20,067	\$ 30,500	\$ -
State exempt computer aid	300	300	200	-	-
Investment income	-	-	-	92,252	-
Bond proceeds	18,600,000	18,600,000	12,400,000	23,386,959	-
Transfer from other funds	-	-	-	-	-
Total revenue	<u>18,630,400</u>	<u>18,630,400</u>	<u>12,420,267</u>	<u>23,509,711</u>	<u>-</u>
Expenditures					
Debt service interest & fees	534,163	534,163	186,233	337,663	-
Administrative expenses	22,050	22,050	14,700	31,750	12,550
Professional services	50,000	78,741	52,495	63,223	27,148
Capital outlay	9,342,875	9,342,875	6,228,583	7,255,289	-
Land improvements	3,010,000	3,010,000	2,006,667	-	-
Development incentive/grant	-	-	-	49,686	-
Contingency	5,160,507	5,160,507	3,440,338	-	-
Encumbrances	-	-	-	(27,279)	(27,148)
Total expenditures	<u>18,119,595</u>	<u>18,148,336</u>	<u>11,929,016</u>	<u>7,710,332</u>	<u>12,550</u>
Revenue over (under) expenditures	510,805	482,064	<u>\$ 491,251</u>	15,799,379	(12,550)
Fund balance, beginning of year	<u>(98,875)</u>	<u>(98,875)</u>		<u>(98,875)</u>	<u>(51,846)</u>
Fund balance, end of period	<u>\$ 411,930</u>	<u>\$ 383,189</u>		<u>\$ 15,700,504</u>	<u>\$ (64,396)</u>

City of Franklin
Solid Waste Collection Fund
Balance Sheet
August 31, 2018 and 2017

<u>Assets</u>	2018	2017
Cash and investments	\$ 1,007,923	\$ 959,435
Accrued Receivables	89	481
Total Assets	\$ 1,008,012	\$ 959,916
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 131,498	\$ 127,765
Accrued salaries & wages	430	-
Restricted fund balance	876,084	832,151
Total Liabilities and Fund Balance	\$ 1,008,012	\$ 959,916

Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	2018 Adopted Budget	2018 YTD Budget	2018 Year-to-Date Actual	2017 Year-to-Date Actual
Revenue				
Grants	\$ 68,800	68,800	\$ 68,984	\$ 68,838
User Fees	1,211,000	1,210,339	1,211,378	1,210,068
Landfill Operations-tippage	350,000	206,451	204,527	199,880
Investment Income	7,500	5,395	10,331	8,082
Sale of Recyclables	-	-	954	28
Total Revenue	1,637,300	1,490,985	1,496,174	1,486,896
Expenditures:				
Personal Services	14,783	9,597	10,093	10,077
Refuse Collection	679,500	449,393	462,151	449,566
Recycling Collection	362,800	240,061	256,692	246,004
Leaf & Brush Pickups	60,000	40,000	20,000	18,086
Tippage Fees	455,300	303,533	263,671	260,106
Miscellaneous	3,500	2,333	1,160	1,789
Printing	1,800	1,200	-	-
Total expenditures	1,577,683	1,046,117	1,013,767	985,628
Revenue over (under) expenditures	59,617	<u>444,868</u>	482,407	501,268
Fund balance, beginning of year	<u>395,677</u>		<u>395,677</u>	<u>330,883</u>
Fund balance, end of period	<u>\$ 455,294</u>		<u>\$ 878,084</u>	<u>\$ 832,151</u>

**City of Franklin
Capital Outlay Fund
Balance Sheet
August 31, 2018 and 2017**

<u>Assets</u>	2018	2017
Cash and investments	\$ 540,080	\$ 434,519
Total Assets	\$ 540,080	\$ 434,519
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 29,121	\$ 35,441
Encumbrance	99,905	94,315
Assigned fund balance	411,054	304,763
Total Liabilities and Fund Balance	\$ 540,080	\$ 434,519

**Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017**

Revenue	2018 Original Budget	2018 Amended Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual *	2017 Year-to-Date Actual
Property Taxes	\$ 450,500	\$ 450,500	\$ 450,500	\$ 450,500	\$ 444,300
Grants	-	-	-	2,021	4,280
Landfill Siting	147,000	147,000	129,430	116,800	92,000
Investment Income	6,000	6,000	4,000	4,695	4,696
Miscellaneous Revenue	39,000	39,000	19,494	22,070	47,342
Transfers from Other Funds	-	134,138	100,604	101,000	-
Total Revenue	642,500	776,638	704,028	697,086	592,618
Expenditures:					
General Government	132,762	241,247	142,763	97,420	59,615
Public Safety	431,508	582,841	435,047	467,052	493,270
Public Works	55,062	81,752	51,713	53,666	31,871
Health and Human Services	6,582	6,582	4,388	3,563	-
Culture and Recreation	4,000	13,250	6,746	9,828	13,453
Conservation and Development	1,682	1,682	1,121	1,018	1,618
Contingency	50,000	27,750	18,500	6,525	-
Transfers to Other Funds	-	-	-	-	26,950
Total expenditures	681,596	955,104	660,278	639,072	626,777
Revenue over (under) expenditures	(39,096)	(178,466)	43,750	58,014	(34,159)
Fund balance, beginning of year	353,040	353,040		353,040	338,922
Fund balance, end of period	\$ 313,944	\$ 174,574		\$ 411,054	\$ 304,763

* Amount shown is actual expenditures plus encumbrance

**City of Franklin
Equipment Replacement Fund
Balance Sheet
August 31, 2018 and 2017**

	2018	2017
<u>Assets</u>		
Cash and investments	\$ 2,767,766	\$ 2,333,801
Total Assets	<u>\$ 2,767,766</u>	<u>\$ 2,333,801</u>
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 5,337	\$ -
Encumbrance	247,365	88,644
Assigned fund balance	2,515,064	2,245,157
Total Liabilities and Fund Balance	<u>\$ 2,767,766</u>	<u>\$ 2,333,801</u>

**Comparative Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017**

	2018 Original Budget	2018 Amended Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual *	2017 Year-to-Date Actual
Revenue:					
Property Taxes	\$ 350,000	\$ 350,000	\$350,000	\$ 350,000	\$ 348,300
Landfill	200,000	200,000	173,091	158,900	125,300
Investment Income	29,000	29,000	19,333	8,964	30,006
Property Sales	7,500	7,500	5,229	19,231	21,626
Total revenue	<u>586,500</u>	<u>586,500</u>	<u>547,653</u>	<u>537,095</u>	<u>525,232</u>
Expenditures:					
Public Safety	44,754	88,754	60,176	84,162	233,517
Public Works	251,000	251,000	186,987	249,684	417,561
Total expenditures	<u>295,754</u>	<u>339,754</u>	<u>247,163</u>	<u>333,846</u>	<u>651,078</u>
Revenue over (under) expenditures	290,746	246,746	<u>300,490</u>	203,249	(125,846)
Fund balance, beginning of year	<u>2,311,815</u>	<u>2,311,815</u>		<u>2,311,815</u>	<u>2,371,003</u>
Fund balance, end of period	<u>\$ 2,602,561</u>	<u>\$ 2,558,561</u>		<u>\$ 2,515,064</u>	<u>\$ 2,245,157</u>

* Amount shown is actual expenditures plus encumbrance

**City of Franklin
Capital Improvement Fund
Balance Sheet
August 31, 2018 and 2017**

<u>Assets</u>	2018	2017
Cash and investments	\$ 3,420,846	\$ 2,728,688
Accrued receivables	847	847
Total Assets	\$ 3,421,693	\$ 2,729,535
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 31,939	\$ 11,924
Contracts Payable	-	-
Escrow Balances Due	78,915	90,000
Fund Balance - Encumbrance	546,341	1,180,250
Assigned fund balance	2,764,498	1,447,361
Total Liabilities and Fund Balance	\$ 3,421,693	\$ 2,729,535

**Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017**

	2018 Original Budget	2018 Amended Budget	2018 Year-to-Date Totals	2017 Year-to-Date Totals
Revenue:				
Block Grants	\$ -	\$ -	\$ -	\$ -
Other Grants	-	638,000	-	-
Landfill Siting	276,000	276,000	81,268	118,679
Transfers from Other Funds	15,529,251	15,529,251	-	-
Transfers from Impact Fees	1,552,928	1,552,928	-	-
Transfers from Connection Fees	1,000,000	1,000,000	-	-
Bond Proceeds	5,600,000	5,600,000	-	-
Donations	150,000	150,000	11,085	-
Refunds & Reimbursements	-	-	-	97,480
Investment Income	5,000	5,000	21,166	31,454
Total revenue	24,113,179	24,751,179	113,519	247,613
Expenditures:				
General Government	1,925,000	1,925,000	4,539	39,123
Public Safety	291,250	429,946	112,069	274,867
Public Works	14,928,746	16,117,070	579,090	1,145,800
Culture and Recreation	1,443,445	1,443,445	344,732	54,650
Sewer & Water	4,869,500	4,869,500	-	-
Contingency	2,296,376	2,279,076	3,084	3,084
Bond/Note Issuance Cost	98,000	98,000	-	-
Transfers to Other Funds	-	101,000	101,000	-
Total expenditures	25,852,317	27,263,037	1,144,514	1,517,524
Revenue over (under) expenditures	(1,739,138)	(2,511,858)	(1,030,995)	(1,269,911)
Fund balance, beginning of year	3,795,493	3,795,493	3,795,493	2,717,272
Fund balance, end of period	\$ 2,056,355	\$ 1,283,635	\$ 2,764,498	\$ 1,447,361

**City of Franklin
Street Improvement Fund
Balance Sheet
August 31, 2018 and 2017**

<u>Assets</u>	2018	2017
Cash and investments	\$ 290,621	\$ 1,040,844
Total Assets	\$ 290,621	\$ 1,040,844
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ 9,187	\$ 4,712
Encumbrances	75,151	837,433
Assigned fund balance	206,284	198,699
Total Liabilities and Fund Balance	\$ 290,622	\$ 1,040,844

**Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017**

	2018 Original Budget	2018 Year-to-Date Totals	2017 Year-to-Date Totals
Revenue:			
Property Taxes	\$ 714,700	\$ 714,700	\$ 704,900
Landfill Siting	133,000	97,100	83,400
Investment Income	2,500	8,344	5,818
Local Road Improvement Aids	75,000	-	-
Refunds and Reimbursements	-	-	-
Total revenue	925,200	820,144	794,118
Expenditures:			
Street Reconstruction Program - Current Year	920,000	900,126	852,747
Revenue over (under) expenditures	5,200	(79,982)	(58,629)
Fund balance, beginning of year	286,266	286,266	257,328
Fund balance, end of period	\$ 291,466	\$ 206,284	\$ 198,699

**City of Franklin
Development Fund
Balance Sheet
August 31, 2018 and 2017**

	2018	2017
<u>Assets</u>		
Cash and investments	\$ 5,423,298	\$ 3,991,049
Due From TID 3	-	275,000
Total Assets	<u>\$ 5,423,298</u>	<u>\$ 4,266,049</u>
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ -	\$ -
Payable to Developers- Oversizing	59,799	79,732
Non-Spendable Fund Balance - Advances	-	275,000
Encumbrance	3,321	3,321
Assigned fund balance	5,360,178	3,907,996
Total Fund Balance	<u>5,360,178</u>	<u>4,182,996</u>
Total Liabilities and Fund Balance	<u>\$ 5,423,298</u>	<u>\$ 4,266,049</u>

**Comparative Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017**

	2018 Original Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual	2017 Year-to-Date Actual
Revenue:				
Impact Fee: Parks	\$ 192,000	\$ 140,490	\$ 425,529	\$ 47,565
Southwest Sewer Service Area	122,440	85,028	-	-
Administration	4,125	3,164	10,285	2,255
Water	185,000	135,313	447,409	101,610
Transportation	8,400	6,230	32,597	18,174
Fire Protection	32,250	23,546	69,444	15,009
Law Enforcement	55,930	40,747	127,287	27,526
Library	43,950	32,017	117,307	13,845
Total Impact Fees	644,095	466,535	1,229,858	225,984
Investment Income	43,750	25,521	19,067	45,668
Interfund Interest Income	817	477	74	4,773
Total revenue	<u>688,662</u>	<u>492,533</u>	<u>1,248,999</u>	<u>276,425</u>
Expenditures:				
Other Professional Services	10,000	5,561	3,321	3,321
Transfer to Debt Service:				
Law Enforcement	205,000	69,052	15,972	12,000
Fire	43,100	35,259	6,440	28,220
Transportation	73,250	13,455	12,216	-
Library	133,100	53,424	17,371	8,785
Total Transfers to Debt Service	454,450	171,190	51,999	49,005
Transfer to Capital Improvement Fund:				
Park	1,572,350	297,475	-	-
Total Transfers to Capital Improve	<u>1,572,350</u>	<u>297,475</u>	<u>-</u>	<u>-</u>
Sewer Fees	500,000	-	-	-
Water Fees	500,000	-	-	99,665
Total expenditures	<u>3,036,800</u>	<u>474,226</u>	<u>55,320</u>	<u>151,991</u>
Revenue over (under) expenditures	<u>(2,348,138)</u>	<u>18,307</u>	<u>1,193,679</u>	<u>124,434</u>
Fund balance, beginning of year	<u>4,166,499</u>		<u>4,166,499</u>	<u>4,058,562</u>
Fund balance, end of period	<u>\$ 1,818,361</u>		<u>\$ 5,360,178</u>	<u>\$ 4,182,996</u>

City of Franklin
Utility Development Fund
Balance Sheet
August 31, 2018 and 2017

<u>Assets</u>	2018	2017
Cash and investments - Water	\$ 639,561	\$ 539,290
Cash and investments - Sewer	889,267	713,616
Special Assessment - Water Current	140,867	212,416
Special Assessment - Water Deferred	314,587	332,962
Special Assessment - Sewer Current	241,026	297,705
Special Assessment - Sewer Deferred	70,898	76,728
Reserve for Uncollectible	(16,776)	(40,982)
Total Assets	<u>\$ 2,279,430</u>	<u>\$ 2,131,735</u>
<u>Liabilities and Fund Balance</u>		
Accounts payable	\$ -	\$ -
Unearned Revenue	750,602	878,829
Total Fund Balance	1,528,828	1,252,906
Total Liabilities and Fund Balance	<u>\$ 2,279,430</u>	<u>\$ 2,131,735</u>

Comparative Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	2018 Original Budget	2018 Year-to-Date Budget	2018 Year-to-Date Actual	2017 Year-to-Date Actual
Revenue:				
Special Assessments				
Water	\$ 81,600	\$ 17,077	\$ 23,695	\$ 468
Sewer	82,000	15,377	5,830	-
Connection Fees				
Water	-	-	-	2,281
Sewer	18,000	13,273	70,200	15,780
Total Assessments & Connection Fees	181,600	45,727	99,725	18,529
Special Assessment Interest	34,000	298	213	17
Investment Income	-	-	15,512	10,170
Total revenue	<u>215,600</u>	<u>46,025</u>	<u>115,450</u>	<u>28,716</u>
Transfer to Capital Improvement Fund:				
Water	500,000	-	-	-
Sewer	500,000	-	-	-
Total Transfers to Capital Improven	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenue over (under) expenditures	(784,400)	46,025	115,450	28,716
Fund balance, beginning of year			<u>1,413,378</u>	<u>1,224,190</u>
Fund balance, end of period			<u>\$ 1,528,828</u>	<u>\$ 1,252,906</u>

City of Franklin
Self Insurance Fund - Actives
Balance Sheet
August 31, 2018 and 2017

Assets	2018	2017
Cash and investments	\$ 2,097,199	\$ 2,294,024
Accounts receivable	600	588
Interfund advance receivable	-	275,000
Prepaid expenses	1,500	23,500
Total Assets	\$ 2,099,299	\$ 2,593,112
Liabilities and Net Assets		
Accounts payable	\$ 59,386	\$ 4,056
Claims payable	290,700	270,500
Unrestricted net assets	1,749,213	2,318,556
Total Liabilities and Fund Balance	\$ 2,099,299	\$ 2,593,112

City of Franklin Self Insurance Fund - Actives
Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	2018	2018	2018	2017
	Budget	Year-to-Date	Year-to-Date	Year-to-Date
Revenue		Budget	Actual	Actual
Medical Premiums-City	\$ 2,585,500	1,728,188	\$ 1,649,923	\$ 1,628,234
Medical Premiums-Employee	428,900	283,867	305,353	283,120
Other - Invest Income, Rx Rebates	18,300	12,200	46,252	48,642
Medical Revenue	3,032,700	2,024,255	2,001,528	1,959,996
Dental Premiums-City	118,300	66,460	72,218	72,474
Dental Premiums-Retirees	6,000	4,581	2,700	2,610
Dental Premiums-Employee	57,000	37,742	37,069	36,597
Dental Revenue	181,300	108,783	111,987	111,681
Total Revenue	3,214,000	2,133,038	2,113,515	2,071,677
Expenditures:				
Active Employees-Medical				
Medical claims - Current Year	2,376,800	1,350,059	1,174,146	1,351,874
Medical claims - Prior Year	-	-	240,310	263,115
Prescription drug claims	-	-	223,173	185,826
Refunds-Stop Loss Coverage	-	-	(18,130)	(4,349)
Total Claims-Actives	2,376,800	1,350,059	1,619,499	1,796,466
Medical Claim Fees	145,000	104,249	99,751	134,738
Memberships	-	-	3,075	3,180
Miscellaneous Wellness	77,000	27,754	11,427	16,300
Section 125 administration Fee	4,500	2,780	2,326	1,634
Stop Loss Premiums	664,000	468,050	365,829	418,586
ACA Fees	25,000	21,884	1,348	1,309
Total Medical Costs-Actives	3,292,300	1,974,776	2,103,255	2,372,213
Active Employees-Dental				
Dental Claims	165,300	104,926	133,832	108,407
Dental Claim Fees	12,000	8,527	9,483	14,008
Total Dental Costs-Actives	177,300	113,453	143,315	122,415
Retirees-Dental				
Dental Claims	6,000	3,855	3,780	4,352
Dental Claim Fees	200	147	148	216
Total Dental Costs-Retirees	6,200	4,002	3,928	4,568
Total Dental Costs	183,500	117,455	147,243	126,983
Claims contingency	528,000	352,000	-	-
Total Expenditures	4,003,800	2,444,231	2,250,498	2,499,196
Revenue over (under) expenditures	(789,800)	\$ (311,193)	(136,983)	(427,519)
Net assets, beginning of year	1,886,196		1,886,196	2,746,075
Net assets, end of period	\$ 1,096,396		\$ 1,749,213	\$ 2,318,556

City of Franklin
City of Franklin Post Employment Benefits Trust
Balance Sheet
August 31, 2018 and 2017

<u>Assets</u>	2018	2017
Cash and investments	\$ -	\$ -
Investments held in trust - Fixed Inc	1,990,717	1,880,359
Investments held in trust - Equities	3,928,792	3,462,612
Accounts receivable	6,775	4,360
Due from Water Utility	-	408
Total Assets	\$ 5,926,284	\$ 5,347,739
<u>Liabilities and Net Assets</u>		
Accounts payable	\$ 4,357	\$ 353
Claims payable	131,100	45,000
Due to City	44,758	11,536
Net assets held in trust for post emp	5,746,069	5,290,850
Total Liabilities and Fund Balance	\$ 5,926,284	\$ 5,347,739

City of Franklin Post Employment Benefits Trust
Statement of Revenue, Expenses and Fund Balance
For the Eight months ended August 31, 2018 and 2017

	2018	2017
	Year-to-Date	Year-to-Date
<u>Revenue</u>	<u>Actual</u>	<u>Actual</u>
ARC Medical Charges - City	\$ 153,013	\$ 124,484
Medical Charges - Retirees	96,148	67,635
Implicit Rate Subsidy	143,235	79,562
Medical Revenue	392,396	271,681
Expenditures:		
Retirees-Medical		
Medical claims - Current Year	235,083	117,828
Medical claims - Prior Year	110,888	18,944
Prescription drug claims	88,320	67,878
Refunds-Stop Loss Coverage	(642)	-
Total Claims-Retirees	433,649	204,650
Medical Claim Fees	12,869	14,679
Stop Loss Premiums	56,415	51,921
Miscellaneous Expense	330	300
ACA Fees	160	131
Total Medical Costs-Retirees	503,423	271,681
Revenue over (under) expenditures	(111,027)	-
Annual Required Contribution-Net	-	29,678
Other - Investment Income, etc.	283,333	375,336
Total Revenues	283,333	405,014
Net Revenues (Expenditures)	172,306	405,014
Net assets, beginning of year	5,573,763	4,885,836
Net assets, end of period	\$ 5,746,069	\$ 5,290,850

BLANK PAGE

APPROVAL <i>slw</i> <i>mmw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 10/02/2018
REPORTS & RECOMMENDATIONS	City of Franklin Migration of General, Non-represented Employees to the Wisconsin Retirement System for Pension Purposes Effective January 1, 2019	ITEM NUMBER <i>G.14.</i>

The City of Franklin is one of only a handful of communities in the State of Wisconsin that does not participate in the Wisconsin Retirement System (WRS) for its general, non-represented employees. The City currently maintains its own, separate defined benefit and defined contribution plans for non-public safety personnel.

The impact of not being in the WRS is most strongly felt in the hiring and retention of employees. Sun Prairie joined the WRS in 2017 and their human resources staff reports that it has been "incredible" as to how it has impacted recruitment. Joining WRS is arguably the most important step the City can take in impacting overall operations over the long term.

Additionally, beginning the process of moving away from the burden, costs, and fiduciary responsibilities associated with administering its own pension plans would be very advantageous to the City.

Please see the attached memo that addresses consideration of such a move to WRS participation. It covers the benefits, drawbacks, costs, options, and process, as well as identifying issues to be reviewed further.

The Mayor's Proposed 2019 Budget includes sufficient funding to begin the transition to WRS for eligible general employees.

The Director of Administration requests the Common Council approve the motion below. The remaining steps identified in the memo will take a fair bit of work so the Director of Administration is seeking clear guidance from the Common Council as to its intent to pursue participation in the WRS. If the motion is approved, information related to the outstanding issues will be brought to the next Personnel Committee meeting for recommendation. Once those details are resolved or satisfactorily addressed, the issue will then come back to the Common Council, and the City can consider a "Resolution of Inclusion Under WRS."

COUNCIL ACTION REQUESTED


Motion to support the pursuit of the City of Franklin migrating its general, non-represented employees to the Wisconsin Retirement System for pension purposes effective January 1, 2019, and to direct the Director of Administration to address remaining implementation issues with the Personnel Committee and to return to the Common Council with a "Resolution of Inclusion Under WRS" prior to November 15, 2018.



MEMORANDUM

Date: September 28, 2018

To: Mayor Olson
Aldermen

From: Mark W. Luberd 
Director of Administration

RE: General Employees Joining WRS: A summary of issues and impacts

The City of Franklin is one of only a handful of municipalities that do not participate in the WRS for all of their eligible employees. Sun Prairie, who joined last year, was the only other larger community that was not a participant. Per the Department of Employee Trust Funds (ETF), Waterford joined this year. That leaves only communities the likes of Arcadia, Bloomer, Chetek, and Glenwood as not participating. The ETF has no easy way of confirming the number of municipalities that don't participate, but that was all they could come up with. The City of Franklin does participate, as required by statute, for their police officers and firefighters.

The Wisconsin Retirement System (WRS) is administered by the ETF and provides retirement, disability and death benefits, various insurance programs, and a deferred compensation program to employees of any public employer in Wisconsin. A community can participate in the retirement program without participating in the health insurance, disability insurance, or deferred compensation programs.

Primary Benefits: There are two primary benefits of joining WRS.

1) Hiring and retaining employees. Hiring to support City operations is the primary reason for moving to WRS for employees. The City of Franklin has had difficulty attracting and retaining employees with municipal experience. This is particularly evident in senior management positions and positions with little or no private sector comparison, such as building inspection and dispatching. It will also be useful in jobs that have both private and public sector comparables, such as civil engineering (Engineering Technicians), public health nurses, and planners. The City of Sun Prairie mentioned these same concerns in their staff report that led to Sun Prairie joining WRS. A representative for Sun Prairie's human resources office laughed and said the difference in recruitment and drawing experienced municipal workers was "incredible" after they joined WRS. Joining WRS is arguably the most important step the City can take in impacting overall operations over the long term.

2) Eventual elimination of separately administered pension plans. The City's two plans administered through Principal Financial Group create added cost and administrative burden that the City does not need. The City has spent nearly \$83,000 during the last 6 years for legal and IRS fees associated with maintaining these plans. Most of those charges were ultimately charged to the plan administration costs themselves, but such charges to the Defined Benefits plan eventually work their way back as a cost the City must cover. It is fair to note that the majority of those costs were associated with a multi-year effort with the IRS to obtain plan determination letters, and such costs will not repeat for many years. Nonetheless, it is very possible that other administrative issues will rise and cause similar costs. For example, the plans are becoming more burdensome as the IRS adds rules and as the Principal Financial Group slowly reduces their role based upon their interpretations of some of these rules. Beginning this

month, for example, Principal will no longer maintain and update the printed form of the plan documents, so the City will have to pay elsewhere for that service. Additionally, a lot of time for the Director of Administration is periodically dedicated to plan administration issues, while even more time could be spent. Although it will likely be a number of years before the City could fully terminate the plans, the eventual elimination of the burden and administrative and fiduciary responsibilities will be very beneficial to the City.

Primary Drawbacks: There are two primary drawbacks or risks to joining WRS.

1) The decision to join WRS is irrevocable (after 11/15, technically); therefore, any potential risks associated with participation in WRS are unavoidable once you have joined. Risks are primarily associated with the ETF's control over the policies for the WRS and the parallel lack of the direct local control that Franklin currently retains. The WRS is a non-profit public trust, so the funds are secured from any State-level fund raiding. Nonetheless, the State can impose statutory changes that impact the WRS, as they did, for example, when they required employees to pay the employee share in association with Act 10, when they increased the WRS formula multipliers in 1999, or when they increased the hours-of-service requirement for eligibility and years-of-service requirement for vesting in 2011. As one can see, the more recent legislative changes have tended to aid municipalities. Other risks would include drops in the economy that reduce WRS earnings, which can then impact the annually-set WRS employer contribution rates. Changes in the accounting rules can also impose certain funding obligations on WRS. These accounting risks are ameliorated by the fact that the WRS is generally considered to be one of the better run and better funded pension systems (USA TODAY and the Tax Foundation indicate the Wisconsin system has the highest percentage of funding of any state-run pension plan at over 99%). Overall the risk associated with loss of local control and abdicating control to the WRS are buffered by the fact the State itself, all counties, nearly every municipality and school district, and many special districts participate in WRS; therefore, if a significant problem with WRS arises, there will be significant pressure for a legislative fix. Additionally, the significant funding ratio increases the ability of WRS to weather any short-term fiscal issues. In summary, although the lack of local control is noted as a drawback, joining the rest of the state is preferred to the burden of administering our own plans.

2) Cost. For each employee in the current plans, the City pays 5% of wage and wage related costs to the defined contribution pension plan and 3.95% to the defined benefit plan. WRS will require employer payments of 6.55% for 2019. Between 1989 and 2010, the WRS Employer Contribution rate was at or below 5% for all but one year. Since 2011 these rates have exceeded 5%, peaking at 7.0% in 2014.

Year	Employer Contribution	Employee** Contribution	Total Rate
2019	6.55	6.55	13.1
2018	6.7	6.7	13.4
2017	6.8	6.8	13.6
2016	6.6	6.6	13.2
2015	6.8	6.8	13.6
2014	7.0	7.0	14.0
2013	6.65	6.65	13.3
2012	5.9	5.9	11.8

If every eligible employee elected to move to WRS, the cost increase is estimated at \$93,800 in the general fund, with an additional \$25,600 in other funds.

Joining WRS Options:

- Option 1: Employers must enroll all eligible employees in the WRS as of the effective date. This would likely cause the termination of both of the City's other existing plans and create some significant issues relative to vesting that negatively impacts very new employees and employees close to their retirement date. This option is not recommended and more information on it can be provided if requested.
- Option 2: Employers provide a one-time offer to all current eligible employees to enroll in the WRS. Employees that waive WRS coverage will never be offered WRS coverage again. This is the option recommended due to its flexibility and is primarily what is discussed below.
- Option 3: Employers enroll all eligible employees hired on or after the effective date of WRS coverage. This option also significantly extends, to as much as 25 to 35 years or more, the period during which the City would retain active participants in its current plans.

Option 2 only became available for new participating organizations effective January 1, 2017. This is the strategy under which Sun Prairie began WRS participation for general employees. Following are some additional facts or circumstances related with Option 2.

- a) If the employee meets eligibility requirements, the employee elects or declines participation. The choice is entirely up to the employee, but this does not preclude the City from taking actions that can significantly influence the choices made by employees. (Influencing decisions is addressed further below.)
- b) All new employees meeting eligibility requirements after 1/1/19 are automatically enrolled. They do not have an option.
- c) The employer cannot limit employee participation to a particular department or a classification of employees, such as by job title or full-time status. There is one exception such that employees of a utility may be excluded; however, given Franklin has shared employees the exemption does not apply to the City.
- d) Purchasing or crediting prior years of service is not an option given that the anticipated participants already participated in a pension plan. If any such option were available it would be very expensive as the contribution differences would substantially increase costs. Similarly, there is very likely an earnings gap between WRS's large, managed pool and employee controlled defined contribution pools.
- e) The WRS cannot accept rollovers from other qualified pension plans to purchase prior service.
- f) Elected Officials: In years past, the standard for eligibility was 600 hours worked per year which could cause consideration of eligibility for elected officials. The standard was increased to 1200 which now is sufficient to preclude inclusion of elected officials in participation. This determination is supported by one of WRS's review evidence standards that considers total pay. For example, Franklin Aldermen earning \$7,200 would be below minimum wage at the 1,200-hour minimum. As such, it can be concluded that the elected officials are not eligible.
- g) The five-year vesting requirement is not altered or adjusted for new participants.

Other Related Factors, Issues, or Comments Related to WRS Participation:

- 1) Effect on current pension plans in the event there are no plan design changes:
 - a) Defined Contribution Plan. There would be no dramatic effect on cost to the City as employees who remained in the plan would still have the same cost of participation. Balances would remain for individuals until such time as the employee retired.
 - b) Defined Benefit Plan. Because, in part, the City made a large payment to the fund last year and the covered employees previously supported a larger employee share to retain the plan, the City's cost for current hours worked (3.95%) is less than the WRS 6.55% rate. Additionally, actuarially determined costs have been built into current costs. These added costs are for prior years' service.

Currently, the payments for the large base of employee wages in this plan (new money paid into the plan each year) helps to fund and smooth-out long term obligations of the plan for prior years of service. Therefore, a reduction of a large number of employees from the plan could accelerate the City's need to fund the portions of the unfunded prior years of service. Importantly, however, it will not definitively increase the cost, as the cost is already an obligation of the City. In that respect, reducing the number of defined benefit plan participants has a neutral net effect over time. What it does, however, is increase the potential that the financial risks, both in added costs from poor earnings or in reduced costs from increased earnings, could come into play as total active and retired participants in the plan gradually decline. In other words, potential liabilities become actual, cash liabilities as the plan moves toward closure. The exact impacts on the City's future out-of-pocket costs, positive or negative, could not be estimated without an actuarial review and without knowing which employees were staying in the plan, which were moving to WRS, the long-term state of the economy, and other actuarial factors such as retiree mortality rates. As such, Sun Prairie's staff report and review seemed to ignore this issue altogether and focused the review on the costs for ongoing years of service. That approach makes sense since those other actuarially determined costs are "sunk cost" obligations and ultimately will occur whether or not the City joins WRS.

- 2) If an employee waives WRS coverage and continues to be employed, they will never be offered WRS coverage again. Additionally, if the employer ever enrolls in any of the insurance programs offered by ETF, those employees will not be eligible for those coverages. (See "Other Benefits Offered")
- 3) Employees previously covered by WRS under another community may already have all or a portion of the vesting period completed and will likely have a lower hours-of-service requirement, per statute.
- 4) Other Benefits Offered:
 - a) Group Life Insurance: Employers covering their employees under the WRS may cover their employees under the group life insurance plan(s) provided by the Group Insurance Board and identified under Chapter 40 of the Wisconsin Statutes. This option would need to be evaluated against the City's current provider in the future if WRS is pursued.
 - b) Income Continuation Insurance: WRS also offers participation in an Income Continuation Insurance Program which is sort of a short or long-term disability program. There is an extra fee. The City does not currently participate. Anyone who declined WRS coverage would be prohibited from later participating if the City made it available.
 - c) Group Health Insurance: Employers covering their employees under the WRS may cover their employees for group health insurance purposes through the State of Wisconsin or Wisconsin Public Employers' Group Health Insurance program. As Franklin is self-insured, this is a non-issue initially. It is important to note, however, that should an employee elect NOT to join WRS during the initial enrollment and should the City EVER decide to join the State Health Insurance Plan, that person would not be eligible to be included in the group health insurance program.
 - d) Deferred Compensation: The ETF does offer a deferred compensation plan in which the City could elect to participate in the future.
- 5) Defined Contribution Employees who join WRS will experience an increase in their employee share from 5% to 6.55% which will have the effect of reducing their take home pay.

State Required Steps to Join WRS: The steps to join WRS are very straight forward. The City must adopt a "Resolution of Inclusion Under WRS" that designates the option selected. Because the City already participates in WRS for its protective employment categories (police and fire), the other initiation forms are not required. The resolution needs to be adopted and submitted before November 15 for inclusion in the program the subsequent calendar year.

City Action Steps if the City Wants to Pursue Participation in WRS: The Director of Administration requests the Common Council approve the motion below. The following steps will take a fair bit of work and detailed review and will involve some costs from the City's benefits/pension attorney Matt Flanary, which is why the Director of Administration is seeking clear guidance from the Common Council as to its intent to pursue participation in the WRS. The costs for Attorney Flanary are covered within the Department of Administration budgeted appropriations.

If the motion is approved, the steps listed below will be pursued with the ultimate goal of Common Council approval of the Resolution of Inclusion prior to November 15, 2018.

- 1) The details of vesting accommodations and potential changes to the City's pension plans. Some individuals, for example, may be nearing retirement and may not want to pursue a change in plans or be able to vest under WRS if they switch plans now. Similarly, recently hired employees may be out not-yet-vested benefits in the current plans if they switch to WRS. Methods and strategies need to be devised to attempt to ensure employees don't lose credit for any of their total years of service.
- 2) A review of part-time employee eligibility needs to be conducted since the WRS eligibility rules differ from current Principal plan rules.
- 3) Consideration of wage and take-home-pay impacts and how those might play into incentives to join or not join WRS should be considered.
- 4) Consideration of strategies for driving voluntary participation in the WRS in order to shorten the number of years that the City has to maintain the Principal pension plans.
- 5) Consideration of appropriate plan design changes to the current pension plans and consideration of changes to the Employee Handbook, Civil Service Manual, and human resources policies as may be required in the light of 1 through 4 above.

Information related to the above will be brought to the next Personnel Committee meeting for recommendation. The issue will then come back to the Common Council. Once those details are resolved or satisfactorily addressed, the City can consider the "Resolution of Inclusion Under WRS."

Recommended Motion: Motion to support the pursuit of the City of Franklin migrating its general, non-represented employees to the Wisconsin Retirement System for pension purposes effective January 1, 2019, and to direct the Director of Administration to address remaining implementation issues with the Personnel Committee and to return to the Common Council with a "Resolution of Inclusion Under WRS" prior to November 15, 2018.

APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 10/02/2018
REPORTS AND RECOMMENDATIONS	Schedule Committee of the Whole and Common Council Meetings for January 2019	ITEM NUMBER <i>G.15.</i>

The Common Council may reschedule the Committee of the Whole and/or Common Council meetings for January 2019.

January 2019						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1 New Year's Day	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21 ML King Day	22	23	24	25	26
27	28	29	30	31		

City Hall will be closed on December 31, 2018, and January 1, 2019. Therefore, the Common Council can establish a meeting schedule of:

Committee of the Whole/Common Council on Wednesday, January 2, 2019, and Common Council on Tuesday, January 15, 2019.

OR Committee of the Whole (if needed) on Monday, January 7, 2019, Common Council on Tuesday, January 8, 2019, and Common Council on Tuesday, January 22, 2019.

OR as directed

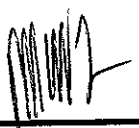
(Note: The Common Council has previously approved the following meeting schedule for meetings from now through December 2018: October 16, November 5 and 13, and December 4 and 18, with Committee of the Whole meetings scheduled at the Mayor's call.)

COUNCIL ACTION REQUESTED

Motion to establish January 2019 meetings as follows: (dates to be determined by the Common Council)

BLANK PAGE

APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 10-02-18
REPORTS & RECOMMENDATIONS	Committee of the Whole Recommendations	ITEM NUMBER <i>G.16.</i>
<p>Proposed 2018 Budget</p> <p>COUNCIL ACTION REQUESTED</p> <p>As directed</p>		

APPROVAL 	REQUEST FOR COUNCIL ACTION	MEETING DATE 10/01/2018
REPORTS & RECOMMENDATIONS	Review of Mayor's Recommended 2019 Budget (including all funds, departments, revenues, expenditures, and activities)	ITEM NUMBER

In accordance with the approved Budget Preparation Timetable, the Mayor's Recommended 2019 Budget is placed on your agenda for consideration. The following information repeats procedural recommendations as provided in recent years.

Procedural Notations:

1. Typically motions and votes do not occur at the Committee of the Whole as any such action is normally just a recommendation to the full Common Council itself. Motions approved by the Committee of the Whole, in most circumstances, do not have any effect or carry the weight or authority of the Common Council until such motion is subsequently acted upon by the full Common Council at a Common Council meeting. (As such, motions at the Committee of the Whole are very uncommon.)

The Budget review, however, provides for one distinction, as the budget ordinance established a procedure that roughly patterned the prior budget review by the Finance Committee. The ordinance provides for the following:

"Unless otherwise directed by the Common Council, the Mayor's proposed annual budget, as amended by action or actions of the Committee of the Whole, shall be the budget proposal for the public hearing." (Section 13-3)

As such, motions approved at the Committee of the Whole for changes to the Mayor's submitted recommended budget would be reflected in the budget submitted to the Public Hearing. Within the Budget Preparation Timetable, the Common Council set October 12th as the deadline for motions by the Committee of the Whole to be reflected in the Public Hearing document. This deadline does not prohibit the Committee of the Whole or the full Council from continuing to work on budget issues after October 12th if they so wish.

2. Following prior years' pattern, any Alderman wanting to suggest a change to the Recommended Budget should offer a motion in the following manner:

"I move to tentatively amend the Mayor's Recommended 2019 Budget by
[State Action: adding, modifying, striking, increasing, reducing, etc.]
[State location: line item, department, or fund] by
[State amount]
[Optional] for the purpose of [State purpose]."

As with prior years, I suggest "tentative" approval because the budget review can often be very fluid with new priorities being identified as you move further into the budget document. Such a process provides for greater flexibility as you move through the document and indicates that the initial, tentative actions may be revisited. Staff will maintain a running record of such tentative recommendations, if any.

3. The Municipal Code provides as follows: "Upon its review of the proposed budget, the Committee of the Whole shall submit same, together with the Committee of the Whole's recommendations thereon, to the Common Council for its review and approval." (Section 13-2)

As such, after review of all departments and funds, the Committee of the Whole should consider the following motion: "I move to recommend to the Common Council the Mayor's Recommended 2019 Budget along with the previous tentative actions of the Committee of the Whole." [That same motion could end with "as follows" and the summary listing of the remaining tentative actions, if any, could be repeated.]

COUNCIL ACTION REQUESTED

Pending review of the budget.

BLANK PAGE

APPROVAL <i>slw</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 10/02/18
LICENSES AND PERMITS	MISCELLANEOUS LICENSES	ITEM NUMBER H.1.
<p>See attached listing from meeting of October 2, 2018.</p> <p>COUNCIL ACTION REQUESTED</p>		



414-425-7500

**License Committee
Agenda*
Aldermen's Room
October 2, 2018 – 6:00 pm**

1.	Call to Order & Roll Call	Time:		
2.	Applicant Interviews & Decisions			
License Applications Reviewed		Recommendations		
Type/ Time	Applicant Information	Approve	Hold	Deny
Operator 6:05 p.m.	Heather L Stornello 1509 Nicholson Ave., #6 South Milwaukee, WI 53172 The Rock Sports Complex			
Operator	Ashley M Kartz 7841 S Scepter Dr, Apt 25 Franklin, WI 53132 Walgreens #05459			
Operator	Taylor A Takerian 8605 S River Terrace Dr Franklin, WI 53132 Sendik's Food Market			
Operator	Rachel M Werther 10810 W Oakwood Rd Franklin, WI 53132 Walgreens #05459			
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.

APPROVAL <i>slw pd</i>	REQUEST FOR COUNCIL ACTION	MEETING DATE 10/2/18
Bills	Vouchers and Payroll Approval	ITEM NUMBER I. 1

Attached are vouchers dated September 14, 2018 through October 1, 2018 Nos. 170367 through Nos. 170510 in the amount of \$ 1,996,548.85. Included in this listing are EFT's Nos. 3857 through Nos. 3865, Library vouchers totaling \$ 13,231.07 and Water Utility vouchers totaling \$ 73,885.14. Voided checks in the amount of \$ (100.00) are separately listed.

Early release disbursements dated September 14, 2018 through September 27, 2018 in the amount of \$ 1,566,497.63 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 September 28, 2018 is \$ 393,969.34 previously estimated at \$ 404,000.00. Payroll deductions dated September 28, 2018 are \$ 461,348.37 previously estimated at \$ 455,000.00.

The estimated payroll for October 12, 2018 is \$ 405,000.00 with estimated deductions and matching payments of \$ 213,000.00.

Attached is a list of property tax voids in the amount of \$(12,943.07) dated September 14, 2018 through October 1, 2018.

COUNCIL ACTION REQUESTED

Motion approving the following:

- City vouchers with an ending date of October 1, 2018 in the amount of \$ 1,996,548.85 and
- Payroll dated September 28, 2018 in the amount of \$ 393,969.34 and payments of the various payroll deductions in the amount of \$ 461,348.37 plus City matching payments and
- Estimated payroll dated October 12, 2018 in the amount of \$ 405,000.00 and payments of the various payroll deductions in the amount of \$ 213,000.00, plus City matching payments and
- Property Tax voids with an ending date of October 1, 2018 in the amount of \$ (12,943.07).

ROLL CALL VOTE NEEDED