



# **City of Franklin, Wi**

## **2016 Comprehensive Annual Financial Report (CAFR)**

# Two Basis of Reporting

- Short term – **Governmental reporting**
  - Modified accrual – close to cash basis reporting
  - Includes budgetary reporting
- Longer term – **Government wide** basis
  - Matches revenues and expenses to when they occur rather than when funds are disbursed – employee benefits and purchase and use of infrastructure assets are two examples.

# Report Organization

- Introduction
- Basic Statements
  - Exh A & B – Gov't wide
  - Exh C & D – Gov'tal
- Footnotes
- Required  
Supplementary  
Information
- Supplementary  
Information
- Statistical Section –  
tables
  - Financial trends
  - Revenue Capacity
  - Debt Capacity
  - Demographic &  
Economic Information
  - Operating Information

# Government Accounting Standards Board - GASB

## Sets the Reporting Standards

- Expands historical government reporting to include:
  - Fixed Asset reporting
  - Pension Reporting
  - Soon – OPEB reporting

## Gov Fin Officers Association

- GFOA CAFR Award program
- Franklin has received award since 1992 – one of the longest running in WI



# 2016 – General Fund Results

## General Fund – Exh F – pg 31

- Budgetary Basis
- \$23.7 million in Revenues were \$202,000 less than expected
  - Building Permits short
  - Ambulance fees & Fire Dept Rev
  - Hotel/Motel tax up \$67,000
  - See Sch 3 @ pg 95-96



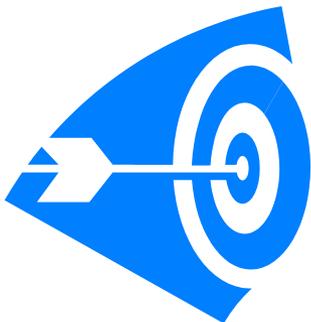
## Expenditures of \$23.7 mil

- Gen Gov - \$2.8 mil - \$239,674 underspent
  - Admin, Insurance, IT & Legal
- Public Safety - \$15.8 mil
- Public Works - \$3.7 mil - \$231,893 underspent
- Health & Human Services - \$646,870
- Culture - \$184,883
- Conservation & Development - \$492,347 - \$115,805 underspent
- Details at Sch 4 on pg 97-98

# General Fund

## Tiny deficit before transfers out

- \$23,705 deficit before Transfers**      **Fund Balance of \$7.7 mil – pg 27**
- Transfer out of \$1.25 mil
    - \$1.2 mil to Capital Improvement Fund – position collection of MMSD loan in Jan 2017 for expenditure
    - \$1,359,225 total Deficit
  - Deficit smaller than budget
  - \$5.334 million unassigned fund balance
  - \$2.3 million non-spendable
    - Note – the \$2.3 million non-spendable converts to unassigned on Jan 3, 2017
  - \$46,000 in Inventories and prepaid expenses



# Two Other Major Funds

## Debt Service

- \$5,951,118 Deficit
- Refunded the 2001 Bond (previously refunded in 2007) (Police Building)
  - Saved \$390,000 over the remaining life of Bond
- Fund had \$144,000 surplus after refunding
  - Impact Fees not carrying their load

## TIF Districts

- In total, \$1.6 million surplus
- See Sch 10 for Individual funds
  - TID 3 - \$344,945 surplus
  - TID 4 - \$1.38 million surplus
  - TID 5 – new in Sept 2016 - \$51,846 deficit – organizational costs
- All TID's - \$2.5 mil fund balance

# 13 Non-Major - \$1.38 million Surplus

## Special Revenue Funds

- Sch 2 –see pg 93
- \$81,826 surplus for all combined Spec Rev Funds
  - Library had \$35,492 deficit – structural deficit
  - Solid Waste fund - \$69,939 surplus - \$330,883 fund balance – after four years in existence

## Fund Balance - \$1,195,363

- Library - \$495,660 combined fund balance
- Donations fund - \$177,333
- Solid Waste Fund - \$330,883
- Grant funds - \$161,571
- Civic Celebrations - \$48,386
- St Martin's Fair – (\$18,470) deficit – not covering City services

# Capital Projects Funds

## **\$1.38 million Surplus for all Cap Project Funds**

- **Capital Improvement Fund** - \$1.027 surplus – Transfer in; \$2.7 million fund balance
- **Equipment Replacement** - \$66,360 surplus – \$2.37 million fund balance
  - but structural deficit
- **Capital Outlay** - \$327,239 deficit – spend down of 2015 transfer in; \$338,922 fund balance
- **Street Improvement**- \$11,373 surplus; \$257,328 fund balance

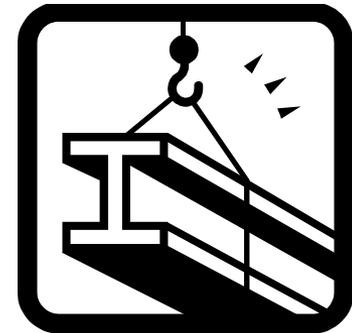
## **Development Funds – resource to capital projects funds**

- **Development** - \$615,940 of Impact fees collected
- \$383,153 transfers out
  - \$170,931 to debt service
  - \$212,222 for Park Development
- \$206,909 surplus
- \$4.058 million fund balance – principally Park & Water Impact fees
- \$317,000 surplus in **Utility Development Fund** – no projects

# Capital Improvement Fund

## 2016 Results to Budget - \$2.8 mil unspent

- Performance to Amended Budget by Activity
  - General Government - \$479,500 appropriated - \$4,343 spent
  - Public Safety - \$666,364 appropriated - \$531,570 spent
    - Police Dispatch console
    - Fire Station # 1 roof
  - Public Works - \$1,182,918 appropriated - \$1,013,410 spent
    - St Martin's Road/Tess Corners bridge
    - Emergency Vehicle preemption system – traffic signals
    - St Martin's Road utility work
  - Culture/Parks - \$1,491,217 appropriated - \$567,034 spent
    - Complete Kayla's Playground
    - Robinwood Trail
    - River Park Bridge engineering
    - Park Impact fees spending period extended to 2019
  - Sewer & Water - \$614,849 appropriated - \$43,424 spent
- Budgeted Borrowing was not needed - \$1 million



# Agency Funds – Funds held for Others

## Property Tax Agency Fund – Exh J

- 2016 Tax Roll –
- Holds funds (\$56 million at Dec 31) from Property Tax Collections –
- Distributions in Jan, Feb, Apr, June and August
- About 25% of funds come to City – the rest to others

## OPEB Trust – Employee Benefit Trust

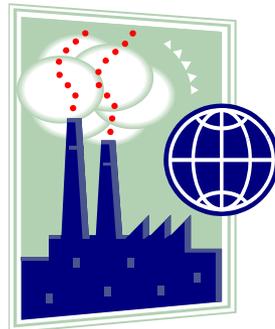
- Sch J & K
- OPEB Trust
  - \$461,669 in investment earnings
  - \$275,894 of insurance contributions
  - \$369,712 of employee benefits
- Trust funded \$200,000 of the claims – don't use current tax resources
- Benefits can come from Trust resources, not current taxes
- Internally managed using index funds – keeps costs low

# Business Type Funds

## Statement of Revenues, Expenditures and Changes in Fund Balance

### Sanitary Sewer Fund – Exh H

- Current Year
  - \$3.3 million in revenues flat to prior year
  - Ryan Creek Interceptor Sewer spiked Depreciation charge by \$1.4 million
  - \$1,898,117 operating deficit
- \$1,290,775 Unrestricted Fund Balance



### Water Fund

- Revenues of \$6,054,573 up 7.9% over prior year
  - 8% rate increase in June 2016
- Operating costs down 2.7%
  - Unbilled water controlled
  - Professional fees to contest Supplier Construction Application with PSC
- \$479,141 Income
  - Improvement from prior year
- \$2,159,943 Unrestricted Fund Balance

# Enterprise Funds - Continued

- Utility rates are artificially low – not generating capital to maintain system
- 75% of Infrastructure Assets were contributed
- Rate payers will see rate increases when assets placed in service in the 1990's and early 2000's need replacement. This policy issue will ripen – decades away
  - Water Utility replaced \$284,000 of contributed mains in 2015, none in 2016, with \$1 million planned in near future



# Self Insurance Fund

- Health care employee benefit plan
- \$3,055,459 in Resources –
  - Employer premiums- \$2,470,381 and
  - employee premiums - \$418,259
- \$3,802,462 in benefits
- \$715,807 deficit
- \$2.7 million fund balance



# Government Wide Statements

- Long term view of Financial Performance
- Includes:
  - Assets used to deliver services
  - Special Assessments billed but not yet collected
  - Cost of deferred Employee benefits
  - Internal Service fund for Health Benefits
  - Debt used to finance capital projects

# Statement of Net Position – Exh A

- Governmental & Business-Type Activities
  - Cash/Investments
  - Receivables
  - Other short term Assets
  - Capital Assets (net of Accumulated Depreciation)
  - Deferred Outflows – pension costs
  - Short/Long term Liabilities
  - Deferred Inflows – next year’s taxes
  - Net Position – classified fund balance

# Statement of Activities

Combines all Gov't & Enterprise Funds

- Governmental & Business Type Activities
  - Expenses
  - Program Revenues
    - Charges for Services
    - Operating Grants
    - Capital Grants
- Net Expenses
- General Revenues
  - Taxes
  - Intergovernmental
  - Other
  - Transfers between Funds



# \$4.7 million Surplus for 2016

## What are the Differences

- Adds to Income

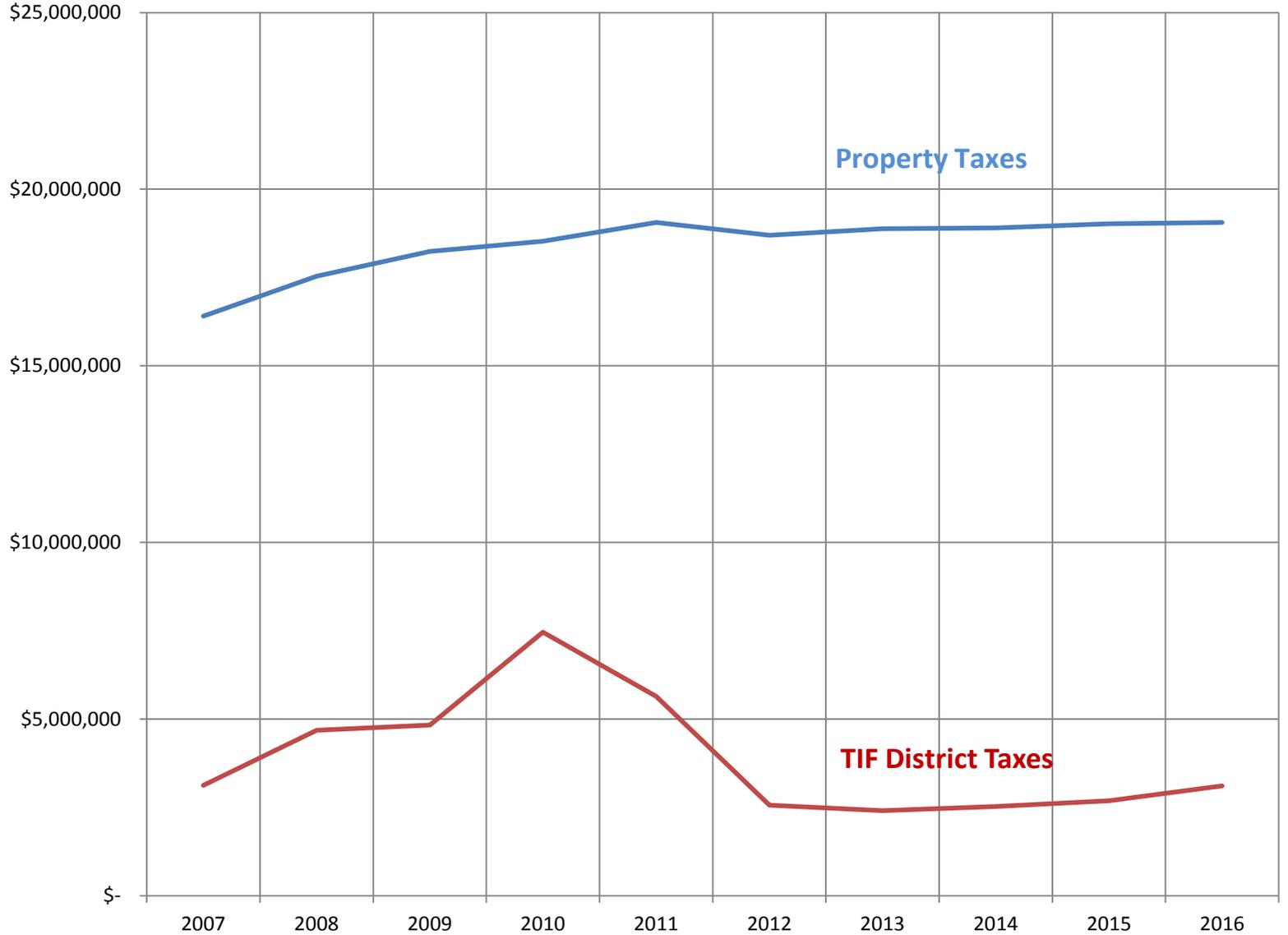
- New Capital Investments matched
- Depreciation of previous capital additions
- S North Cape Road jurisdictional transfer added \$3 million to results
- \$1.9 million in debt payments are not an expense.

- Reduction of Results

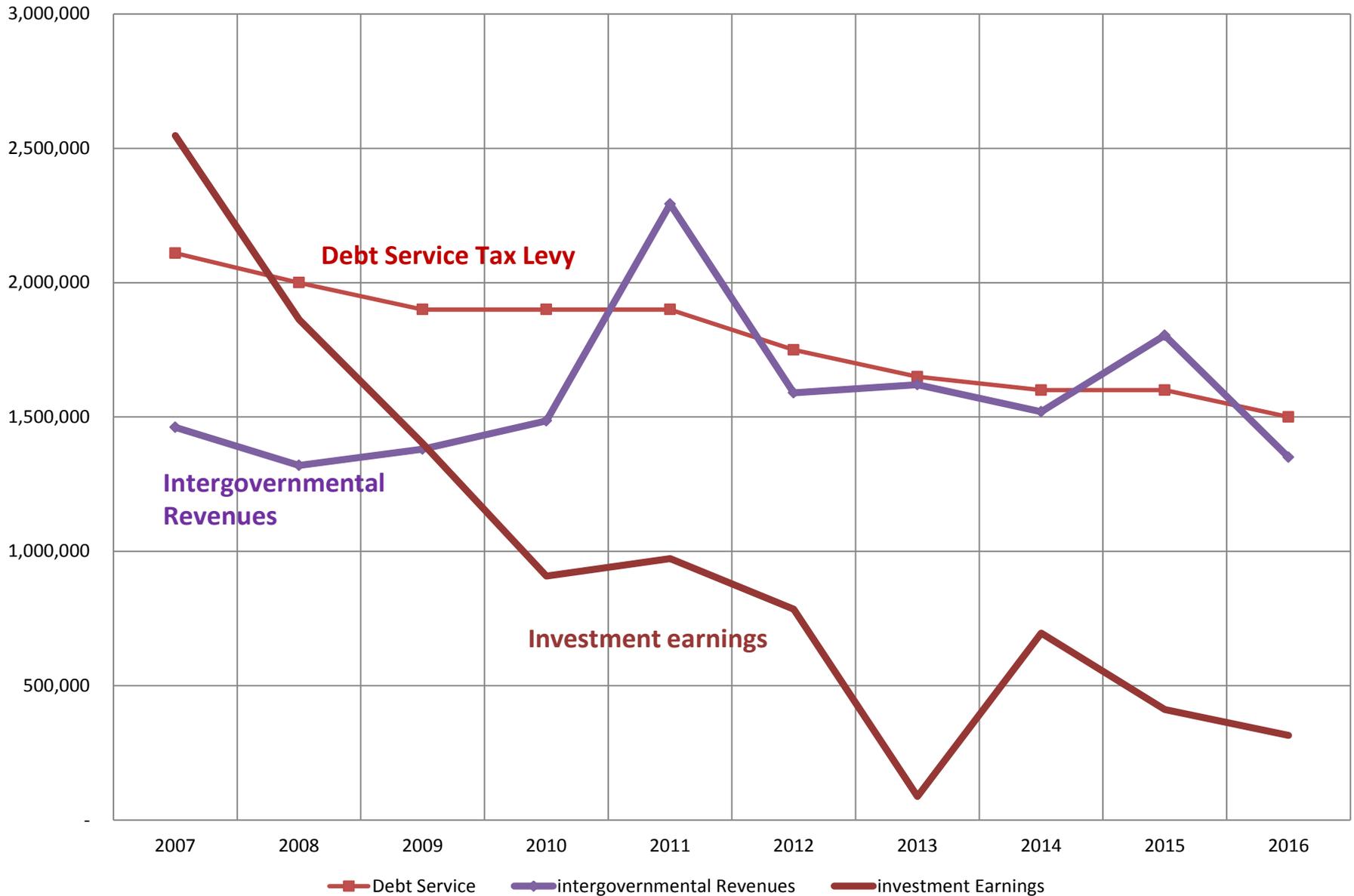
- Deferred compensation to employees – pension and severance
- \$715,800 Self Insurance fund loss



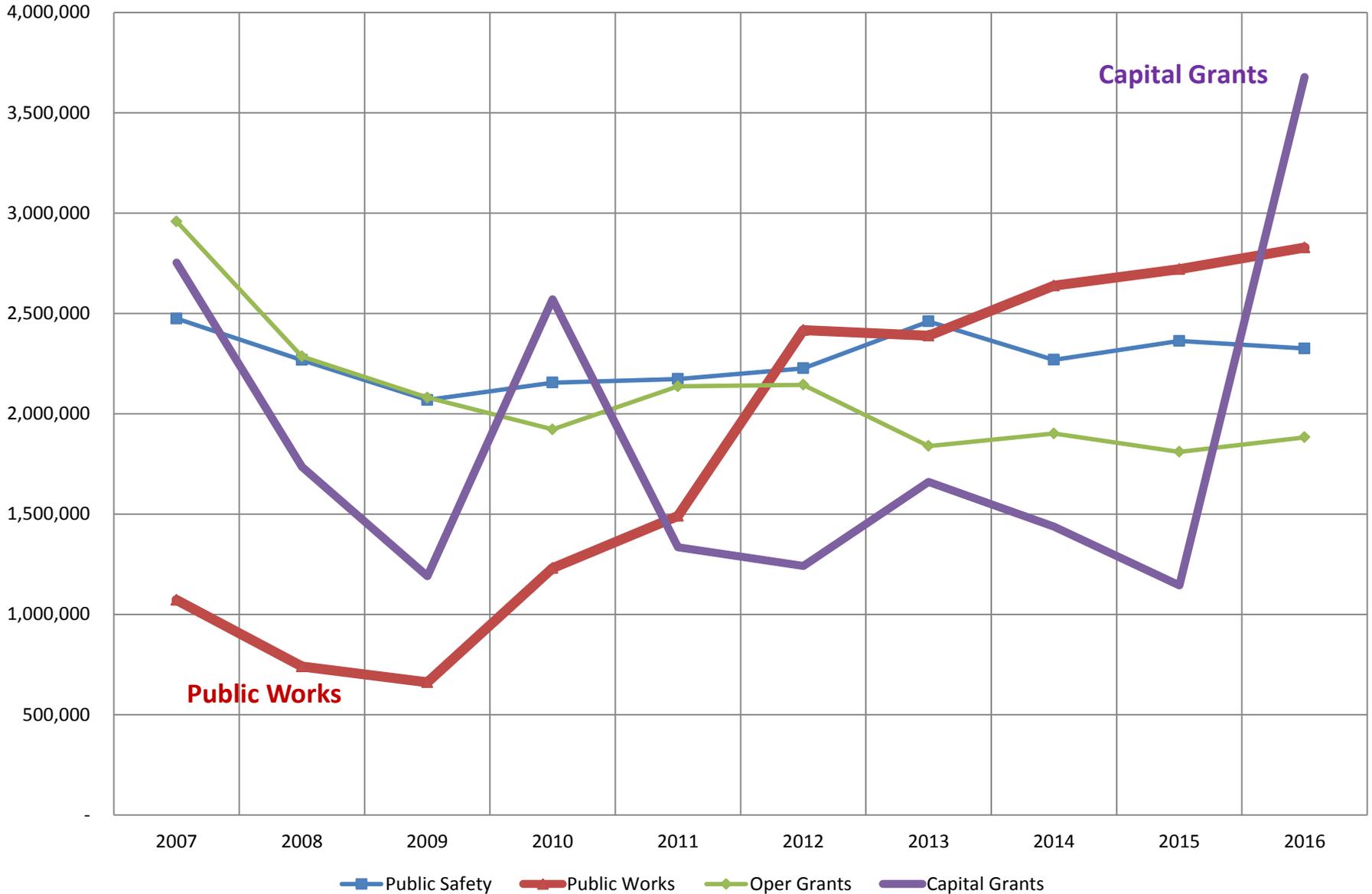
# Prop Tax & TIF District Revenue



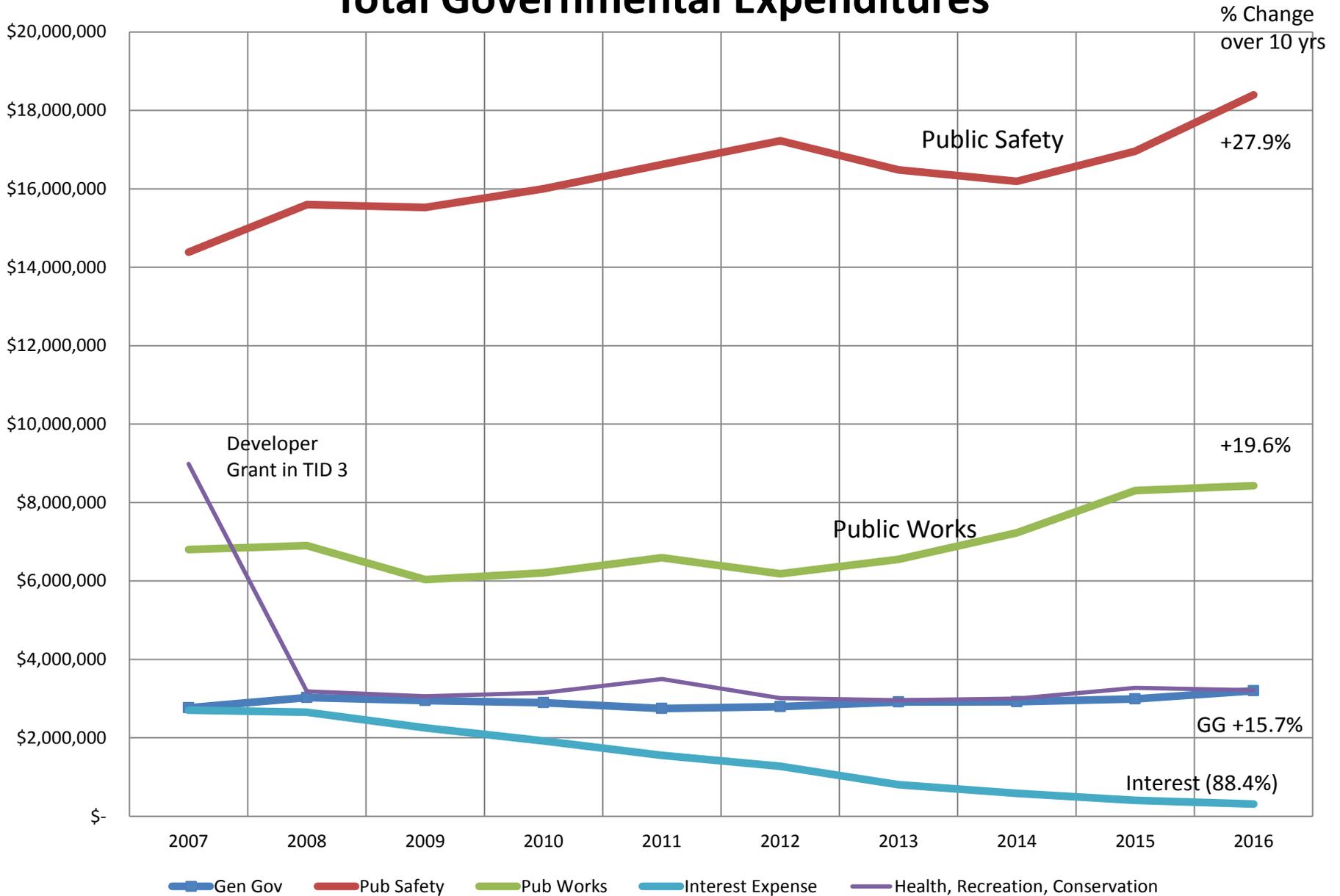
# Other General Revenues



# Program Revenues



# Total Governmental Expenditures



# Uncorrected Financial Statement Misstatements

- **Water Utility** – Removal of \$303,391 of Deferred Charges PSC permits
  - Water Tower repainting
  - Costs associated with abandoning several wells
- **Sanitary Sewer Utility** –
  - \$47,768 of MMSD Hazardous waste charges billed in March 2017 related to 2016 – consistent with prior years
  - Accrued Interest income on MMSD intergovernmental agreement