

CITY OF FRANKLIN DEBT SERVICE (FUND 31)

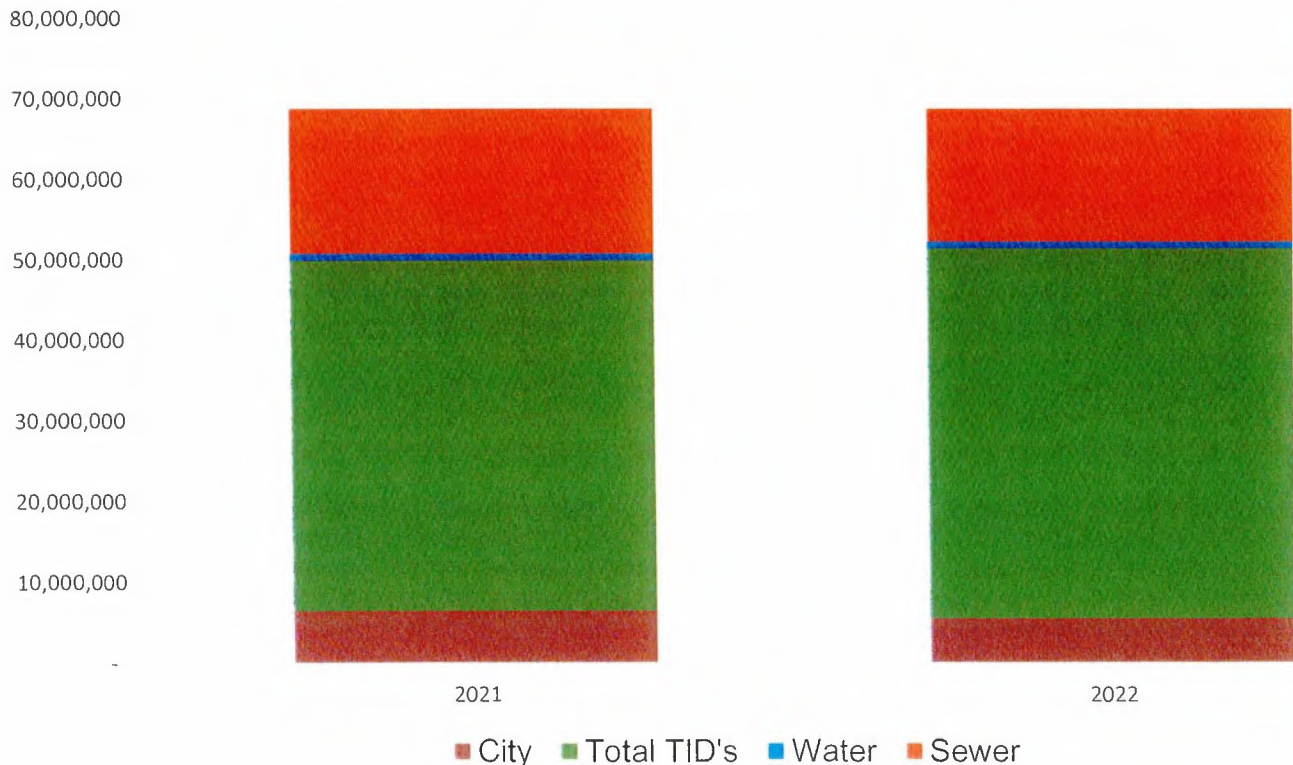
The Debt Service Fund of the City is used to account for the payment of debt service on all general obligation debt issued for City purposes. Debt service for Tax Increment Districts (TID) and Utility funds are separately accounted. While the TID's exist, overlapping taxing authorities forgo levy on the TID increment to aid debt service on TID projects. However, should the statutory TID life expire with outstanding debt, the entire debt service falls back on the City's debt service tax levy.

Payments on general obligation debt issued for general government purposes are funded by the following sources:

- Property tax levy (for example, City facilities, such as Parks, Police or Library facility, or non-assessable infrastructure project costs)
- Special assessment collections, for public improvement projects (but not water or sanitary sewer) financed with general obligation debt where the property owner is assessed the pro-rata share of the project cost.
- Impact fees collected for the purpose of paying toward new facilities after those facilities are completed (construction of a new Fire Station considered in the mid 2020's).

Over the last decade, the net general bonded debt supported by a Debt Service Levy (excluding TID debt issues) has generally declined to a low of \$ \$6.7 million at December 31, 2018 from a high of \$12.9 million at December 31, 2011.

Franklin GO Debt Outstanding by Type



TID debt has spiked up with the advent of several new TID projects, Ballpark Commons, Velo Village, Bear Development and the S 27th Street Business Park. Total TID GO Debt at December 31, 2021 is \$43.3 million. In addition to GO Debt, the City has issued Municipal Revenue Debt, payable only from available TID tax increment totaling \$21.5 million at December 31, 2021. This debt is excluded from the accompanying charts and schedules.

As shown on the accompanying schedule of debt maturities, the general obligation debt for City purposes outstanding at December 31, 2020 was \$50.3 million (including TID debt). When combined with the \$16.3 million outstanding of Sewer Fund debt and the \$1 million of General Obligation Water Bonds, the total outstanding General Obligation debt was \$67.6 million.

Total debt represents 30.6% of the City's legal debt limit per Wisconsin Statutes (5% of equalized property value) at December 31, 2020. Over the past decade, the ratio of net general bonded debt to assessed value has ranged from a high of 1.65% in 2019 to a low of 0.77% in 2017. The ratio of total debt to equalized value at December 31, 2020, was 1.53%.

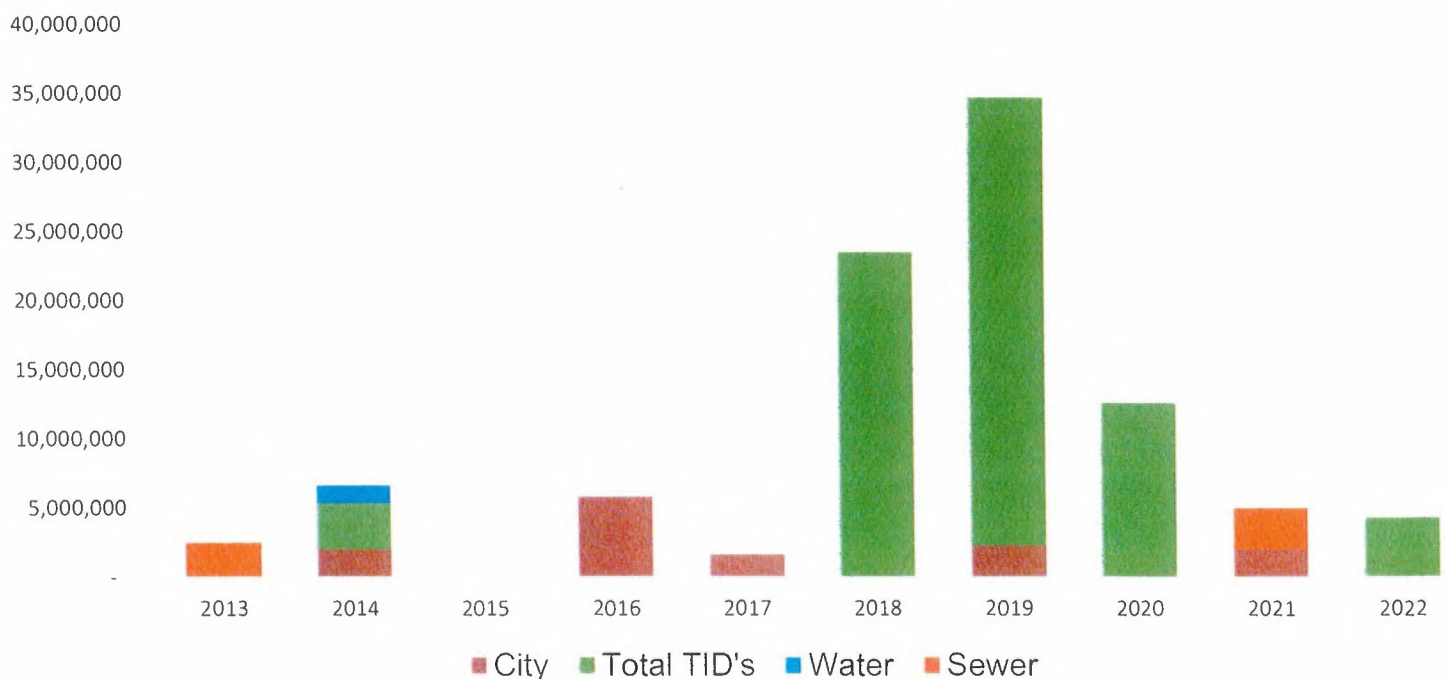
The City amended its debt policy (Resolution 2019-7532) in August 2019 which further restricts debt limits to 40% of the legal debt limit. As of December 31, 2020, that limit was \$88.3 million. Thus approximately 23.5% of the available debt, by policy, is available.

The Debt policy sets various targets for financial ratios related to outstanding debt. The policy goals and performance as of December 31, 2020 are as follows:

1. At least 70% of outstanding due within 10 years – 64% was due within 10 years
2. Maintain an Aa2 credit rating. Credit rating was Aa2
3. No more than 20% of tax total tax levy for debt service. 5.1% was the 2020 share.

Recent debt issues by year of issuance are described below.

Franklin - New Debt by Type



In 2014, the City issued \$5.32 million to finance \$3.32 million for the S 27th Street project in TID3 (now retired) and \$1.99 million to finance Capital Improvement projects.

In 2014, the City issued (2014B) \$1.29 million of bonds to finance the Bennett Sewer & Water building.

In 2016, a 2007 issue was refunded with a \$5.77 million new bond (2016A) having a final due date of March 1, 2021. The City realized \$389,894 of future savings on the refunding.

In 2017, the City issued (2017B) \$1.63 million of new debt to fund 2018 Capital Improvement Fund projects.

In May 2018, the City issued (2018A) \$23.48 million of taxable Anticipation Notes to support TID5 projects. The entire note is due by March 2023. \$10 million was refunding in February 2019, and an additional \$4 million was refunded in March, 2020. This note was refunded in 2020.

In February 2019, the City issued (2019A) \$13.685 million in taxable bonds. \$10 million of the 2018 NAN was refunded with a new taxable \$10.68 million 13-year bond for TID 5. \$3.005 million for TID3 funded a developer's grant. That portion of the note is repayable in four years.

In February 2019, the City issued (2019B) \$6.35 million in tax exempt 15-year bonds to finance a portion of the infrastructure commitment in TID6. TID6 was formed in October 2018 for a new industrial park in the Southwest portion of the City. A further \$3 million commitment by the City will need financing in the future for remaining infrastructure expenditures.

In December 2019, the City issued (2019C) \$12.47 million Taxable General Obligation Bonds. These bonds provided \$3.225 million for infrastructure in TID5, \$4.045 million to refund a portion of the 2018 NAN, \$2.06 million for infrastructure in TID7 and \$3 million to provide a ten-year mortgage in TID7.

In December 2019, the City issued (2019D) a tax-exempt General Obligation Note for \$2.285 million to finance 2019 Capital Improvement Fund projects.

In December, 2020, the City issued (2020A) \$9.5 million taxable bond to refund the balance of the 2018A Note Anticipation Note.

In December, 2020, the City issued (2020B) \$3.0 million of tax-exempt bonds for project costs in TID6.

The City has plans to issue \$2 million in tax exempt notes in Q4 2021 to finance capital projects and a \$3 million bond to finance a replacement lift station in the industrial park.

Historically, the City has planned to issue debt every other year. Starting in 2023, future debt issuance is forecast at \$2.0 million and is anticipated to pay for public improvement projects as growth occurs in the community. The Water Utility plans to issue \$18.5 million of Bonds to finance a connection to a new wholesale water supplier. Any new debt for projects presently contemplated will be partially offset by the repayment of debt currently outstanding that is scheduled for repayment during the period. The increased level of new development in the City, mostly involving the water utility and TIDs will cause overall debt levels to rise. Reconsideration of the current internal debt limit will be required.

City of Franklin
General Obligation Debt Maturities

needs update

Borrowing Date	Purpose of borrowing, amount, interest rate	Payment Dates	Balance 12/31/2020	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
12/14/2014	PRINCIPAL - 2014A INTEREST @2 0 - 3 0% Callable March 1 2021	3/1 3/1, 9/1	990,000	335 000 19 719	330 000 11,838	325 000 4 063	0 0						
12/21/2017	PRINCIPAL 2017B INTEREST @3 0% Callable March 1 2025	3/1 3/1, 9/1	1,465,000	225 000 38 400	235 000 31 100	240 000 23 975	250 000 16 625	255 000 9 688	260 000 3 250	0 0			
12/04/19	PRINCIPAL 2019D INTEREST @2 0-3 0% Callable March 1 2026	3/1 3/1, 9/1	2,050,000	360,000 50 350	370,000 39,000	235,000 29,925	470,000 19,350	295,000 9,350	320,000 3,200	0 0			
2021	PRINCIPAL INTEREST @4 5 - 5 0%	3/1 3/1, 9/1	2,000,000	50,000 88,875	100,000 86,425	150,000 81,650	150,000 75,525	200,000 68,150	250,000 58,125	300,000 45,600	400,000 29,200	400,000 10,000	0 0
2023	PRINCIPAL INTEREST @4 5 5 0%	3/1 3/1 9/1			0 0	50 000 88 875	100 000 86 425	150 000 81 650	150 000 75 525	200 000 68 150	250 000 58 125	300 000 45 600	400 000 29 200
2025	PRINCIPAL INTEREST @4 5 - 5 0%	3/1 3/1, 9/1	2,000,000				0 0	50 000 88 875	100 000 86 425	150 000 81 650	150 000 75 525	200 000 68 150	250 000 58 125
2027	PRINCIPAL INTEREST @4 5 5 0%	3/1 3/1, 9/1	4 250 000						0 0	125,000 447,188	250,000 438,750	375,000 424,688	375,000 407,813
Population 36,514	PRINCIPAL TOTAL INTEREST TOTAL Total City Debt Service	Per Capita \$178	6 505 000	970 000 197 344 1 167 344	1 035 000 168 363 1 203 363	1 000 000 228 488 1 228 488	970 000 197,925 1 167,925	950 000 257 713 1 207 713	1 080 000 226 525 1 306 525	775 000 642 588 1 417 588	1 050 000 601 600 1 651 600	1 275 000 548 438 1 823 438	1 025 000 495 138 1 520 138
	Less Use of Premium from 2019D			(35,868)									
	Total Impact Fees			(35 868)	-	-	-	-	-	-	-	-	-
	Add to (Use of) Fund Balance		476,871	(31 476)	(103 363)	(128 488)	(67 925)	(107 713)	(6 525)	(17 588)	48 400	(123 438)	179,862
				(67,344)	(103,363)	(128,488)	(67,925)	(107,713)	(6,525)	(17,588)	48,400	(123,438)	179,862
	NET TAX LEVY IMPACT	Per Capita \$30		\$1 100 000	\$1 100 000	\$1 100 000	\$1 100 000	\$1 100 000	\$1 300 000	\$1 400 000	\$1 700 000	\$1 700 000	\$1 700 000

**City of Franklin
Enterprise Funds
Outstanding Debt Maturities**

Date Amount	Purpose of borrowing Interest rate	Payment Dates	Balance 12/31/2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Sewer Fund													
City of Franklin General Obligation Notes													
Construction of Ryan Creek Interceptor													
1/25/2012	G O Sewerage System Promissory Notes												
\$27 564 754	Principal	5/1	\$ 14 973 400	1 338 839	1 371 802	1 405 575	1 440 181	1 475 638	1 511 968	1 549,193	1 587 334	1 626 414	1 666 456
	Interest 2 462%	5/1 11/1		352 164	318 796	284,607	249 575	213 682	176,904	139,221	100 611	61 049	20 514
10/15/2021	Industrial Lift Station Conversion to Gravity Flow												
\$3 000 000	Principal	3/1	\$ 3 000 000	100 000	100 000	100 000	110 000	115 000	120 000	130 000	130 000	140 000	145 000
	Interest 4 0 to 4 5%	3/1 9/1		132 750	128 250	123 750	119 025	113 963	108 675	103 050	97 200	91 125	84 713
	Total Principal			1 438 839	1 471 802	1 505 575	1,550 181	1 590 638	1 631 968	1,679 193	1 717 334	1 766 414	1 811 456
	Total Interest			484,914	447,046	408,357	368,600	327,644	285,579	242,271	197,811	152,174	105,227
Population 36 514	Annual Debt Payment	Per Capita \$492		\$ 1,923,753	\$ 1,918,848	\$ 1,913,932	\$ 1,918,781	\$ 1,918,282	\$ 1,917,547	\$ 1,921,464	\$ 1,915,144	\$ 1,918,588	\$ 1,916,683
	Loan Balance	\$410	\$ 17 973 400	\$ 19 534,561	\$ 18 062 759	\$ 16 557,184	\$ 15 007 003	\$ 13 416 365	\$ 11 784 397	\$ 10 105 204	\$ 8 387 871	\$ 6 621 457	\$ 4 810 000

By intergovernmental Agreement dated November 8 2010 Milw Metropolitan Sewerage District has agreed to Purchase the Ryan Creek Interceptor in amounts equal to these principal & interest payments

Sewer fund operating costs include these interest payments as a expenditure while the principal payments are not reflected as an expenditure in this Enterprise fund Principal payments are being financed by MMSD as noted above

Water Fund													
City of Franklin General Obligation Bonds													
Water & Waste Water Facility													
12/18/14	G O Water System Bonds												
\$1 290 000	Principal	3/1	\$900 000	60 000	60 000	60 000	65,000	65 000	65 000	70 000	70 000	75 000	75 000
	Interest 2 0-3 125%	3/1 9/1		26,488	24,688	22,888	21,013	19,063	17,113	15,088	12,988	10,813	8,516
	Callable 3/1/2022			86 488	84 688	82 888	86 013	84 063	82 113	85 088	82 988	85 813	83 516
3/1/2017	Interfund Advance - Pensior	3/1											
\$155 700	Principal	3/1 9/1	89 200	17 750	18 200	18 600	19 100	15 550					
	Interest 2 50%			2,230	1,786	1,332	866	388					
	Total			19 980	19 986	19 932	19 966	15 938					
10/1/2022	Water Tower - Hwy 100	3/1											
\$3 400 000	Principal	3/1 9/1	0	-	120 000	127 000	135 000	140 000	145 000	150 000	150 000	155 000	160 000
	Interest 3 00%			-	104,650	98,195	91,515	87,390	83,115	78,690	74,190	69,615	64,890
	Total			-	224 650	225 195	226 515	227 390	228 115	228 690	224 190	224 615	224 890
2023	Service Connections to New Water Supplier	3/1	0										
\$18 500 000	Principal	3/1 9/1					700 000	715 000	750,000	785 000	820 000	865 000	890 000
	Interest 4 50%						816,750	784,913	751,950	717,413	681,300	643,388	603,900
	Total						1 516,750	1 499 913	1 501 950	1 502 413	1 501 300	1 508 388	1 493 900
	Total Principal			77 750	198 200	205 600	919 100	935 550	960 000	1 005 000	1 040 000	1 095 000	1 125 000
	Total Interest			28 718	131 124	122 415	930 144	891 753	852 178	811 190	768 478	723 815	677 306
	Annual Debt Payment	Per Capita \$27		\$106,468	\$329,324	\$328,015	\$1,849,244	\$1,827,303	\$1,812,178	\$1,816,190	\$1,808,478	\$1,818,815	\$1,802,306
	Loan Balance	\$27	\$989 200	\$4 111 450	\$3 913 250	\$22 207 650	\$21 288 550	\$20 353 000	\$19 393 000	\$18 388 000	\$17 348 000	\$16 253 000	\$15 128 000

Water fund operating costs include these interest payments as a expenditure while the principal payments are not reflected as an expenditure in this Enterprise fund Principal payments are funded by Water fund operations

BUDGET REPORT FOR CITY OF FRANKLIN

Fund 31 DEBT SERVICE FUND

GL NUMBER	DESCRIPTION	2022 MAYOR RECOMMEND BUDGET	2022 DEPT REQUEST BUDGET	2021 PROJECTED ACTIVITY	2021 ORIGINAL BUDGET	2020 ACTIVITY	2019 ACTIVITY
Dept 0000 - GENERAL							
31-0000-4011	GENERAL PROPERTY TAX	1,100,000	1,100,000	0	1,100,000	1,100,000	1,300,000
31-0000-4711	INTEREST ON INVESTMENTS	0	0	0	0	3,283	10,720
31-0000-4717.8024	BOND PROCEEDS INTEREST INCOME	0	0	0	0	798	96
31-0000-4835	TRSEFR FROM SPEC ASSMTS FD51	31,476	31,476	0	25,886	0	0
31-0000-4839	TSFR FR DEVELPMT-IMPACT FD27	0	0	0	454,009	397,950	323,419
31-0000-4913	BOND & NOTE PREMIUM	0	0	0	0	0	80,648
31-0000-5598	TSFR TO CAPITAL IMPROVEMENT FUND	0	0	0	0	0	92,000
31-0000-5611.8010	PRINCIPAL - GO 2016A	0	0	0	1,115,000	1,095,000	1,175,000
31-0000-5611.8015	PRINCIPAL - 2017 GO Bond	225,000	225,000	0	50,000	50,000	65,000
31-0000-5611.8018	PRINCIPAL 2014 GO NOTES 12/2014	335,000	335,000	0	180,000	180,000	165,000
31-0000-5611.8024	PRINCIPAL 2019D	360,000	360,000	0	135,000	100,000	0
31-0000-5611.8030	PRINCIPAL 2021A NOTES	50,000	50,000	0	0	0	0
31-0000-5621		196,144	196,144	0	135,763	150,818	134,138
31-0000-5691.8010	BANK FEES	0	0	0	400	200	800
31-0000-5691.8015	BANK FEES	400	400	0	400	400	0
31-0000-5691.8018	BANK FEES	400	400	0	400	400	400
31-0000-5691.8024	BANK FEES - 2019D	400	400	0	400	400	0
NET OF REVENUES/APPROPRIATIONS - 0000 - GENERAL		(35,868)	(35,868)	0	(37,468)	(75,187)	82,545
ESTIMATED REVENUES - FUND 31		1,131,476	1,131,476	0	1,579,895	1,502,031	1,714,883
APPROPRIATIONS - FUND 31		1,167,344	1,167,344	0	1,617,363	1,577,218	1,632,338
NET OF REVENUES/APPROPRIATIONS - FUND 31		(35,868)	(35,868)	0	(37,468)	(75,187)	82,545
322	BEGINNING FUND BALANCE	275,743	275,743	275,743	275,743	350,931	268,385
	ENDING FUND BALANCE	239,875	239,875	275,743	238,275	275,744	350,930

BUDGET REPORT FOR CITY OF FRANKLIN
Fund 51 SPECIAL ASSESSMENT FUND

GL NUMBER	DESCRIPTION	2022 MAYOR RECOMMEND BUDGET	2022 DEPT REQUEST BUDGET	2021 PROJECTED ACTIVITY	2021 ORIGINAL BUDGET	2020 ACTIVITY	2019 ACTIVITY
Dept 0000 - GENERAL							
51-0000-4091	SPECIAL ASSESSMENT-PRINCIPAL	2,000	2,000	0	21,000	17,853	28,524
51-0000-4711 *	INTEREST ON INVESTMENTS	2,500	2,500	0	15,000	9,445	13,550
51-0000-4712 *	SPECIAL ASSESSMENTS-INTEREST	750	750	0	0	1,746	3,349
51-0000-4713	INVESTMENT GAINS/LOSSES	0	0	0	0	4,454	7,874
51-0000-5589	TRANSFER TO OTHER FUNDS	0	0	0	0	600,000	0
51-0000-5593	TRSFER TO DEBT SERVICE FUND 31	31,476	31,476	0	25,886	0	0
NET OF REVENUES/APPROPRIATIONS - 0000 - GENERAL		(26,226)	(26,226)	0	10,114	(566,502)	53,297
ESTIMATED REVENUES - FUND 51		5,250	5,250	0	36,000	33,498	53,297
APPROPRIATIONS - FUND 51		31,476	31,476	0	25,886	600,000	0
NET OF REVENUES/APPROPRIATIONS - FUND 51		(26,226)	(26,226)	0	10,114	(566,502)	53,297
BEGINNING FUND BALANCE		201,128	201,128	201,128	201,128	767,630	714,334
ENDING FUND BALANCE		174,902	174,902	201,128	211,242	201,128	767,631
DEPARTMENT 0000 GENERAL							
4711	INTEREST ON INVESTMENTS						
	FOOTNOTE AMOUNTS:	2,500	2,500	0			
	Interest @ 1 25% on \$200,000 fund balance						
4712	SPECIAL ASSESSMENTS-INTEREST						
323	FOOTNOTE AMOUNTS	750	750	0			
	Interest @ 6% on \$8,500 balances						
	DEPT '0000' TOTAL	3,250	3,250				