



2021 ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF FRANKLIN

FRANKLIN, WISCONSIN

FOR THE YEAR ENDING DECEMBER 31, 2021

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INTRODUCTORY SECTION



July 13, 2022

Citizens of Franklin, Honorable Mayor, and Common Council Members:

Introduction

The Comprehensive Annual Financial Report of the City of Franklin, Franklin, Wisconsin, for the fiscal year ended December 31, 2021, is hereby transmitted. State law requires that all local governments, with a population of over 25,000, publish a complete set of financial statements that are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accountant.

This report consists of management's representations concerning the finances of the City of Franklin (City). City management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The City's financial statements have been audited by CliftonLarsonAllen, LLP, a firm of certified public accountants experienced in auditing governmental entities. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2021, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. CliftonLarsonAllen, LLP concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A may be found immediately following the report of the independent auditors.

City Profile

The City of Franklin, incorporated in 1956, is located in the southwestern corner of Milwaukee County. The City is 34.5 square miles in size and has a population of 36,646. Over the last ten years, the City has experienced a 3.0% growth in population. The City is a residential community, as approximately 75% of its value is from residential property, with a commercial and industrial component of approximately 25%. The median income in Franklin is approximately \$81,321, which is approximately 120% of the national average. Approximately one third of the acreage in the City is undeveloped, which demands attention to growth issues. Franklin is considered to be one of the more desirable communities in the Milwaukee metropolitan area to live and work in. The City provides a typical range of municipal services for a suburban community including: police, fire protection, emergency medical/paramedic, maintenance of streets and other infrastructure, library, public health services, recreational activities, building inspection, zoning control, refuse and recycling collection, sanitary sewer, storm sewer and water services. The City is authorized to levy property taxes on real and personal property located within its boundaries to support the services provided.

The City of Franklin operates under the mayor/council form of government. Policy making and legislative authority are vested in a governing body consisting of a mayor and six council members. The governing body is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and confirming certain position hirings. The City's Mayor is responsible for carrying out the policies and ordinances of the governing body, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The Council is elected, by district, on a non-partisan basis. The Mayor and Common Council members serve staggered three-year terms. The City is organized into departments, headed by ten officials, most of which are appointed by the Mayor or Director of Administration and confirmed by the Common Council. Numerous boards, commissions and committees allow for citizen involvement in government by providing a forum for policy input to the Council and guidance to the departments. Library service is provided through a separate Library Board that oversee the Library Director and functions as a department of the City. Water service is provided through a separate Water Utility that functions as a department of the City. The Water Utility also has a Board of Water Commissioners who oversee water utility operations. In 2015, the State of Wisconsin mandated that a portion of hotel taxes be dedicated to tourism. As such, the City formed a separate Tourism Commission which utilizes those tax resources to promote the City. All City Departments have been included as an integral part of the City's financial statements. The City is also financially accountable for the Community Development Authority (Authority), a separate legal entity. The Authority's activities are reported within the City's financial statements. Additional information on the Authority may be found in Note 1 in the Notes to the Financial Statements.

The budgetary process serves as the foundation of the City's financial planning and control system. The objective of the budgetary process is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Common Council. The preparation of a budget for the following year is initiated during July and August. Departmental requests for personnel changes and new capital outlay expenditures are made by the middle of August to the Mayor, who determines what is to be included in the draft budget. The departments then use this information to prepare and submit their requested budgets by the end of August. The Mayor submits his recommended budget to the Common Council by the middle of September. The Common Council refers the Mayor's Recommended Budget to the City's Finance Committee, composed of three aldermen and four citizens, who reviews the budget and makes recommendations to the Common Council regarding the same. The Council reviews the recommended budget and agrees on a proposed budget by mid-October. The Council is required

to hold a public hearing on the proposed budget in advance of consideration of passage. The Council considers adoption of a final budget in mid-November. The adopted budget is prepared by fund, function (e.g. Public Safety), and department (e.g. Police). Transfers of appropriations between funds, functions or departments require the approval of the governing body. Budget-to-actual comparisons are provided in this report for each governmental fund with an adopted budget. The General Fund comparison is presented in Exhibit G as part of the Basic Financial Statements for the governmental funds and in Schedules 3 & 4 of the Supplementary Information. For governmental funds with adopted budgets other than the General Fund, this comparison is presented in the Supplementary Information Section of this Report.

The information presented in the financial statements is perhaps best understood when considered from the broader perspective of the environment that the City operates.

Economic Condition and Outlook

The economic activity in Franklin in both the residential and the non-residential sectors is stable. New construction was slightly elevated in 2021 compared to 2020 as evidenced by increased residential construction permits. The Ballpark Commons project, estimated to add \$160 million, in new development saw several commercial projects completed in 2021. In addition, the Bear Development project in the southwest portion of the City has substantially completed infrastructure for a new industrial park. Several new residential subdivisions are in various stages of completion.

Equalized property values have grown at an average annual rate of approximately 4.3% between 2012 and 2021. The growth, or net new construction, has been as follows: \$113.8 million in 2021, \$32.5 million in 2020, \$64.6 million in 2019, and \$34.7 million in 2018. 2022 growth is expected to continue this trend, reflecting the impact of new commercial and residential activity. New tax growth has averaged approximately 1% the last ten years, with six of the ten years having less than 1% growth. Limits on tax levy increases are currently restricted to new growth, however this remains the largest resource to the City. With the City at over \$4.8 billion in property value, it has become harder and harder to generate growth levels that support tax levy increases for operating cost increases.

The City has been successful in managing tax levy increases by utilizing tools the State provided regarding growth of employee benefits and shifting tax levy from debt service to operating needs. However, this is not a long-term sustainable process.

A landfill in the southwestern portion of the City received an expansion of its license in 2019 from the State of Wisconsin. The landfill has provided approximately \$1 million in revenues to the City in years prior to the expansion. With the license expansion, the per ton rate increased 25% and volumes substantially increased, generating over \$2.5 million in resources. This resource is extremely valuable to the City; but, it should be noted that it is not a permanent resource. It will, however, last for a number of years into the future. The City has limited the use of this resource to 20% for operational needs, utilizing the vast majority, or approximately 80%, for capital needs so that the burden on operations is not too heavy when the resource is no longer available.

Residential Growth

Residential property values have grown at an average annual rate of approximately 5.0% between 2012 and 2021. New housing starts slowed considerably due to the 2008 recession, but have picked up over the last several years. The development activity has increased in recent years, with several large developments in various stages of approval. Longer range, the City has the most developable land in Milwaukee County, and anticipates additional development going forward.

Commercial and Industrial Growth

Commercial and industrial property values have grown at an average annual rate of approximately 3.3% between 2012 and 2021.

In 2005, two TIF Districts, #3 and #4, were established on the eastern side of the City; the two districts have equalized increment value of \$85.7 million and \$61.3 million, respectively. In 2016, a new District, TIF District #5, was established to aid the Ballpark Commons project; this district has an equalized increment value of \$53.3 million. A developer's agreement was signed in 2018. The project estimates \$125 million in new taxable development. In 2018, TIF District #6 was formed to aid the development of an industrial park on the southwest portion of the City. That project is estimated to create \$54 million in new development, but currently has an equalized increment value of \$1.7 million. In 2019, TIF District #7 was created to aid the multi-family portion of Ballpark Commons development, with estimated development of \$47 million; this district has an equalized increment value of \$20.8 million. In May, 2020, TIF District #8 was created to continue the development of the business park in the southeast corner of the City; this district has an equalized increment value of \$4.2 million. There are developer assessment guarantees in a number of the active TIF Districts that must be attained, or shortfall payments to be made, in order for these Districts to be successful. If this does not occur, a burden would be placed on the tax payers for the obligations supported by the assessment guarantees.

Expansion of the commercial and industrial tax base is a standing goal of the City. New tax incremental financing district creations in recent years aid in that development. Currently, approximately 75% of the City's property value is residential compared to 73% ten years ago. However, please note that many of the multi-family projects are classified as commercial, but are residential according to type of use.

Organizational and Service Growth

In 2021, the overall revenue was slightly higher than 2020 at \$57.6 million. This represented a \$918K increase or 1.6%. The pandemic, starting in 2020 and continuing to have an impact in 2021, reduced some charges for services, while landfill siting revenues made up for some of those decreases. In the near term, tax incremental financing district tax resources will rise as the development in Ballpark Commons, Bear Development and Velo Village come on line and replace the expiring TIF Districts #3 and #4.

The last three years were full revaluation years following a full reassessment in 2018. Performing revaluations on a regular basis is in line with the Common Council policy to schedule more frequent revaluations to keep property values in line with current market values. The City has risen to the third largest city in Milwaukee County based upon equalized value.

This year's operating challenge included continuing to navigate the ongoing pandemic as well as the recruitment of employees, for various reasons, with retirements leading the list. Operating departments met those challenges and continue to provide high-quality City services. Longer term, the caps on levy increases will challenge the City to provide equivalent service levels with fewer resources since the largest revenue resource, the tax levy, is limited to growth. Controlling expenditures has challenged many Wisconsin cities, and Franklin is no exception.

One threat the City faces is the challenge of established assessed property values by larger property owners. Some large property owners have successfully challenged their assessed values in recent years, which, at a minimum, shifts the property tax burden to the residential tax base.

Internal Controls

The City's internal control structure is subject to ongoing evaluation by management. The City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws, regulations and sound financial policies. The results of the City's audit for the fiscal year ended December 31, 2021 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws or regulations.

As a recipient of federal and state financial assistance, if the level of grant expenditures exceeds an established level, currently \$750,000, a single audit of grants is required. The City was required to have a Single Audit of grants in 2020 for the first time since 2010, due to pandemic related grants, but that threshold was not met for 2021.

Financial Planning

Long-range financial planning is in place, particularly for the capital funds and debt service funds, to ensure that resources are in place to meet committed projects and obligations. This ensures that there is adequate funding for new projects prior to their approval and that adequate funding is in place for debt that has been or will be incurred, with an appropriate plan for repayment.

Financial Policies

The City maintains numerous policies including the following: (1) Fund Balance Policy – maintain certain levels for long-term solvency; (2) Debt Policy – maintain certain debt thresholds and terms; (3) Investment Policy – maintain safe and secure investments with a prudent return; (4) Budget Policy – forecasting to ensure continuity of operations; and (5) Capitalization Policy – to properly record assets. The City also takes advantage of policies related to new development, to finance infrastructure needs caused by the new development with special assessments and impact fees. Conservative management and the enumerated policies above have served the City well.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the 28th consecutive year that the City has received this award.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such report must satisfy generally accepted accounting principles in the United States of America and applicable legal requirements. The City of Franklin believes that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and will be submitting this year's report to the GFOA to determine its eligibility for a 2021 Certificate.

Acknowledgments

Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff; appreciation is also extended to all other City employees who contributed to its preparation. A big thanks is also extended to the Mayor, Common Council, and Finance Committee for their guidance and support in planning and conducting the financial operations of the City in a responsible and prudent manner.

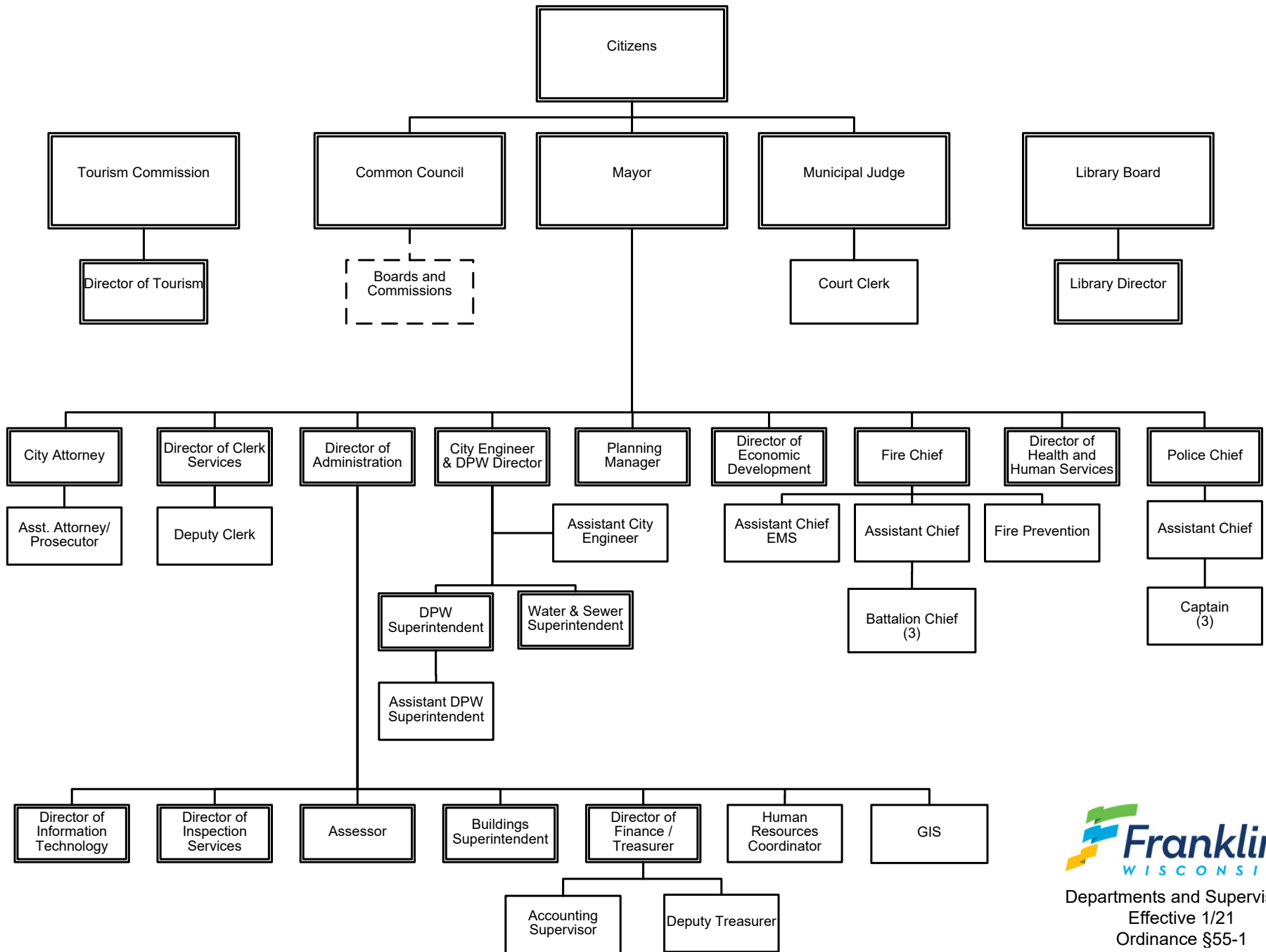
Respectfully submitted,

Peggy Steeno

Peggy Steeno, CPA, MBA
Director of Administration

Denise Gilbert

Denise Gilbert
Director of Finance & Treasurer



Departments and Supervisors
Effective 1/21
Ordinance §55-1

Stephen R. Olson
Mayor

**CITY OF FRANKLIN, WISCONSIN
LIST OF PRINCIPAL OFFICIALS**

Elected Officials

<u>Title</u>	<u>Name</u>	<u>First Elected</u>
Mayor	Stephen R Olson	2014
Aldermen:		
District No. 1	Ed Holpfer	2022
District No. 2	Michelle Eichmann	2022
District No. 3	Kristen Wilhelm	2008
District No. 4	Shari Hanneman	2020
District No. 5	Mike Barber	2016
District No. 6	John Nelson	2017
Municipal Judge	Fred F. Klimetz	2006

Non-elected Officials

Assessor	Kyle Kabe
Director of Inspection Services	Scott Satula
City Attorney	Jesse Wesolowski
City Clerk	Sandi Wesolowski
City Engineer/Public Works Director	Glen Morrow
Director of Administration	Peggy Steeno
Director of Economic Development	John Regetz
Director of Finance & Treasurer	Denise Gilbert
Director of Health & Human Services	Lauren Gottlieb
Fire Chief	Adam Remington
Human Resources Manager	Dana Zahn
Information Technology Director	James Matelski
Library Director	Jennifer Loeffel
Planning Manager	Heath Eddy
Police Chief	Rick Oliva
Superintendent of Public Works	Kevin Schlueter
Superintendent of Sewer & Water	Mike Roberts



Government Finance Officers Association

Certificate of
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**City of Franklin
Wisconsin**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Mayor and Common Council
City of Franklin, Wisconsin
Franklin, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Wisconsin (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Wisconsin, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as presented in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 13, 2022

**City of Franklin, Wisconsin
Management's Discussion and Analysis
(Unaudited)**

As management of the City of Franklin (the "City"), the following offers readers of the City's financial statements an overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. Readers are encouraged to consider this information in conjunction with additional information contained in the letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2021, by \$259.7 million (*net position*).
- The City's total net position increased by \$10.7 million. Net investment in capital assets increased by \$4.5 million, while unrestricted net position decreased by \$2.2 million and restricted net position increased by \$8.3 million.
- The City's governmental funds reported, as of December 31, 2021, combined ending fund balances of \$36.1 million, an increase of \$9.0 million from the prior year. Positive results in the Tax Incremental Financing (TIF) Districts accounted for a vast majority of the increase.
- The non-spendable fund balance of \$.25 million includes advances to other funds from the General Fund and inventories and prepaid items.
- The restricted fund balances total \$16.6 million, an increase of \$1.4 million, resulted mainly from the funds restricted for TIF purposes.
- The assigned fund balances in total of \$7.5 million increased approximately \$1.5 million with the majority assigned for capital projects.
- The unassigned fund balance as of December 31, 2021 for the General Fund was \$9.5 million. This represents approximately 35.6% of total 2021 General Fund expenditures. The 2021 increase in unassigned fund balance resulted mainly from staffing vacancies and underspent operational accounts.
- The City's Business type activities generated a \$51,397 surplus.
- The City received a \$3.75 million award from the federal government under the American Rescue Plan Act, with \$1.875 million being received in 2021, and \$1.875 million to be received in 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. These basic financial statements are comprised of three components 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, with the difference between the categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Table 1, on Page 126, provides a ten-year history of net position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave). Table 2, on Pages 127 and 128, provides a ten-year history of the statement of activities.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The governmental activities of the City include general government, public safety, public works, health & human services, culture & recreation and conservation & development. The business-type activities include the Franklin Water Utility and the Sanitary Sewer Funds.

The government-wide financial statements include not only the City Funds, which are known as the primary government, but also a legally separate Community Development Authority for which the City is financially accountable. Financial information for this blended component unit is reported as part of the financial information presented for the City.

The government-wide financial statements may be found on Exhibits A and B, on Pages 27 - 29, of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Franklin, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This enables readers to better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seventeen (17) individual governmental funds. This information is presented in the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances. The City's three major funds: the General Fund, Debt Service Fund, and TIF Districts Funds, are shown individually, and data from the remaining fourteen (14) governmental funds are combined into a single, aggregated presentation on the statements. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements later in this report.

The basic governmental fund financial statements can be found on Exhibits C, D, E, F, and G of this report, on Pages 30 - 34. These statements include a budgetary comparison of the General Fund.

The City adopts an annual budget for its General Fund, Debt Service Fund, TIF Districts, Library Operating Fund, Library Auxiliary Fund, Solid Waste Fund, Tourism, Donations, Grant, Civic Celebrations, St Martin's Fair, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Development Fund, Utility Development Fund, Sanitary Sewer Fund and the Franklin Water Utility. A budgetary comparison statement has been provided for all governmental funds demonstrating compliance with their budgets.

Proprietary Funds

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, including more detail. The proprietary fund financial statements provide individual information for the Franklin Water Utility, the Sanitary Sewer Fund, and the Internal Service Fund.

The proprietary fund financial statements may be found on Exhibits H, I, and J of this report, on Pages 35 - 39.

Custodial/Fiduciary Funds

Custodial/Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Franklin. Custodial funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The custodial funds maintained by the City are the Property Tax Agency Fund which records the tax roll and tax collections for other taxing jurisdictions and other agency funds. Fiduciary funds include a post-employment benefit trust to hold funds until needed to pay designated health benefits for eligible current and future retirees, as well as a Defined Benefit Retirement Income plan for certain Public Works employees.

The basic custodial/fiduciary fund financial statements may be found on Exhibits K and L of this report, on Pages 40 and 41.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on Pages 42 - 91 of this report.

Other Information

In addition to the basic financial statements and notes, this report also presents certain **Required Supplementary Information** concerning the City of Franklin's progress in funding its retiree health obligations to eligible, full-time employees, and its participation in the Wisconsin Retirement System and City of Franklin Defined Benefit Retirement Income Plans. Required Supplementary Information and accompanying notes may be found on Pages 92 - 97 of this report.

And finally, additional Supplementary Information is included. The combining and individual fund financial statements and schedules section presents combining statements in connection with non-major governmental funds, a detailed budgetary comparison schedule for the General Fund, Special Revenue, Capital Projects and TIF Funds to demonstrate compliance with the budget complementing the statement included in the basic governmental fund financial statements, and other information

related to the individual funds are presented immediately following the required supplementary information. Schedules 1 through 13.3 may be found on Pages 99 - 124 of this report.

Government-Wide Financial Analysis

As noted prior, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the City of Franklin, assets and deferred outflows exceeded liabilities and deferred inflows by \$259.7 million and \$249.0 million at the end of 2021 and 2020, respectively.

**CITY OF FRANKLIN NET POSITION
 December 31, 2021 and 2020**

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and						
other assets	\$ 80,240,870	\$ 68,677,767	\$ 12,684,207	\$ 8,552,289	\$ 92,925,077	\$ 77,230,056
Long term Note Rec	4,500,000	4,500,000	13,634,560	14,973,399	18,134,560	19,473,399
Capital assets	<u>147,595,899</u>	<u>143,572,718</u>	<u>117,699,633</u>	<u>118,634,388</u>	<u>265,295,532</u>	<u>262,207,106</u>
Total assets	<u>232,336,769</u>	<u>216,750,485</u>	<u>144,018,400</u>	<u>142,160,076</u>	<u>376,355,169</u>	<u>358,910,561</u>
Deferred Outflows	<u>13,181,821</u>	<u>9,198,609</u>	<u>700,334</u>	<u>465,088</u>	<u>13,882,155</u>	<u>9,663,697</u>
Current liabilities	6,688,875	7,222,296	1,520,077	1,644,833	8,208,952	8,867,129
Long-term liabilities	<u>56,325,488</u>	<u>54,128,432</u>	<u>19,150,161</u>	<u>17,427,165</u>	<u>75,475,649</u>	<u>71,555,597</u>
Total liabilities	<u>63,014,363</u>	<u>61,350,728</u>	<u>20,670,238</u>	<u>19,071,998</u>	<u>83,684,601</u>	<u>80,422,726</u>
Deferred Inflows	<u>45,748,152</u>	<u>38,484,808</u>	<u>1,086,665</u>	<u>642,732</u>	<u>46,834,817</u>	<u>39,127,540</u>
Net position:						
Net Investment in						
capital assets	127,060,579	122,636,518	101,487,571	101,401,639	219,516,950	215,006,957
Restricted	27,454,600	18,086,031	15,827,050	16,826,978	43,281,650	34,913,009
Unrestricted	<u>(17,759,104)</u>	<u>(14,608,991)</u>	<u>5,647,210</u>	<u>4,681,817</u>	<u>(3,080,694)</u>	<u>(895,974)</u>
Total net position	<u>\$ 136,756,075</u>	<u>\$ 126,113,558</u>	<u>\$ 122,961,831</u>	<u>\$ 122,910,434</u>	<u>\$ 259,717,906</u>	<u>\$ 249,023,992</u>

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by the debt of the governmental activities. Amounts will not cross-foot as a result.

The largest portion of the City's net position, approximately 85 and 86 percent, in 2021 and 2020, respectively, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, net position is not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Investment in capital assets accounted for \$219.5 million and \$215.0 million in 2021 and 2020, respectively of the year-end net position.

In 2021, major infrastructure projects were completed in numerous TIF Districts, including: TIF District #4, Ascension Hospital; TIF District #5, Ballpark Commons; TIF District #6, Loomis & Ryan, and TIF District #7, Velo Village; and, an additional project began in TIF District #8, Business Park Overlay.

An additional portion of the City's net position, 16.6% in 2021 and 14.0% in 2020, represent resources that are subject to external restrictions on how they may be used. Approximately \$43.3 million and \$34.9 million, respectively, constitute the funds restricted for specific purposes.

The unrestricted total deficit in 2021 of \$3.0 million and total deficit in 2020 of \$0.9 million, respectively, are considered to be used to meet the City's ongoing obligations to citizens and creditors.

Government-Wide Activities

The details of changes in net position are as follows:

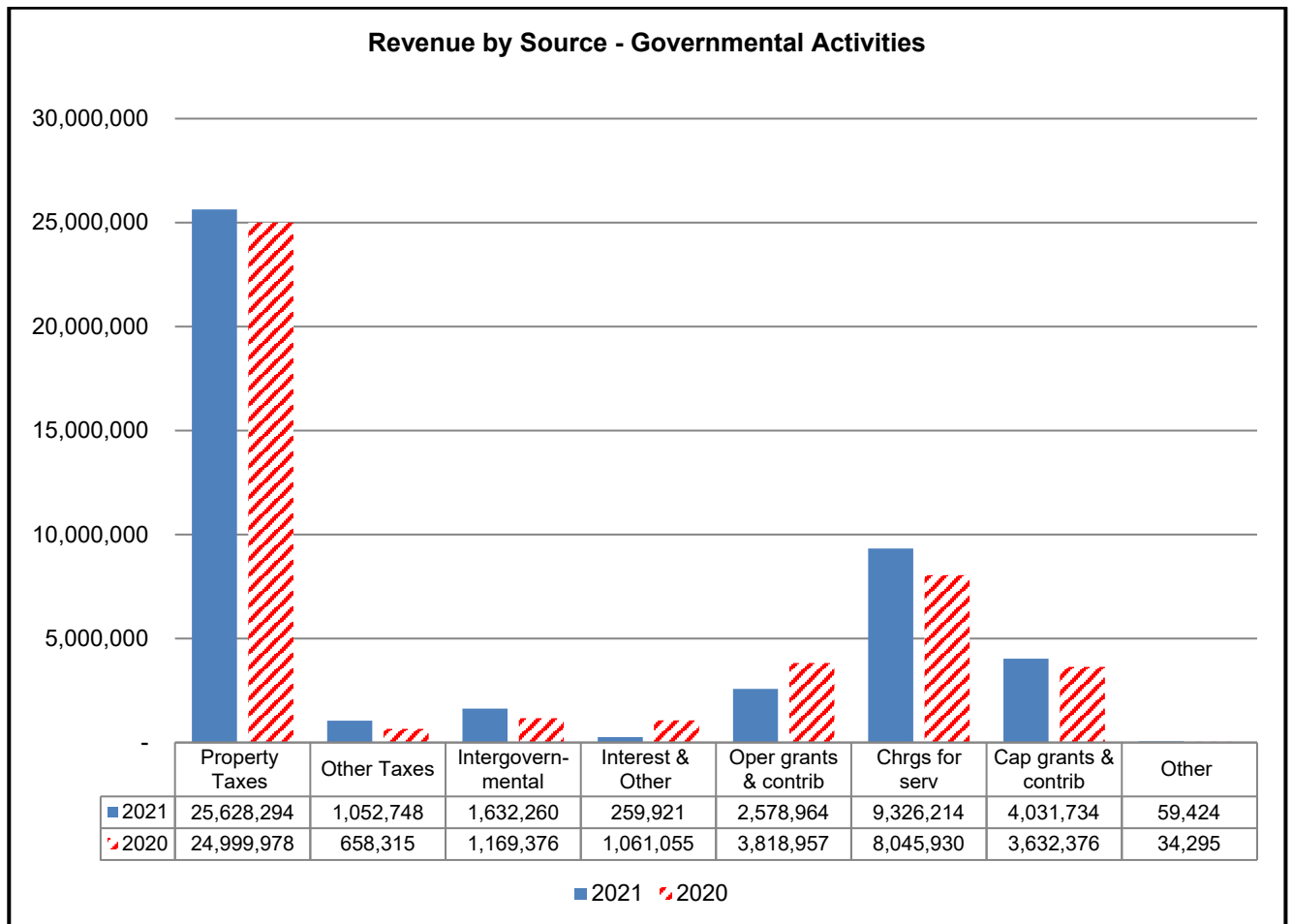
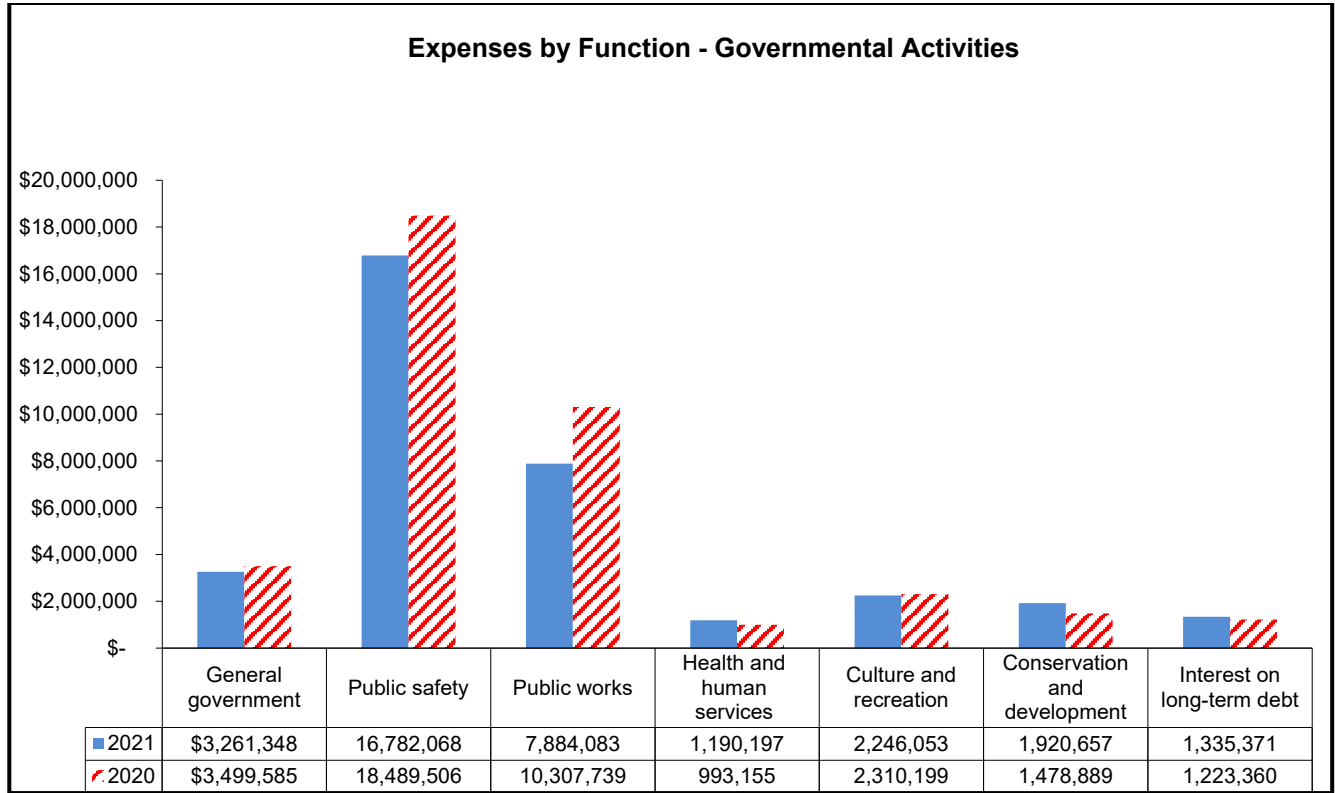
**City of Franklin Changes in Net Position
 For the Years Ending December 31, 2021 and 2020**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Program revenue:						
Charges for services	\$ 9,326,214	\$ 8,045,930	\$ 10,638,111	\$ 10,168,857	\$ 19,964,325	\$ 18,214,787
Operating grants & contributions	2,578,964	3,818,957	-	-	2,578,964	3,818,957
Capital grants & contributions	4,031,734	3,632,379	1,887,020	2,491,601	5,918,754	6,123,980
General revenue:						
Property taxes	25,628,294	24,999,978	-	-	25,628,294	24,999,978
Other taxes	1,052,748	658,315	-	-	1,052,748	658,315
Intergovernmental	1,632,260	1,169,376	-	-	1,632,260	1,169,376
Investment earnings	259,921	1,061,055	391,545	513,188	651,466	1,574,243
Other	59,424	34,295	128,269	101,722	187,693	136,017
Total revenue	<u>44,569,559</u>	<u>43,420,285</u>	<u>13,044,945</u>	<u>13,275,368</u>	<u>57,614,504</u>	<u>56,695,653</u>
Expenses:						
General government	3,261,348	3,499,585	-	-	3,261,348	3,499,585
Public safety	16,782,068	18,489,506	-	-	16,782,068	18,489,506
Public works	7,884,083	10,307,739	-	-	7,884,083	10,307,739
Health & human services	1,190,197	993,155	-	-	1,190,197	993,155
Culture & recreation	2,246,053	2,310,199	-	-	2,246,053	2,310,199
Conservation & development	1,920,657	1,478,889	-	-	1,920,657	1,478,889
Interest on long-term debt	1,335,371	1,223,360	-	-	1,335,371	1,223,360
Water	-	-	5,842,691	5,674,035	5,842,691	5,674,035
Sewer	-	-	6,458,122	6,378,926	6,458,122	6,378,926
Total expenses	<u>34,619,777</u>	<u>38,302,433</u>	<u>12,300,813</u>	<u>12,052,961</u>	<u>46,920,590</u>	<u>50,355,394</u>
Increase in net position before transfers	9,949,782	5,117,852	744,132	1,222,407	10,693,914	6,340,259
Transfers	<u>692,735</u>	<u>(7,284,086)</u>	<u>(692,735)</u>	<u>7,284,086</u>	-	-
Change in net position	<u>10,642,517</u>	<u>(2,166,234)</u>	<u>51,397</u>	<u>8,506,493</u>	<u>10,693,914</u>	<u>6,340,259</u>
Net position - beginning	126,113,558	128,279,792	122,910,434	114,403,941	249,023,992	242,683,733
Net position - ending	<u>\$ 136,756,075</u>	<u>\$ 126,113,558</u>	<u>\$ 122,961,831</u>	<u>\$ 122,910,434</u>	<u>\$ 259,717,906</u>	<u>\$ 249,023,992</u>

Governmental Activities

2021 operations include some carry over of grant revenues and expenses related to addressing the Pandemic that hit the United States beginning in March 2020, although not nearly substantial as in 2020, lowering the operating grants and contributions considerably. Charges for services rebounded from the drop in 2020, to surpass the 2019 revenue amount. In addition, property value in the City grew by 7%, resulting in increased property taxes. However, there was a reduction in investment earnings during this period, starting out strong and then substantially declining. TIF District infrastructure projects also continued resulting in significant contributions to the City's infrastructure.

2021 development included numerous new homes, the completion of the Velo Village Multi-Family Development, and other building projects. In addition, projects in the Ballpark Commons Development continued to add to this newly developed area.



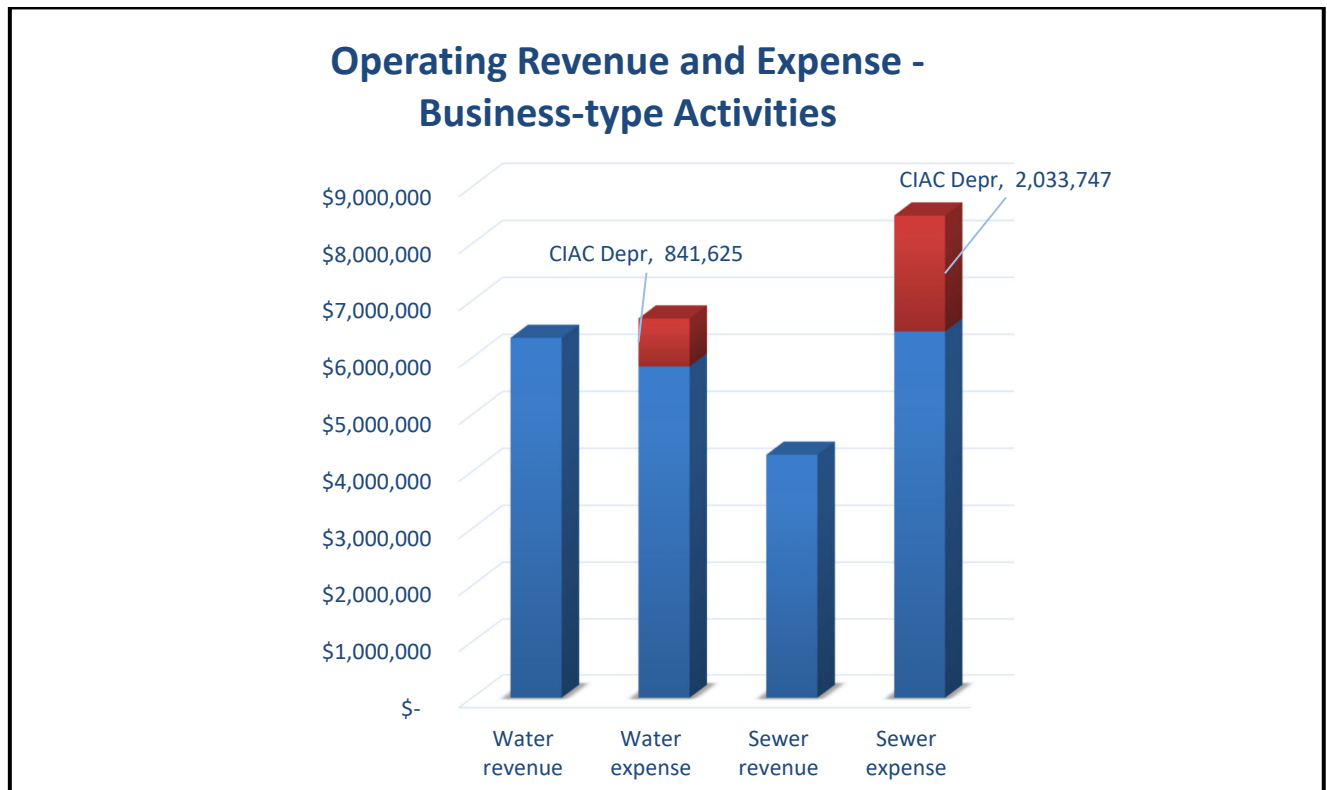
Business-Type Activities

Business type activities reported a slight change in overall net position of \$51,397 in 2021, however, the Sewer Utility experienced a decrease in net positions of approximately \$650,000. While Water Utility operations remained stable in 2021, there was a positive change in operations, approximately \$318,000, in the Sewer Utility in 2021; this was mainly due to a Sewer Utility rate increase in 2021. The increased rates were implemented for operations and to ensure the availability of funds to repay a new debt issue, executed in 2021, to support a new lift station, which is currently being built in the southeast portion of the City.

Developer contributions continued in 2021, although at a lower rate than 2020, with \$1.9 million coming from developer contributions in 2021 compared to the \$2.5 million reported in 2020.

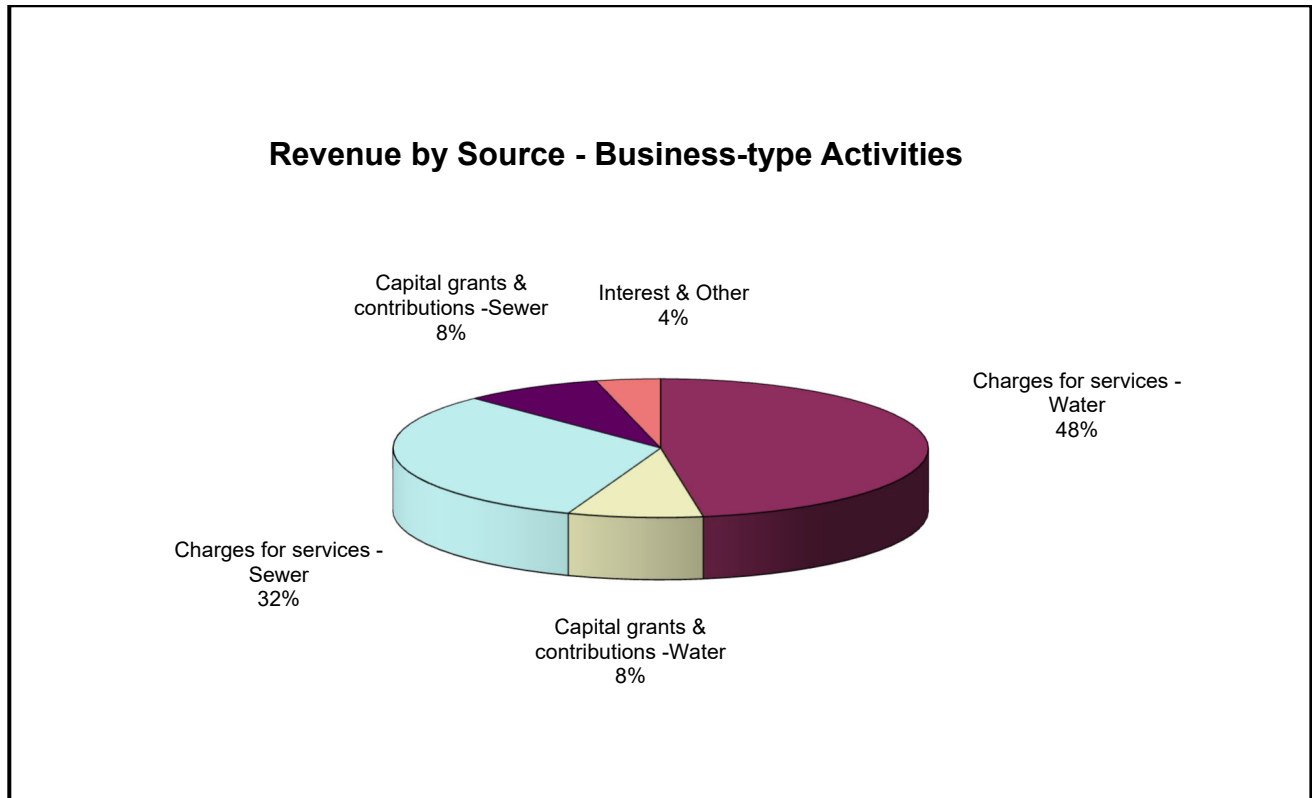
Utility rates in both the Water Utility and the Sewer Utility do not recover the cost of contributed assets. As replacements of those assets occur in the future, rates will rise to fund the replacement costs.

The following graph compares charges for services to the operating expenses for water and sewer activities.



Water and Sewer expenses can exceed revenue due to the current policy of including only depreciation from City spending on capital assets in the rate formula. The large amount of infrastructure that has been contributed is the reason for this policy. 80% of the Business-type assets have been contributed by developers or new growth resources, including impact fees and special assessments. When maintenance and replacement costs increase, this policy may need to be reevaluated. The City is in the process of building a sanitary sewer lift station, and an additional water tower is planned for construction in 2022 and 2023.

As shown on the following chart, the Business-type revenue includes charges for service, capital grants and contributions, investment earnings and miscellaneous income.



Charges for services increased in 2021 for both the Water Utility and the Sewer Utility. The increase for the Water Utility was due to increase water volume compared to 2020, as water rates have not changed since 2016 when the last rate case was approved by the Public Service Commission. A rate increase request is expected to be made to the PSC in either late 2022 or early 2023 due to the new water tower being built and the debt that will be issued for the same. Sewer Utility rates are adjusted annually to compensate for rate increases from the regional sewer district which processes the City's waste water as well as for the changes in City operations.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus on the City's **governmental funds** is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$36.1 million, an increase of \$8.95 million. This is considerably different than the decrease of \$18.4 million from the prior year. The 2020 decrease was mainly due to major infrastructure projects

in multiple TIF Districts. At year-end 2021, the unassigned fund balance was \$9.0 million, an increase of \$3.2 million related primarily to significant improvements in the TIF Districts.

The City has assigned fund balances for activities of the Capital Projects of \$7.3 million. In addition, \$174,859 of General Fund Balance has been assigned for purchase commitments into 2022.

Outside party restrictions have resulted in restricted fund balances:

- 1) for debt service obligations - \$506,680;
- 2) for utility improvements - \$2,495,759;
- 3) for development purposes - \$9,139,670;
- 4) for TIF Districts - \$5,518,496;
- 5) for grants and donations - \$282,685;
- 7) for health services - \$82,047;
- 8) for library services \$641,337;
- 9) for solid waste services \$431,521;
- 10) for recreational activities - \$94,009; and
- 11) for tourism activities - \$234,111.

The City also has a non-spendable fund balance of \$.25 million which includes inventories and prepaid items which are not available for new spending because they have already been committed.. The General Fund provided a 10-year advance to the Water Utility in 2017 to finance an extraordinary contribution to the Public Works Retirement plan in excess of the Actuarially Determined Contribution; the current balance of this advance is \$89,700. And, the General Fund also advanced \$100,000 to TIF District #8 for organizational and operating capital, to be repaid in 2022.

The **General Fund** is the chief operating fund of the City. As of December 31, 2021, the total fund balance of the General Fund was \$9.9 million of which \$9.4 million was unassigned. This unassigned fund balance represents approximately 35% of 2021 General Fund expenditures.

The overall General Fund, fund balance increased by \$677,017 in 2021. Staffing vacancies and underspent operational accounts resulted in the surplus.

The **Debt Service Fund** has a fund balance of \$506,680, restricted for the payment of debt service. The majority of this fund balance relates to collections of street special assessments.

The **TIF District Funds** have a collective fund balance of \$5.1 million. All TIF District fund balances are positive except for TIF District #4, which reports a deficit of \$460,386, which is expected to turn into a surplus in 2022. TIF District #3 is closing in 2022, and TIF District #4 is expected to close in 2023.

The **Nonmajor Governmental Funds** have a total fund balance of \$20.7 million. The Special Revenue Funds' collective fund balances went from \$2.1 million in 2020 to 1.7 million in 2021, with only one fund, the St. Martin's Fair Fund, reporting a slight deficit. The Capital Project funds' collective fund balances went from \$17.0 million in 2020 to \$19.0 million in 2021. Approximately one-half of the Capital Projects Funds' fund balance is in the Development Fund and from impact fees. The City has extended the Park Impact Fee holding period until 2023.

The City's **Proprietary Funds** provide the same information found in the government-wide financial statements, but provide additional detail.

Unrestricted net position of the Water Utility increased to \$3.9 million, an increase of \$452,177 from the prior year. The Utility continues to replace a large number of meters that were installed in the early 2000's due to new construction and a group of acquired customers.

Unrestricted net position of the Sanitary Sewer Utility increased to \$1.8 million, an increase of \$518,675 from the prior year. The Utility is in the process of replacing a lift station which is expected to cost approximately \$3.0 million.

The enterprise funds financial statements may be found on Exhibits G, H and I on Pages 35-39 of this report.

An Internal Service Fund providing resources related to employee health benefits had a \$45,998 deficit in 2021, decreasing the fund balance slightly to \$3.2 million. The City is continuing on with a high deductible health plan option as well as has added a health reimbursement arrangement (HRA) component in 2021. As a result, costs have increased. The fund balance represents a significant percentage of annual health benefit costs, currently running at just over the annual claims amount.

General Fund Budgetary Highlights

Revenue exceeded the final budget by \$287,518. This is mainly due to higher than expected revenues in three areas: ambulance fees, in the amount of \$219,559; engineering and DPW fees, in the amount of \$108,365, and zoning/subdivision filing fees, in the amount of \$86,532.

Actual expenditures were less than final budget by \$3,952,382; however, \$2.5 million of that was restricted contingency that was not expected to be used. Therefore, the favorable variance is \$1,452,382. Staffing vacancies and underspent operational accounts were the main reasons for the positive variance.

The net result of operations is a \$677,017 surplus; this compares favorably to the amended budget which reported a projected deficit of \$3.2 million. However, that included the \$2.5 million restricted contingency. Removing the contingency, the \$677,017 surplus still compares favorably to the projected deficit of \$700,000.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2021, amounts to \$265.3 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

City of Franklin's Investment in Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 27,285,649	\$ 26,367,796	\$ 888,479	\$ 888,480	\$ 28,174,128	\$ 27,256,276
Buildings and Improvements	29,085,101	29,057,720	6,739,801	6,739,800	35,824,902	35,797,520
Improvements other than buildings	131,261,624	123,915,126	150,062,996	147,850,918	281,324,620	271,766,044
Machinery and equipment	21,672,656	20,172,843	5,827,161	5,832,024	27,499,817	26,004,867
Construction in process	<u>3,112,082</u>	<u>5,630,865</u>	<u>6,839,731</u>	<u>6,609,781</u>	<u>9,951,813</u>	<u>12,240,646</u>
Total capital assets	212,417,112	205,144,350	170,358,168	167,921,003	382,775,280	373,065,353
Less Accumulated depreciation	<u>(64,821,213)</u>	<u>(61,571,632)</u>	<u>(52,658,535)</u>	<u>(49,286,615)</u>	<u>(117,479,748)</u>	<u>(110,858,247)</u>
Capital assets net of depreciation	<u>\$ 147,595,899</u>	<u>\$ 143,572,718</u>	<u>\$ 117,699,633</u>	<u>\$ 118,634,388</u>	<u>\$ 265,295,532</u>	<u>\$ 262,207,106</u>

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was \$3.1 million or 1.2%. The largest increases in capital assets were due to infrastructure improvements.

For further details on capital asset activity, refer to Note 1.(D).6 and Note 3.(E) of the Notes to Financial Statements and Schedules 13.1-13.3 on Pages 141-143 of this report.

Long-Term Debt

State statutes limit the amount of general obligation debt a governmental entity may issue up to 5% of its total equalized valuation. At December 31, 2021, the City had general obligation note and bond issues outstanding totaling \$72.3 million. The current legal debt limitation for the City is \$244.4 million. The City's current outstanding general obligation debt is 29.2% of the statutory debt limit.

By City policy, outstanding general obligation debt is limited to 2% of total equalized value or \$97.7 million; this equates to 40% of the statutorily available capacity. Outstanding debt represents 74% of this internal limit, leaving an internal debt limit margin of \$25.4 million. The Finance Committee reviewed the Debt Policy in July, 2020 and noted that supporting current development activity is likely to cause the City to exceed its internal debt limit and urged the Common Council to consider that when evaluating new debt issues.

The City's present rating from Moody's for its general obligation debt is "Aa2". The "Aa2" rating was affirmed with 2021 debt issues.

In November of 2021, the City issued new debt in the form of notes and bonds. The 2021A Notes were in the amount of \$2,040,000, to fund general capital improvements and the acquisition of vehicles and equipment; and, the 2021B Bonds were in the amount of \$6,510,000, to fund sewer system projects and TIF District projects.

City of Franklin’s Outstanding Debt (All purposes)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation						
Premium (Discount)	\$ 739,555	\$ 614,680	\$ 109,975	\$ (7,320)	\$ 849,530	\$ 607,360
Note Anticipation Notes	-	-	-	-	-	-
Bonds	46,875,000	45,450,000	18,878,400	17,240,069	65,753,400	62,690,069
Notes	6,545,000	4,870,000	-	-	6,545,000	4,870,000
Total	\$ 54,159,555	\$ 50,934,680	\$ 18,988,375	\$ 17,232,749	\$ 73,147,930	\$ 68,167,429

Additional information of the City's long-term debt can be found in this report as follows: in Note 3.(H) on Pages 69-71, Schedule 5 on Page 107, and in Tables 11 – 13 on Pages 137 – 140 in the Statistical Section.

In addition, the City has Municipal Revenue Obligations (MRO) outstanding to developers. The first one, issued in 2018, is a \$3.5 million incentive grant to the Ballpark Commons Developer, payable over the life of the TIF District. The note carries a 5.5% interest rate. No interest or principal payments are being made on note at this time. The second one, issued in 2020, is a non-interest-bearing MRO to a TIF District #7 developer for \$14.952 million. No payments were made in 2021, however a payment will be made in 2022. The remaining balance of all the MRO's as of December 31, 2021 was \$18,452,000. Also, a 2019 developer agreement committed the City to a future MRO, in the amount of \$3.1 million for a TIF District #6 Developer issuable upon acceptance of donated infrastructure.

Other Changes of Significance

Post Employment Health Care Benefits

The City of Franklin provides retiree health care benefits to certain retiree groups from the date of retirement until age 65. Prior to 2008 the City's portion of health care cost was recognized as an expenditure in the period premiums were paid. Funding for those costs was provided out of the current operating budget of the City. This was referred to as financing on a pay as you go basis.

The Government Accounting Standards Board (GASB) issued Statement #45 effective for the City of Franklin on January 1, 2008 that said that the expense of these benefits has to be recognized over the working lives of the employees. The Common Council concluded that the City of Franklin should not only recognize the expense on its financial statements but should fund those amounts out of its general revenue starting in 2008 with the establishment of a section 115 trust.

In 2017, the City adopted GASB 75, which treats OPEB liabilities similarly to pension obligations.

More detailed information can be found in Note 4.(C).

Economic Factors, Tax Rates and Next Year's Budgets

- As of December 31, 2021, the unemployment rate for the City was 3.5%, and the unemployment rate for Milwaukee County, which includes the City, was 5.4%. This compares to an unemployment rate of 3.8% for the State of Wisconsin for the same period.
- The 2022 Budget assessed tax rate of \$4.82 was down from \$5.05 from the prior year. Tax rates are declining as the State imposed levy limits are resulting in smaller increases in the tax levy, while property values are rising faster.
- The City's tax levy rose from \$21.9 million in 2020, to \$22.4 million in 2021.
- 2022 General Fund budgeted expenditures increased by \$594,561 (2.0%).

Requests for Information

This financial report is designed to provide a general overview of the City's finances for interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Franklin – Attn: Denise Gilbert, Director of Finance & Treasurer, 9229 West Loomis Road, Franklin, WI 53132, or (414) 427-7514, or dgilbert@franklinwi.gov.

General information relating to the City of Franklin may be found on the City's website, www.franklinwi.gov.

BASIC FINANCIAL STATEMENTS

**CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 56,928,833	\$ 7,996,948	\$ 64,925,781
Receivables, net			
Accounts receivable	1,385,571	2,584,469	3,970,040
Taxes receivable	12,736,224	-	12,736,224
Notes receivable	4,500,000	-	4,500,000
Special assessments receivable	224,592	-	224,592
Interest	165,383	-	165,383
Due from other governments	192,018	1,338,839	1,530,857
Prepaid items	19,684	-	19,684
Inventories	41,928	-	41,928
Long term advances	89,700	(89,700)	-
Restricted cash and investments	-	482,900	482,900
Due from other governments - long term	-	13,634,560	13,634,560
Restricted pension assets	7,096,229	299,111	7,395,340
Restricted OPEB asset	1,360,708	71,640	1,432,348
Capital assets (net of accumulated depreciation)			
Land	27,285,649	888,479	28,174,128
Buildings and improvements	16,020,491	4,193,961	20,214,452
Machinery and equipment	8,464,844	1,696,852	10,161,696
Infrastructure	92,712,833	104,080,610	196,793,443
Construction in progress	3,112,082	6,839,731	9,951,813
Total assets	232,336,769	144,018,400	376,355,169
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related	12,931,633	688,324	13,619,957
OPEB-related	250,188	12,010	262,198
Total deferred outflow of resources	13,181,821	700,334	13,882,155

Continued

**CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	1,281,554	1,430,797	2,712,351
Accrued liabilities	1,206,538	16,756	1,223,294
Due to other governments	128,075	-	128,075
Accrued interest	428,652	72,524	501,176
Unearned revenue	3,481,701	-	3,481,701
Special deposits	162,355	-	162,355
Noncurrent liabilities			
Due within one year	3,846,723	1,565,511	5,412,234
Due in more than one year	52,478,765	17,584,650	70,063,415
Total liabilities	<u>63,014,363</u>	<u>20,670,238</u>	<u>83,684,601</u>
DEFERRED INFLOWS OF RESOURCES			
Subsequent year property taxes	27,116,317	-	27,116,317
Pension-related	16,440,856	977,403	17,418,259
OPEB-related	2,190,979	109,262	2,300,241
Total deferred inflow of resources	<u>45,748,152</u>	<u>1,086,665</u>	<u>46,834,817</u>
NET POSITION			
Net Investment in capital assets	127,060,579	101,487,571	219,516,950
Restricted for			
Debt service	78,028	-	78,028
Utility improvements	2,495,759	-	2,495,759
Development	9,139,670	-	9,139,670
TIF Districts	5,518,496	-	5,518,496
Grants and Donations	282,685	-	282,685
Health services	82,047	-	82,047
Library services	641,337	-	641,337
Solid waste	431,521	-	431,521
Recreational services	94,009	-	94,009
Tourist commission	234,111	-	234,111
Equipment replacement	-	482,900	482,900
Intergovernmental agreement	-	14,973,399	14,973,399
Pension assets	7,096,229	299,111	7,395,340
OPEB asset	1,360,708	71,640	1,432,348
Unrestricted	(17,759,104)	5,647,210	(3,080,694)
Total net position	<u>\$ 136,756,075</u>	<u>\$ 122,961,831</u>	<u>\$ 259,717,906</u>

See accompanying Notes to Financial Statements.

**CITY OF FRANKLIN, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 3,261,348	\$ 202,423	\$ -	\$ -	\$ (3,058,925)	\$ -	\$ (3,058,925)
Public safety	16,782,068	3,220,532	409,878	89,667	(13,061,991)	-	(13,061,991)
Public works	7,884,083	5,041,365	1,703,442	3,778,363	2,639,087	-	2,639,087
Health and human services	1,190,197	186,577	359,992	-	(643,628)	-	(643,628)
Culture and recreation	2,246,053	191,565	105,652	163,704	(1,785,132)	-	(1,785,132)
Conservation and development	1,920,657	483,752	-	-	(1,436,905)	-	(1,436,905)
Interest on long term debt	1,335,371	-	-	-	(1,335,371)	-	(1,335,371)
Total governmental activities	<u>34,619,777</u>	<u>9,326,214</u>	<u>2,578,964</u>	<u>4,031,734</u>	<u>(18,682,865)</u>	<u>-</u>	<u>(18,682,865)</u>
Business-type activities:							
Water	5,842,691	6,345,014	-	948,630	-	1,450,953	1,450,953
Sewer	6,458,122	4,293,097	-	938,390	-	(1,226,635)	(1,226,635)
Total business-type activities	<u>12,300,813</u>	<u>10,638,111</u>	<u>-</u>	<u>1,887,020</u>	<u>-</u>	<u>224,318</u>	<u>224,318</u>
Total primary government	<u>\$ 46,920,590</u>	<u>\$ 19,964,325</u>	<u>\$ 2,578,964</u>	<u>\$ 5,918,754</u>	<u>(18,682,865)</u>	<u>224,318</u>	<u>(18,458,547)</u>
General revenue:							
Property taxes levied for general purposes					20,809,309	-	20,809,309
Property taxes levied for debt service					1,100,000	-	1,100,000
Property taxes levied for TIF Districts					3,718,985	-	3,718,985
Other taxes					1,052,748	-	1,052,748
Intergovernmental revenue not restricted to specific programs					1,632,260	-	1,632,260
Investment earnings					259,921	391,545	651,466
Miscellaneous revenue					59,424	128,269	187,693
Transfers					692,735	(692,735)	-
Total general revenue and transfers					<u>29,325,382</u>	<u>(172,921)</u>	<u>29,152,461</u>
Change in net position					<u>10,642,517</u>	<u>51,397</u>	<u>10,693,914</u>
Net position - beginning					<u>126,113,558</u>	<u>122,910,434</u>	<u>249,023,992</u>
Net position - ending					<u>\$ 136,756,075</u>	<u>\$ 122,961,831</u>	<u>\$ 259,717,906</u>

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 16,978,932	\$ 1,606,680	\$ 11,430,608	\$ 23,396,935	\$ 53,413,155
Receivables					
Accounts receivable	1,024,822	-	-	360,749	1,385,571
Taxes receivable	12,736,178	-	-	46	12,736,224
Notes	-	-	4,500,000	-	4,500,000
Special assessments receivable	-	12,780	-	211,812	224,592
Interest	71,638	-	90,000	3,745	165,383
Due from other governments	68,098	-	-	123,920	192,018
Prepaid items	17,431	-	-	2,253	19,684
Inventories	41,928	-	-	-	41,928
Advances to other funds	189,700	-	-	2,800,000	2,989,700
TOTAL ASSETS	\$ 31,128,727	\$ 1,619,460	\$ 16,020,608	\$ 26,899,460	\$ 75,668,255
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 475,011	\$ -	\$ 44,028	\$ 756,270	\$ 1,275,309
Accrued liabilities	542,172	-	-	352,566	894,738
Due to other governments	128,075	-	-	-	128,075
Unearned revenue	-	-	-	3,481,701	3,481,701
Special deposits	162,355	-	-	-	162,355
Advance from other funds	-	-	2,900,000	-	2,900,000
Total liabilities	<u>1,307,613</u>	<u>-</u>	<u>2,944,028</u>	<u>4,590,537</u>	<u>8,842,178</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	-	12,780	3,347,737	211,812	3,572,329
Subsequent Year Tax Levy	19,945,084	1,100,000	4,670,733	1,400,500	27,116,317
Total deferred inflows of resources	<u>19,945,084</u>	<u>1,112,780</u>	<u>8,018,470</u>	<u>1,612,312</u>	<u>30,688,646</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Inventories and prepaid items	59,359	-	-	2,253	61,612
Advances to other funds	189,700	-	-	-	189,700
Restricted:					
Debt service	-	506,680	-	-	506,680
Utility improvements	-	-	-	2,495,759	2,495,759
Development	-	-	-	9,139,670	9,139,670
TIF Districts	-	-	5,518,496	-	5,518,496
Grants and Donations	-	-	-	282,685	282,685
Health services	-	-	-	82,047	82,047
Library services	-	-	-	641,337	641,337
Solid waste	-	-	-	431,521	431,521
Recreational services	-	-	-	94,009	94,009
Tourist commission	-	-	-	234,111	234,111
Assigned:					
Purchases on order	174,859	-	-	-	174,859
Capital projects	-	-	-	7,315,618	7,315,618
Unassigned (deficit)	9,452,112	-	(460,386)	(22,399)	8,969,327
Total fund balances (deficit)	<u>9,876,030</u>	<u>506,680</u>	<u>5,058,110</u>	<u>20,696,611</u>	<u>36,137,431</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)	\$ 31,128,727	\$ 1,619,460	\$ 16,020,608	\$ 26,899,460	\$ 75,668,255

See accompanying Notes to Financial Statements.

**CITY OF FRANKLIN, WISCONSIN
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Fund balances - total governmental funds \$ 36,137,431

Amounts reported for governmental activities in the statement of net position are different because:

Certain assets used in government activities are not financial resources and are therefore are not reported in the funds

Capital assets, net of depreciation	147,595,899
Restricted pension assets	7,096,229
Restricted OPEB asset	1,360,708

Some receivables that are not currently available are reported as deferred inflows of resources in the fund financial statements but are recognized as revenues when earned in the government-wide statements

Unavailable revenue	3,572,329
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in fund statements

Deferred outflows - pensions	12,931,633
Deferred outflows - OPEB	250,188
Deferred inflows - pensions	(16,440,856)
Deferred inflows - OPEB	(2,190,979)

Internal Service Fund net position	3,197,633
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Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due

General obligation debt	(53,420,000)
Compensated absences	(2,165,933)
Unamortized debt premiums	(739,555)
Accrued Interest	(428,652)

Net position of governmental activities	<u>\$ 136,756,075</u>
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CITY OF FRANKLIN, WISCONSIN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Debt Service</u>	<u>TIF Districts</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUE					
Taxes	\$19,906,603	\$ 1,100,000	\$ 3,868,400	\$ 1,824,447	\$ 26,699,450
Intergovernmental revenue	1,708,654	-	2,161,585	2,179,702	6,049,941
Licenses and permits	1,241,005	-	-	34,054	1,275,059
Fines, forfeitures and penalties	419,889	-	-	-	419,889
Public charges for services	2,790,818	-	-	4,194,367	6,985,185
Special assessments	-	5,913	-	850,533	856,446
Intergovernmental charges for services	204,681	-	-	-	204,681
Investment earnings	36,044	2,482	7,058	84,456	130,040
Miscellaneous revenue	306,992	-	1,033,698	182,757	1,523,447
Total revenue	<u>26,614,686</u>	<u>1,108,395</u>	<u>7,070,741</u>	<u>9,350,316</u>	<u>44,144,138</u>
EXPENDITURES					
Current					
General government	2,945,813	-	177,567	8,026	3,131,406
Public safety	17,870,375	-	-	296,148	18,166,523
Public works	4,199,025	-	241,220	2,076,241	6,516,486
Health and human services	705,988	-	-	541,282	1,247,270
Culture, recreation and education	328,871	-	-	1,561,579	1,890,450
Conservation and development	531,387	-	1,085,225	346,749	1,963,361
Capital outlay	-	-	428,534	4,918,904	5,347,438
Debt service					
Principal	-	1,480,000	965,000	-	2,445,000
Interest	-	136,961	1,138,227	-	1,275,188
Debt issuance costs	-	-	59,491	45,177	104,668
Total expenditures	<u>26,581,459</u>	<u>1,616,961</u>	<u>4,095,264</u>	<u>9,794,106</u>	<u>42,087,790</u>
Excess (deficiency) of revenue over expenditures	<u>33,227</u>	<u>(508,566)</u>	<u>2,975,477</u>	<u>(443,790)</u>	<u>2,056,348</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	114,935	114,935
Transfers in	1,017,790	480,694	-	466,997	1,965,481
Transfers out	(374,000)	(23,200)	-	(550,491)	(947,691)
General obligation debt issued	-	-	3,505,000	2,040,000	5,545,000
Premium on debt issued	-	80,881	128,473	9,453	218,807
Total other financing sources and uses	<u>643,790</u>	<u>538,375</u>	<u>3,633,473</u>	<u>2,080,894</u>	<u>6,896,532</u>
Net change in fund balances	677,017	29,809	6,608,950	1,637,104	8,952,880
Fund balances (deficit) - beginning	<u>9,199,013</u>	<u>476,871</u>	<u>(1,550,840)</u>	<u>19,059,507</u>	<u>27,184,551</u>
Fund balances (deficit) - ending	<u>\$ 9,876,030</u>	<u>\$ 506,680</u>	<u>\$ 5,058,110</u>	<u>\$ 20,696,611</u>	<u>\$ 36,137,431</u>

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

Net change in fund balances - total governmental funds \$ 8,952,880

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.

However in the statement of activities, the cost of these assets
is allocated over their estimated useful lives and reported
as depreciation expense or losses when disposed of.

Capital outlays	5,347,438
Capital outlay contributed to business-type units	(325,055)
Items capitalized from non-outlay accounts	998,320
Depreciation	(4,120,885)
Net book value of assets disposed	(116,428)

Contributed capital assets are reported as revenues in the
statement of activities. 2,239,791

The issuance of long-term debt (e.g. notes, leases) provides current
financial resources to governmental funds, while the repayment of
the principal on long-term debt consumes current financial
resources of government funds. Neither transaction, however, has
any effect on net position.

Principal paid on long-term debt	2,445,000
Proceeds from issuance of long-term debt	(5,545,000)
Proceeds from premiums on long-term debt	(218,807)

Government funds report the effects of premiums,
discounts and refunding losses when the debt is first issued, whereas
these amounts are deferred and amortized in the statement of
activities. This amount is the net effect of the differences in the
treatment of these items. 93,932

Some expenses reported in the statement of activities do not
require the use of current financial resources and therefore, are
not reported as expenditures in the government funds

Compensated absences	192,025
Accrued interest payable	(49,447)
Pension activity	2,078,449
OPEB activity	529,179

Revenue in the governmental funds that provides current
financial resources but has been previously reported as
revenue in the statement of activities (1,812,877)
Unavailable revenues

Internal service fund change in net position (45,998)

Net change in net position of governmental activities \$ 10,642,517

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
GENERAL FUND – STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021

	Budgeted Amount		Actual	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUE				
Taxes	\$ 19,911,800	\$ 19,911,800	\$ 19,906,603	\$ (5,197)
Intergovernmental revenue	1,785,400	1,785,400	1,708,654	(76,746)
Licenses and permits	1,108,650	1,108,650	1,241,005	132,355
Fines, forfeitures and penalties	490,000	490,000	419,889	(70,111)
Public charges for services	2,353,150	2,353,150	2,790,818	437,668
Intergovernmental charges for services	203,200	203,200	204,681	1,481
Investment earnings (loss)	259,718	259,718	36,044	(223,674)
Miscellaneous revenue	207,250	215,250	306,992	91,742
Total revenue	26,319,168	26,327,168	26,614,686	287,518
EXPENDITURES				
Current				
General government	5,922,903	5,907,244	2,945,813	2,961,431
Public safety	18,352,063	18,472,161	17,870,375	601,786
Public works	4,288,736	4,464,921	4,199,025	265,896
Health and human services	713,239	713,239	705,988	7,251
Culture and recreation	218,343	351,019	328,871	22,148
Conservation and development	599,884	617,257	531,387	85,870
Total expenditures	30,095,168	30,525,841	26,581,459	3,944,382
Excess (deficiency) of revenue over (under) expenditures	(3,776,000)	(4,198,673)	33,227	4,231,900
OTHER FINANCING SOURCES (USES)				
Transfers in	1,050,000	1,050,000	1,017,790	(32,210)
Transfers out	(24,000)	(374,000)	(374,000)	-
Net change in fund balance	(2,750,000)	(3,522,673)	677,017	4,199,690
Fund Balances - beginning	9,199,013	9,199,013	9,199,013	-
Fund Balances - ending	\$ 6,449,013	\$ 5,676,340	\$ 9,876,030	\$ 4,199,690
Outstanding encumbrances at December 31, 2021			\$ 174,859	

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2021

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sanitary Sewer</u>	<u>Totals</u>	
ASSETS				
Current assets				
Cash and investments	\$ 3,592,067	\$ 4,404,881	\$ 7,996,948	\$ 3,515,678
Receivables				
Accounts receivable	1,429,923	1,154,546	2,584,469	-
Taxes receivable	-	-	-	-
Due from other governments	-	1,338,839	1,338,839	-
Total current assets	<u>5,021,990</u>	<u>6,898,266</u>	<u>11,920,256</u>	<u>3,515,678</u>
Noncurrent assets				
Restricted cash and investments	-	482,900	482,900	-
Restricted pension asset	145,538	153,573	299,111	-
Restricted OPEB asset	35,820	35,820	71,640	-
Due from other governments	-	13,634,560	13,634,560	-
Capital assets				
Land	162,885	725,594	888,479	-
Buildings and improvements	3,414,033	3,325,768	6,739,801	-
Improvements other than buildings	64,770,729	85,292,267	150,062,996	-
Machinery and equipment	4,649,134	1,178,027	5,827,161	-
Construction in progress	2,132,763	4,706,968	6,839,731	-
Less accumulated depreciation	<u>(23,863,200)</u>	<u>(28,795,335)</u>	<u>(52,658,535)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>51,266,344</u>	<u>66,433,289</u>	<u>117,699,633</u>	<u>-</u>
Total noncurrent assets	<u>51,447,702</u>	<u>80,740,142</u>	<u>132,187,844</u>	<u>-</u>
Total assets	<u>56,469,692</u>	<u>87,638,408</u>	<u>144,108,100</u>	<u>3,515,678</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related	339,951	348,373	688,324	-
OPEB-related	6,005	6,005	12,010	-
Total deferred outflows of resources	<u>345,956</u>	<u>354,378</u>	<u>700,334</u>	<u>-</u>

Continued

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2021

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water Utility</u>	<u>Sanitary Sewer</u>	<u>Totals</u>	
LIABILITIES				
Current liabilities				
Accounts payable	\$ 765,806	\$ 664,991	\$ 1,430,797	\$ 6,245
Accrued liabilities	689	16,067	16,756	311,800
Accrued interest payable	10,829	61,695	72,524	-
Current portion of accrued compensated absences	29,756	29,756	59,512	-
Current portion of long-term advances	17,750	-	17,750	-
Current portion of long-term obligations	60,000	1,446,415	1,506,415	-
Total current liabilities	<u>884,830</u>	<u>2,218,924</u>	<u>3,103,754</u>	<u>318,045</u>
Noncurrent liabilities				
Net OPEB liability	-	-	-	-
Accrued compensated absences	51,137	51,137	102,274	-
Long-term advances	71,950	-	71,950	-
General obligation notes payable	833,629	16,648,331	17,481,960	-
Total noncurrent liabilities	<u>956,716</u>	<u>16,699,468</u>	<u>17,656,184</u>	<u>-</u>
Total liabilities	<u>1,841,546</u>	<u>18,918,392</u>	<u>20,759,938</u>	<u>318,045</u>
DEFERRED INFLOWS OF RESOURCES				
Pension-related	482,634	494,769	977,403	-
OPEB-related	54,631	54,631	109,262	-
Total deferred inflows of resources	<u>537,265</u>	<u>549,400</u>	<u>1,086,665</u>	<u>-</u>
NET POSITION				
Net Investment in capital assets	50,372,715	51,114,856	101,487,571	-
Restricted for				
Sewer equipment replacement	-	482,900	482,900	-
Pension asset	145,538	153,573	299,111	-
OPEB asset	35,820	35,820	71,640	-
Intergovernmental agreement	-	14,973,399	14,973,399	-
Unrestricted	<u>3,882,764</u>	<u>1,764,446</u>	<u>5,647,210</u>	<u>3,197,633</u>
Total net position	<u>\$ 54,436,837</u>	<u>\$ 68,524,994</u>	<u>\$ 122,961,831</u>	<u>\$ 3,197,633</u>

Concluded

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Sanitary</u>	<u>Totals</u>	<u>Activities -</u> <u>Internal</u> <u>Service Funds</u>
	<u>Utility</u>	<u>Sewer</u>		
OPERATING REVENUE				
Metered sales				
Residential	\$ 3,348,464	\$ 2,392,224	\$ 5,740,688	\$ -
Multi-family	773,333	599,029	1,372,362	-
Commercial	659,805	673,417	1,333,222	-
Irrigation	194,112	-	194,112	-
Industrial	421,219	454,239	875,458	-
Public authority	203,761	148,266	352,027	-
Total metered sales	<u>5,600,694</u>	<u>4,267,175</u>	<u>9,867,869</u>	-
Group health & dental charges	-	-	-	2,900,607
Unmetered sales	27,378	1,810	29,188	-
Public fire protection service	552,136	-	552,136	-
Private fire protection service	129,610	-	129,610	-
Forfeited discounts, penalties and other	35,196	24,112	59,308	-
Total operating revenue	<u>6,345,014</u>	<u>4,293,097</u>	<u>10,638,111</u>	<u>2,900,607</u>
OPERATING EXPENSES				
Cost of sales and services	3,932,026	2,779,860	6,711,886	2,945,845
Depreciation and amortization	1,362,597	2,231,615	3,594,212	-
Administration	517,291	964,233	1,481,524	-
Total operating expenses	<u>5,811,914</u>	<u>5,975,708</u>	<u>11,787,622</u>	<u>2,945,845</u>
Operating income (loss)	<u>533,100</u>	<u>(1,682,611)</u>	<u>(1,149,511)</u>	<u>(45,238)</u>
NONOPERATING REVENUE (EXPENSES)				
Investment earnings (loss)	3,715	387,830	391,545	(760)
Sundry	110,573	2,439	113,012	-
Sale of capital assets	6,012	9,245	15,257	-
Interest expense	(30,777)	(482,414)	(513,191)	-
Total non-operating revenue (expenses)	<u>89,523</u>	<u>(82,900)</u>	<u>6,623</u>	<u>(760)</u>
Income (loss) before capital contributions and transfers	622,623	(1,765,511)	(1,142,888)	(45,998)
Capital contributions - Developers	948,630	938,390	1,887,020	-
Capital contributions - Governmental Activities	140,301	184,754	325,055	-
Transfers out	(1,014,922)	(2,868)	(1,017,790)	-
Change in net position	<u>696,632</u>	<u>(645,235)</u>	<u>51,397</u>	<u>(45,998)</u>
Net position - beginning	<u>53,740,205</u>	<u>69,170,229</u>	<u>122,910,434</u>	<u>3,243,631</u>
Net position - ending	<u>\$ 54,436,837</u>	<u>\$ 68,524,994</u>	<u>\$ 122,961,831</u>	<u>\$ 3,197,633</u>

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Sanitary</u>	<u>Totals</u>	<u>Activities -</u> <u>Internal</u> <u>Service Funds</u>
	<u>Utility</u>	<u>Sewer</u>		
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 6,604,189	\$ 4,315,350	\$ 10,919,539	\$ 2,900,607
Payments to suppliers	(3,977,084)	(3,300,852)	(7,277,936)	(2,940,434)
Payments to employees	(432,700)	(519,454)	(952,154)	-
Payments for interfund services used	(109,380)	(109,380)	(218,760)	-
Net cash flows provided by (used in) operating activities	<u>2,085,025</u>	<u>385,664</u>	<u>2,470,689</u>	<u>(39,827)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer out - paid for tax equivalent	<u>(1,014,922)</u>	<u>(2,868)</u>	<u>(1,017,790)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	-	3,005,000	3,005,000	-
Proceeds from premium on capital debt	-	116,346	116,346	-
Payments on capital debt	(60,000)	(1,306,669)	(1,366,669)	-
Payments from other governments	-	1,306,669	1,306,669	-
Payment of advances from other funds	(16,750)	-	(16,750)	-
Interest on capital debt	(29,828)	(482,414)	(512,242)	-
Acquisition of capital assets	(316,791)	(115,334)	(432,125)	-
Net cash provided (used) by capital and related financing activities	<u>(423,369)</u>	<u>2,523,598</u>	<u>2,100,229</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	<u>3,715</u>	<u>387,830</u>	<u>391,545</u>	<u>(760)</u>
Net increase (decrease) in cash and cash equivalents	650,449	3,294,224	3,944,673	(40,587)
Cash and cash equivalents - Beginning	<u>2,941,618</u>	<u>1,593,557</u>	<u>4,535,175</u>	<u>3,556,265</u>
Cash and cash equivalents - Ending	<u>\$ 3,592,067</u>	<u>\$ 4,887,781</u>	<u>\$ 8,479,848</u>	<u>\$ 3,515,678</u>
Cash and Investments - Unrestricted	\$ 3,592,067	\$ 4,404,881	\$ 7,996,948	\$ 3,515,678
Cash and Investments - Restricted	-	482,900	482,900	-
	<u>\$ 3,592,067</u>	<u>\$ 4,887,781</u>	<u>\$ 8,479,848</u>	<u>\$ 3,515,678</u>

Continued

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water</u>	<u>Sanitary</u>	<u>Totals</u>	<u>Activities -</u> <u>Internal</u> <u>Service Funds</u>
	<u>Utility</u>	<u>Sewer</u>		
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 533,100	\$ (1,682,611)	\$ (1,149,511)	\$ (45,238)
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities				
Depreciation	1,362,597	2,231,615	3,594,212	-
Depreciation allocated to other funds	13,086	(13,086)	-	-
Nonoperating revenues	110,573	2,439	113,012	-
(Increase) decrease in assets and deferred outflows of resources				
Accounts receivable	2,955	(83,573)	(80,618)	-
Taxes receivable	145,647	103,387	249,034	-
Pension assets	(113,533)	(121,568)	(235,101)	-
Deferred outflows - pensions	(113,947)	(122,557)	(236,504)	-
Deferred outflows - OPEBs	629	629	1,258	-
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable	(19,846)	(109,621)	(129,467)	5,411
Accrued liabilities	3,835	8,546	12,381	-
OPEB obligations	(55,970)	(55,970)	(111,940)	-
Deferred inflows - pensions	174,495	186,630	361,125	-
Deferred inflows - OPEBs	41,404	41,404	82,808	-
Total adjustments	<u>1,551,925</u>	<u>2,068,275</u>	<u>3,620,200</u>	<u>5,411</u>
Net cash flows provided by (used in) operating activities	<u>\$ 2,085,025</u>	<u>\$ 385,664</u>	<u>\$ 2,470,689</u>	<u>\$ (39,827)</u>
Noncash Capital Activities				
Cost of Utility plant installed and/or financed by external parties or the City	<u>\$ 1,088,931</u>	<u>\$ 1,123,144</u>	<u>\$ 2,212,075</u>	<u>\$ -</u>

Concluded

**CITY OF FRANKLIN, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2021**

	Employee Benefit Trust Funds	Tax Collection Custodial Fund
ASSETS		
Cash	\$ 151,984	\$ 30,783,719
Investments:		
Fixed Income securities	7,139,765	10,116,281
Domestic equities	13,044,613	-
International equities	1,948,479	-
Total Cash & Investments	<u>22,284,841</u>	<u>40,900,000</u>
Accounts receivable	1,494	-
Taxes receivable	-	33,276,860
Total assets	<u>\$ 22,286,335</u>	<u>\$ 74,176,860</u>
LIABILITIES		
Accounts payable	\$ 25,145	\$ 140,484
Due to other governments	-	40,759,516
Total liabilities	<u>25,145</u>	<u>40,900,000</u>
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for subsequent year's budget	-	<u>33,276,860</u>
NET POSITION		
Restricted for pensions	13,211,075	-
Restricted for OPEB	9,050,115	-
Total net position	<u>\$ 22,261,190</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2021

	Employee Benefit Trust Funds	Tax Collection Custodial Fund
ADDITIONS		
Tax collections	\$ -	\$ 75,644,415
Contributions		
City of Franklin	584,950	-
Retirees	164,336	-
Net investment earnings	2,655,110	-
Total additions	3,404,396	-
DEDUCTIONS		
Tax distributions	-	75,644,415
Incurred claims	786,353	-
Prescription drug claims	101,508	-
Claims fees	58,540	-
Stop loss premiums less claims received	84,726	-
Total deductions	1,031,127	-
Change in net position	2,373,269	-
Net Position Beginning of year	19,887,921	-
Net Position End of year	\$ 22,261,190	\$ -

See accompanying Notes to Financial Statements.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accompanying summary of the City of Franklin's (the City) more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be reviewed as an integral part of the accompanying financial statements. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. A summary of the significant accounting policies follows:

A. REPORTING ENTITY

This report includes all of the funds of the City of Franklin. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government are financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statement to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to or burdens on the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. Certain legally separate, tax exempt organization should be reported as a component unit if all of the following criteria are met (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Component units are reported using one of two methods: discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets and one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operations responsibility for the component unit, (3) the component unit serves of benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government. The City has not identified any component units required to be discretely presented.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Blended Component Unit

The Community Development Authority (Authority) was created by the City in 1992 to serve as a financing vehicle for certain Tax Incremental Districts (TID) development within the City. That District was closed in 2021. The Authority is governed by a seven-member board appointed by the Mayor and confirmed by the Common Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and manage certain TID development projects for the benefit of the City. The Authority had no financial transactions during 2021, nor does the Authority own any assets or liable for any debt. Therefore, no financial statements are presented in this report. The Authority does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position (Exhibit A) and statement of activities (Exhibit B) display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange revenue. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services provided.

The statement of activities demonstrates the degree that direct expenses of a given segment or function are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate all indirect expenses to functions in the statement of activities. Program revenue includes 1) charges to customers or applicants, who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenue are reported as general revenue. Internally dedicated resources are reported as general revenue rather than as program revenue.

Fund Financial Statements

Financial statements of the reporting entity are organized into funds with a fund considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund equity, revenue and expenditures/expenses. Funds are organized as major funds or nonmajor funds within the governmental and enterprise fund statements. An emphasis is placed on major funds within the governmental and enterprise categories.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenue, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type.
- b. The same element of the individual governmental fund or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds with the latter being excluded from government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Major Governmental Funds

General Fund – accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resource accumulation from taxes, special assessments and other revenue along with payments made for principal and interest on long-term debt other than enterprise fund debt.

TIF Districts Fund – accounts for resource accumulation from tax increments and other revenue of the TID along with payments made for capital outlay, other expenditures, principal and interest on long-term debt obligations of the TIDs. Each TID is a sub fund of the TID Fund.

Major Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

Major Enterprise Funds (continued)

Water Utility Fund – accounts for operations of providing water services to City residents and bills for those services.

Sanitary Sewer Fund – accounts for the operations of providing sanitary sewer services for City residents and bills for those services.

In addition the City reports:

Nonmajor Governmental Funds

Special Revenue Funds – account for the proceeds of specific revenue sources (other than major capital projects) that are legally or policy restricted to expenditures for specified purposes. The funds include Library Operating, Library Auxiliary, Solid Waste Collection, St Martin’s Fair, Donation, Civic Celebrations, Tourism Commission, and Grant.

Capital Projects Funds – account for resources accumulated to be used for the purchase of equipment, street replacement, acquisition of land and the construction of capital improvement projects. The funds include Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Improvement and Development.

Other Fund Types

Internal Service Fund – accounts for the payment by the City for active employees of group health and dental charges for services and stop loss insurance charges and the billing of departments or agencies of the City on a cost-reimbursement basis for the services received.

Custodial Funds – used to account for and report assets controlled by the City that are held for the benefit of other governmental entities. The City reports one custodial fund for tax collections.

Employee Benefit Trust Funds – used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit plans and other post-employment benefit plans.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenue, expenses, gains, losses, assets, deferred inflows, liabilities and deferred outflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenue in the year that they are levied for.

Taxes receivable for the following year are recorded as receivables and deferred inflows or resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Receivables are recorded as revenue when services are performed.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's Water Utility and Sanitary Sewer fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when it is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers grant revenue to be available if they are collected within 150 days of the end of the current fiscal period and all other revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures which are recorded as a fund liability when due and payable.

Property taxes are recorded the year levied as receivable and deferred inflow and are recognized as revenue the next year when services financed by the levy are provided.

Intergovernmental aids and grants are recognized as revenue in the period the City is entitled to the resources and the amounts are available. Amounts owed to the City are recorded as receivables. Amounts not available or received prior to the entitlement period are recorded as deferred inflow of resources.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(continued)

Fund Financial Statements (continued)

Special assessments levied for benefits to property owners for installation of sanitary sewers, water mains, roads, and other improvements are recorded as revenue when they become measurable and available. Annual installments due in future years are recorded as receivables and deferred inflows of resources.

Revenue susceptible to accrual includes property taxes, room taxes, public charges for services and interest. Other general revenue such as permits, fines and forfeitures, licenses and miscellaneous revenue are recognized when received or when measurable and available under the criteria mentioned above.

Deferred inflows of resources are reported on the governmental funds balance sheet. Deferred inflows arise from taxes levied in the current year that are for subsequent year's operations. For governmental fund financial statements unearned revenues arise where potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenue arises when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met and when the City has a legal claim to the resources, the liability is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal operations. The principal operating revenue of the Water and Sanitary Sewer funds are charges to customers for sales and services provided. The rates billed in the Water Utility are approved by the Public Service Commission. Sanitary sewer charges are billed at rates established by City policy based on the charges received from the Milwaukee Metropolitan Sewerage District and local operation and maintenance expenses. The principal operating revenue of the internal service fund is charges to other funds for group health coverage.

Operating expenses for proprietary funds include the cost of sales and services, administration and depreciation on capital assets. Revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(continued)**

All Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could vary from those estimates.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

1. Cash and Investments

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The City of Franklin maintains two investment policies. The first covers all funds except fiduciary funds for retiree health purposes. The objective of this policy is to generate current income, consistent with safety and reasonable risk as defined under prudent person rules. As operating reserves, the quality, liquidity and maturity structure of the portfolio are most important. The investment policy:

- a. Requires a minimum rating at time of purchase of Aa3 by either Moody's or Standard & Poor's.
- b. Limits an issuer to 10% or less and asset classes to 35% or less of the fair value of the portfolio with the exception of U.S. Government Treasury and Agency securities that have the full faith guarantee of the U.S. Government.
- c. Specifies a minimum amount of cash equivalents be maintained, an average life of the portfolio not exceeding 6 years and no individual issue with a maturity exceeding seven years at the date of purchase to limit interest rate risk.
- d. Limits investments highly sensitive to market changes through its duration and diversification policies to limit interest rate risk.
- e. Prohibits the investment in foreign owned securities.
- f. Limits derivative investments to those with a final maturity of seven years or less.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

1. Cash and Investments (continued)

In addition, the City's investment policy restricts allowable investments to investments that follow state statutes, section 66.0603, which limits investments to:

- a. Time deposits in any credit union, bank, savings bank, trust company or loan association authorized to transact business in the state and maturing in three years or less.
- b. The Local Government Investment Pool (LGIP).
- c. Bonds or securities issued or guaranteed by the federal government.
- d. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a cultural arts district, or by the University of Wisconsin Hospitals and Clinics Authority and the Wisconsin Aerospace Authority.
- e. Any security maturing in seven years or less and having the highest or second highest rating category assigned of a nationally recognized rating agency.
- f. Securities of an open-ended management investment company or investment trust subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The second investment policy is for its fiduciary fund for retiree health purposes. The policy:

- a. Requires the investment to be in a section 115 trust for retiree health purposes.
- b. Requires compliance with the "prudent person" standard.
- c. Requires asset allocation policy that considers the liability stream of benefits, the relationship to current and projected assets, the historical performance of capital markets and the perception of future economic conditions.
- d. Primary investment objectives are safety, diversification and return.
- e. Allows investment in various asset classes.
- f. Limits investment in equities to no more than 75% of total assets to be invested.
- g. Limits investment in fixed income securities to no less than 25% of total assets to be invested.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

1. Cash and Investments (continued)

The City manages the various risks in its cash and investments as follows:

- a. Custodial credit risk – investments are held by a trustee or third party custodian.
 - deposits in excess of FDIC insurance limits are maintained in the State LGIP or secured bank balances in amounts of at least 75% of the year-end cash balances.
- b. Credit risk – securities purchased need to have an AA or better investment rating.
- c. Concentration of credit risk – issuer or asset class not to exceed 10% of the market value of the portfolio with the exception of U.S. issued securities.
- d. Interest rate risk – managed by limiting the length of maturity of newly purchased investments and limits the average life of the portfolio to control risk.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs outlined in Note 3. No investments are reported at amortized cost.

Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of various City Funds is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw funds in total on one day's notice. At December 31, 2021, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

2. Receivables

Property taxes are levied in December on the assessed value as of the prior January 1. In addition to property taxes for the municipality, taxes are collected for and remitted to the state government, county government, three local school districts, technical college district and metropolitan sewerage district. Taxes for all other governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying fiduciary funds statement of fiduciary net position as the City’s custodial funds. The Solid Waste fee is billed and collected along with property taxes.

Property tax calendar – 2021 tax roll:

Lien date and levy date	December 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	March 31, 2022
Third installment due	May 31, 2022
Personal property taxes in full	January 31, 2022
Final tax settlement with County	August 20, 2022
Tax deed by County – 2021	
Delinquent real estate taxes	October 2024

Accounts receivable have been shown net of an allowance for uncollectible accounts. No provision for uncollectible accounts receivable has been made for enterprise funds because of their right by law to place delinquent bills on the tax roll.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds”. Long term interfund loans are reported as “advances from and to other funds”.

Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

In the general fund financial statements, advances to other funds are offset equally by nonspendable fund balance which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation. Advances in all other governmental funds are classified in fund balance based on the availability of repayments for use.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

2. Receivables (continued)

For notes receivable, it is the City's policy to record unavailable revenue for the net amount of the receivable balance. As notes are repaid, revenue is recognized in accordance with the period of availability. When new notes are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenues when cash is received.

3. Inventories, Supplies and Prepaid Items

Governmental fund inventory items, except fuel inventory, are charged to expenditures when purchased. The fuel inventory is recorded at cost on a first-in first-out basis using the consumption method of accounting. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Proprietary fund materials and supplies are generally used for construction and for operation and maintenance work. They are not for sale. Material and supplies on hand at year-end are immaterial.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by agreements with external parties. Current liabilities payable from restricted assets are so classified. The net pension asset has been reported as restricted. This asset represents funds held by the Plan Trust, which can only be used to settle Plan obligations. The excess of restricted assets over current liabilities is shown as restricted net position.

5. Pensions and Benefit Obligations

For purposes of measuring the net pension liabilities (assets), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the Wisconsin Retirement System (WRS) and the City of Franklin Defined Benefit Retirement Income Plan (DPW) and additions to/deductions from WRS and DPW's fiduciary net position have been determined on the same basis as they are reported by WRS and DPW. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

5. Pensions and Benefit Obligations (continued)

For the purposes of measuring the net other post-employment benefit (OPEB) liability, deferred outflows of resources, and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Franklin Post Employment Benefits Trust and additions to/deductions from the City of Franklin Post Employment Benefits Trust's fiduciary net position have been determined on the same basis as they are reported by the City of Franklin Post Employment Benefits Trust. For this purpose, the City of Franklin Post Employment Benefits Trust recognizes the benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investments contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

6. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets with estimated useful lives of two years or more. Capital assets are recorded at historical cost or estimated historical cost if actual amounts are not available. Donated capital assets are recorded at acquisition value at the date of donation. Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead.

The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaces, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage value, is charged to the applicable function.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by asset type follows:

Buildings and improvements	5-50 Years
Machinery and equipment	2-30 Years
Water and sewer systems	20-100 Years
Infrastructure	20-90 Years

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

6. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same in the government-wide statements.

7. Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time. A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

In governmental funds, property taxes receivable, special assessments and interest revenue not yet due are not recognized as revenue in the current period. For the government-wide and proprietary fund type financial statements, special assessments and interest revenue are recognized as revenue in the current period. This leaves property tax receivable as a deferred inflow of resources in the statement of net position.

Certain items that affect the net pension asset(s)/liability(ies) are amortized over the period determined to be affected by the change. The balance at year-end of these items is report as deferred outflows of resources or deferred inflows of resources section of the statement of net position.

8. Compensated Absences

Under terms of employment, employees may earn compensatory time and are granted sick leave, severance pay and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. All vested compensatory time, severance pay and vacation pay are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured. For example a liability, as a result of employee resignations or retirements are payable with expendable available resources.

Payments for vested compensatory time, severance pay and vacation pay will be made at rates in effect when the benefits are used. Accumulated vested compensatory time, severance pay and vacation pay liabilities are determined on the basis of current salary rates and include salary related payments. Vacation and compensatory time are used on a first-in, first-out basis. Accordingly all accrued amounts are considered to be due within one year. Severance due within one year is estimated based on employee age and expected retirement.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

9. Long-term Obligations/Conduit Debt

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist of notes and bonds payable and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debt (plus any premium) is reported as other financing sources and payments of principal and interest are reported as expenditures. The proprietary fund accounting is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the interest rate method. The balance at year-end is shown as an increase or decrease in the liability section of the statement of net position.

The City has approved issuance of industrial development revenue bonds (IDRB) for the benefit of private business enterprises. IDRB's are secured by mortgages or revenue agreements on associated projects of the business enterprises. The IDRB's do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the financial statements. An IDRB originally issued with an aggregate principal amount of \$3,750,000 is outstanding with a balance of \$2,625,000 at December 31, 2021.

10. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the government funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in governmental fund financial statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

11. Equity Classifications

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation; and includes restricted assets reduced by liabilities related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- c. Unrestricted net position – The net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The net position section includes an adjustment for capital assets owned by the business-type activities column, but financed by the debt of the governmental activities column. The amount is a reduction of “net investment in capital assets”, and an increase in “unrestricted” net position, shown only in the total column. A reconciliation of this adjustment is as follows at year-end:

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 127,060,579	\$ 101,487,571	\$ (9,031,200)	\$ 219,516,950
Unrestricted	(17,759,104)	5,647,210	9,031,200	(3,080,694)
Total Net Position	\$ 109,301,475	\$ 107,134,781	\$ -	\$ 216,436,256

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY (continued)

11. Equity Classifications (continued)

Fund Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitation on the use of resources through either a commitment (commitment fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The City does not report any committed fund balance.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (Common Council) has by resolution authorized the Director of Finance & Treasurer to assign fund balance (Resolution 2014-7025). The Common Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

When committed, assigned and unassigned resources are available for use, it is the City's policy to use committed resources first, then assigned resources and then unassigned resources, as they are needed.

The City has adopted a fund balance policy (Res. 2016-7216) for all governmental funds supported by tax levy as follows: the ratio of year-end fund balance to current year expenditures shall target a range between 20% and 30%. The amount of fund balance will be taken into consideration when establishing the following year's budget. At least 15% of the succeeding year expenditure budget shall be maintained for working capital. Any nonspendable fund balance of the general fund shall be excluded from the ratio.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 C with the exception of transfers from the General Fund to Special Revenue Funds and tax equivalent from the Water Utility. Actual (budgetary basis) expenditures presented reflect actual (GAAP) expenditures. Actual (budgetary basis) revenue presents the tax equivalent from the Water Utility as tax revenue while GAAP basis statements present this item as a transfer. The budgetary statements also report the amount of remaining balance of encumbrances that represent a future uses of financial resources. Encumbrances are not included as actual expenditures on the budgetary statements.

A budget has been adopted for the General, Debt Service, TID #3, TID #4, TID #5, TID #5, TID #6, TID #7, TID #8, Library Operating, Library Auxiliary, Solid Waste Collection, Civic Celebrations, St. Martin's Fair, Donations, Grant, Tourism Commission, Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Improvement, Development, Sanitary Sewer and Water Utility funds. Budgets have not been formally adopted for other funds.

The budget amounts presented include any amendments made during the year. The City may authorize transfers of budget amounts within departments. Transfers between departments and changes to the overall budget must be approved by a two-thirds vote of the Common Council. Supplemental appropriations during the year were not significant. Appropriations lapse at the end of the year unless specifically carried over. Carryovers to the following year were not material. Budgets are adopted for personnel and non-personnel expenditures at the function level.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts and debt service levy), increased by the greater of the percentage change in the City's equalized value due to new construction, or 0%. Changes in debt service from one year to the next are generally exempt from this limit within certain exceptions. The City is required to reduce its allowable levy by the estimated amount of fee revenue increase it collects for certain services, if those services were funded in 2013 by the property tax levy. Levies can be increased above the allowable limits if the amount is approved by referendum. The Solid Waste fee was enacted prior to this restriction.

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

The City monitors General Fund expenditures at the Department personnel and non-personnel level (e.g. police personnel). The City prepares budget amendments for the General Fund at the Department level. Other funds are controlled at the activity level. For the year ended December 31, 2021, the following funds had expenditures exceeding budget:

Fund/Function	Budget Expenditures	Actual Expenditures	Excess Expenditures Over Budget
Tourism Commission Fund			
Conservation and development	\$ 345,424	\$ 346,749	\$ 1,325
Street Improvement Fund	1,000,000	1,059,274	59,274

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

The City maintains a cash and investment pool that is utilized by all funds. Each fund's portion of this pool is displayed on the statement of net position and balance sheet as cash and investments of the City. In addition, investments are separately held by several of the funds.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits (interest-bearing and noninterest-bearing). In addition, if deposits are held in institutions outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The City's bank accounts are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of \$400,000 per financial institution. However, although the fund had reserves available at December 31, 2021, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 35 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

The City maintains a collateral arrangement with its main bank to provide collateralization in excess of deposits maintained at the bank. The collateral is maintained in the form of a letter of credit from the Federal Home Loan Bank of Cincinnati in the amount of \$20,000,000. The City maintains both Non-FDIC insured and collateralized balances with an investment manager that deposits funds with US Banks. The funds are held in accounts "As Agent for its Customers". The manager utilizes FDIC insurance, third-party insurance and Federal Home Loan Bank letters of credit as collateral for balances.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

Cash and investments as shown on the December 31, 2021 statement of net position are subject to the following risks:

Financial Instruments	Carrying Value	Bank & Investment Balances	Associated Risks
Local Government Investment Pool	\$ 3,288,192	\$ 3,288,192	Credit, interest rate
Money market accounts	54,796,780	54,796,780	Custodial credit
Certificate of deposits	11,266,239	11,266,239	Custodial credit
U.S. Agencies	5,088,800	5,088,800	Custodial credit, interest rate, credit, and concentration of credit
Equity funds	14,993,092	14,993,092	Custodial credit
Fixed income funds	7,139,765	7,139,765	Credit and interest rate
Cash and demand deposits	32,011,543	23,630,250	Custodial credit
Petty cash	9,111	9,111	None
Total cash and investments	<u>\$ 128,593,522</u>	<u>\$ 120,212,229</u>	

Reconciliation to the financial statements is shown below:

Per statement of net position

Primary Government

Unrestricted cash and investments	\$ 64,925,781
Restricted cash and investments	482,900

Per statement of fiduciary net position - fiduciary funds

Custodial fund	40,900,000
Employee Benefit Trusts Funds	22,284,841
	<u>\$ 128,593,522</u>

Custodial Credit Risk For deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. As of December 31, 2021, \$3,380,250 of the City's total bank balances were uninsured and uncollateralized and therefore exposed to custodial credit risk.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

For Investments – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. All of the City’s investments subject to custodial credit risk have a tri-party relationship with the investments held in the City’s name by a party independent of the party managing the investment.

Credit Risk Credit risk is the risk that an issuer or other counterparty will not fulfill its obligation. The City’s policy requires a minimum credit rating of Aa3 at time of purchase. The City’s fixed income investments subject to credit risk include agencies securities, corporate asset backed securities, corporate bonds, government repurchase agreements and money market funds and were rated by Moody’s Investor Service.

As of December 31, 2021, the ratings as of investments subject to credit risk were as follows:

Aaa	Aa	A	Bbb
\$ 7,279,230	\$ 303,721	\$ 1,685,001	\$ 2,511,768
Bb	B	< B	Not Rated
\$ 158,349	\$ 193,886	\$ 82,247	\$ 3,302,555

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to a large investment position in a single issuer. As of the December 31, 2021 no issuer other than U.S. Treasury and Agency securities that have the full faith guarantee of the U.S. government had a position of greater than 5% of the portfolio.

Interest Rate Risk Interest rate risk is the risk that rising interest rates will have an adverse impact on the fair value of the investments in the portfolio. The longer the maturities in the portfolio the greater the risk of loss is in portfolio value. The portfolio policy limits this risk by limiting the length of permitted investments and limits the purchase of investments highly sensitive to market changes.

As of December 31, 2021, the City’s investments exposed to interest rate risk were as follows:

Investment Type	Fair Value	Investment Maturity in Years			
		Less than 1	2 - 3	4 - 5	6 - 7
U.S. Agencies	\$ 5,088,800	\$ 4,581,263	\$ 507,537	\$ -	\$ -
Fixed income funds	7,139,765	341,817	807,382	843,682	5,146,884
LGIP	3,288,192	3,288,192	-	-	-
	\$ 15,516,757	\$ 8,211,272	\$ 1,314,919	\$ 843,682	\$ 5,146,884

The City categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

The valuation method for recurring fair value measurements are as follows:

Market approach – prices or other information from market transactions involving identical or similar assets.

The following table summarizes the City’s investments reported at fair value:

	As of December 31, 2021			
	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ -	\$ 5,088,800	\$ -	\$ 5,088,800
Equity funds	14,993,092	-	-	14,993,092
Fixed income funds	7,139,765	-	-	7,139,765
	<u>\$ 22,132,857</u>	<u>\$ 5,088,800</u>	<u>\$ -</u>	<u>\$ 27,221,657</u>

B. RECEIVABLES

Receivables consist of accounts, taxes, notes, interest, due from other governments and special assessments. Receivables are reported net of uncollectible amounts. The reserve for bad debts, principally for personal property taxes and ambulance revenue, was \$126,059 at December 31, 2021. Other than the special assessment receivables, all other receivables are expected to be collected within one year.

Governmental funds report unavailable or unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources resulting from unavailable revenue and unearned revenue were as follows:

	Unavailable	Tax Levy/ Unearned	Total
Governmental fund:			
Subsequent year property taxes	\$ -	\$ 25,508,823	\$ 25,508,823
Charges for services on tax roll	-	1,607,494	1,607,494
Note receivable	3,347,737	-	3,347,737
Special assessments not yet due	224,592	-	224,592
Total deferred inflows of resources for governmental funds	<u>\$ 3,572,329</u>	<u>\$ 27,116,317</u>	<u>\$ 30,688,646</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS

In 2011, the City entered into an intergovernmental cooperation agreement with another government for the construction and financing of the Ryan Creek Interceptor Sewer. The terms of this agreement include that the other government will reimburse the City for substantially all of the debt service costs resulting from the City taking on a State Clean Water Fund Loan. Those reimbursements started in 2015 and will continue over the life of the loan, ending in 2031. This is presented as due from other governments in the statement net position. Annual principal and interest payments to maturity received as part of this agreement are as follows:

Year Ending December 31	Business-Type Activities	
	Principal	Interest
2022	\$ 1,338,839	\$ 352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026	1,475,638	213,681
2027-2031	7,941,364	498,299
Total	<u>\$ 14,973,399</u>	<u>\$ 1,917,122</u>

D. RESTRICTED ASSETS

In accordance with the City's ordinance enacting a sewer user charge system and regulations of the Department of Natural Resources, the Sanitary Sewer Fund – an Enterprise Fund, incorporated an equipment replacement charge as a component of the rate structure to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. Revenue generated from this charge is accumulated and used for replacement of certain equipment. The balance in this account at December 31, 2021 is \$482,900.

Restricted assets have been reported in connection with the net pension and OPEB asset balances since these balances must be used to fund employee benefits.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not depreciated				
Land	\$ 26,367,796	\$ 917,853	\$ -	\$ 27,285,649
Construction in progress	5,630,865	588,197	3,106,980	3,112,082
Total assets, not depreciated	<u>31,998,661</u>	<u>1,506,050</u>	<u>3,106,980</u>	<u>30,397,731</u>
Capital assets, depreciated				
Buildings & improvements	29,057,720	27,381	-	29,085,101
Machinery & equipment	20,172,843	2,371,677	871,864	21,672,656
Infrastructure	123,915,126	7,462,366	115,868	131,261,624
Total assets, depreciated	<u>173,145,689</u>	<u>9,861,424</u>	<u>987,732</u>	<u>182,019,381</u>
Less: Accumulated depreciation for:				
Buildings & improvements	12,282,673	781,937	-	13,064,610
Machinery & equipment	12,826,901	1,136,347	755,436	13,207,812
Infrastructure	36,462,058	2,202,601	115,868	38,548,791
Total accumulated depreciation	<u>61,571,632</u>	<u>4,120,885</u>	<u>871,304</u>	<u>64,821,213</u>
Total depreciable assets, net of accumulated depreciation	<u>111,574,057</u>	<u>5,740,539</u>	<u>116,428</u>	<u>117,198,168</u>
Governmental activities capital assets, net accumulated depreciation	<u>\$ 143,572,718</u>	<u>\$ 7,246,589</u>	<u>\$ 3,223,408</u>	<u>\$ 147,595,899</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 285,425
Public safety	736,720
Public works	2,638,333
Health & human services	1,128
Culture & recreation	458,631
Conservation & development	648
Total governmental activities depreciation	<u>\$ 4,120,885</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS (continued)

Business-type activities capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not depreciated				
Land	\$ 888,479		\$ -	\$ 888,479
Construction in progress	6,609,781	229,950	-	6,839,731
Total assets, not depreciated	<u>7,498,260</u>	<u>229,950</u>	<u>-</u>	<u>7,728,210</u>
Capital assets, depreciated				
Buildings & improvements	6,739,801	-	-	6,739,801
Machinery & equipment	5,832,024	217,429	222,292	5,827,161
Infrastructure	147,850,918	2,212,078	-	150,062,996
Total assets, depreciated	<u>160,422,743</u>	<u>2,429,507</u>	<u>222,292</u>	<u>162,629,958</u>
Less: Accumulated depreciation for:				
Buildings & improvements	2,348,860	196,980	-	2,545,840
Machinery & equipment	4,003,788	348,813	222,292	4,130,309
Infrastructure	42,933,967	3,048,419	-	45,982,386
Total accumulated depreciation	<u>49,286,615</u>	<u>3,594,212</u>	<u>222,292</u>	<u>52,658,535</u>
Total depreciable assets, net of accumulated depreciation	<u>111,136,128</u>	<u>(1,164,705)</u>	<u>-</u>	<u>109,971,423</u>
Business-type activities capital assets, net accumulated depreciation	<u>\$ 118,634,388</u>	<u>\$ (934,755)</u>	<u>\$ -</u>	<u>\$ 117,699,633</u>

Depreciation expense was charged to functions as follows:

Business-type Activities	
Water Utility	\$ 1,362,597
Sanitary Sewer Utility	2,231,615
	<u>\$ 3,594,212</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

F. LEASE DISCLOSURES

Operating Leases

The City has entered into several lease agreements with telecommunications companies, wherein the City has agreed to allow the use of water utility property for the purpose of telecommunication relays. Revenue from the activity totaled \$153,100 for the year ended December 31, 2021. Future minimum lease payments to be received by the City in conjunction with these leases are as follows:

Year	Governmental Activities	Business-type Activities	Total
2022	\$ 76,457	\$ 76,457	\$ 152,914
2023	78,367	78,367	156,734
2024	46,457	46,457	92,914
2025	15,750	15,750	31,500
	<u>\$ 217,031</u>	<u>\$ 217,031</u>	<u>\$ 434,062</u>

G. INTERFUND RECEIVABLES / PAYABLES, ADVANCES, AND TRANSFERS

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. In all cases amounts are repaid within one year. There were no interfund receivables or payables at December 31, 2021.

Advances

The City of Franklin provides short- and long-term advances to its TIF Districts and Water Utility. The amounts advanced are either from proceeds of a borrowing or from fund reserves. They are used to enable the TIF Districts to carry out approved project plans. The TIF Districts interest rate is based upon the interest rate incurred by the debt service fund on its borrowings or the reinvestment rate available to other funds. The advances will be repaid as the TIF Districts have resources available.

In 2017, the City made an advance payment on the Public Works Defined Benefit Pension Plan. In doing so, advanced \$155,700 to the Water Utility on a 10-year note to aid the Water Utility portion of the payment. In 2019, the development fund advanced \$1.5 million to TIF District #7 as funding for a 10-year Mortgage to a Developer. Additionally, advances are made from the General fund and Development fund to finance project plan expenditures. The balances at December 31, 2021 were:

Payable Fund	Receivable Fund			Due within One Year
	General Fund	Development Fund	Total	
TIF Districts	\$ 100,000	\$ 2,800,000	\$ 2,900,000	\$ 1,200,000
Water Utility	89,700	-	89,700	17,750
	<u>\$ 189,700</u>	<u>\$ 2,800,000</u>	<u>\$ 2,989,700</u>	<u>\$ 1,217,750</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

G. INTERFUND RECEIVABLES / PAYABLES, ADVANCES, AND TRANSFERS (continued)

Transfers

Generally, transfers are used to (1) move revenue from the funds that collect them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund and (3) use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers as presented on the fund financial statements during the year ended December 31, 2021 were as follows:

	Transfer Out				Fund Totals
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Enterprise Funds	
Transfer In					
General Fund	\$ -	\$ -	\$ -	\$ 1,017,790	\$ 1,017,790
Debt Service Fund	-	-	480,694	-	480,694
Nonmajor Governmental Funds	374,000	23,200	69,797	-	466,997
	<u>\$ 374,000</u>	<u>\$ 23,200</u>	<u>\$ 550,491</u>	<u>\$ 1,017,790</u>	<u>\$ 1,965,481</u>

A reconciliation of fund statement transfers to government wide transfers for the year ended December 31, 2021 is as follows:

	Governmental Funds	Enterprise Funds
Transfers in, per fund statements	\$ 1,965,481	\$ -
Transfers out, per fund statements	(947,691)	(1,017,790)
Municipality-financed addition to Utility Plant	(325,055)	325,055
Governmental-wide transfers	<u>\$ 692,735</u>	<u>\$ (692,735)</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS

General Obligation Debt

Long-term liabilities for the year ended December 31, 2021 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Governmental Activities					
General obligation debt	\$ 50,320,000	\$ 5,545,000	\$ 2,445,000	\$ 53,420,000	\$ 2,825,000
Premium	614,680	218,807	93,932	739,555	-
Subtotal	<u>50,934,680</u>	<u>5,763,807</u>	<u>2,538,932</u>	<u>54,159,555</u>	<u>2,825,000</u>
Compensated absences					
Accrued vacation pay	474,663	1,176,416	1,154,524	496,555	496,555
Accrued severance pay	1,677,619	-	238,009	1,439,610	295,400
Accrued compensatory time	205,676	341,668	317,576	229,768	229,768
Total compensated absences	<u>2,357,958</u>	<u>1,518,084</u>	<u>1,710,109</u>	<u>2,165,933</u>	<u>1,021,723</u>
Net OPEB obligation	<u>835,794</u>	<u>-</u>	<u>835,794</u>	<u>-</u>	<u>-</u>
Governmental activities long-term obligations	<u>\$ 54,128,432</u>	<u>\$ 7,281,891</u>	<u>\$ 5,084,835</u>	<u>\$ 56,325,488</u>	<u>\$ 3,846,723</u>

The governmental activities compensated absences, net pension liabilities, and OPEB liabilities primarily accrue to and are paid from the City's general fund.

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Business-type Activities					
General obligation debt	\$ 960,000	\$ 3,005,000	\$ 60,000	\$ 3,905,000	\$ 160,000
General obligation debt from direct borrowings	16,280,069	-	1,306,669	14,973,400	1,338,839
Premium	-	116,346	-	116,346	7,576
Discount	(7,320)	-	(949)	(6,371)	-
Subtotal	<u>17,232,749</u>	<u>3,121,346</u>	<u>1,365,720</u>	<u>18,988,375</u>	<u>1,506,415</u>
Compensated absences					
Accrued vacation pay	46,362	52,078	50,856	47,584	47,584
Accrued severance pay	83,216	5,330	-	88,546	8,612
Accrued compensatory time	24,538	4,372	3,254	25,656	2,900
Total compensated absences	<u>154,116</u>	<u>61,780</u>	<u>54,110</u>	<u>161,786</u>	<u>59,096</u>
Net OPEB obligation	<u>40,300</u>	<u>-</u>	<u>40,300</u>	<u>-</u>	<u>-</u>
Business-type activities long-term obligations	<u>\$ 17,427,165</u>	<u>\$ 3,183,126</u>	<u>\$ 1,460,130</u>	<u>\$ 19,150,161</u>	<u>\$ 1,565,511</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

Details of general obligation notes and bonds payable as of December 31, 2021 are as follows:

Governmental Activities			Maturity	Interest	Original		Balance at
Issuance	Date of Issue	Interest Rate	Dates	Payable	Amount		12/31/2021
General obligation notes - 2014A	12/18/2014	2.0 - 5.0%	3/1/15 - 24	3/1 & 9/1	\$ 5,320,000	1	\$ 990,000
General obligation notes - 2017B	12/21/2017	2.5 - 3.0%	3/1/19 - 27	3/1 & 9/1	1,630,000	4	1,465,000
General obligation bonds - 2019A	2/20/2019	3.0 - 3.5%	3/1/20 - 32	3/1 & 9/1	13,685,000	6	12,055,000
General obligation bonds - 2019B	2/20/2019	3.0 - 4.0%	3/1/22 - 34	3/1 & 9/1	6,365,000	7	6,365,000
General obligation bonds - 2019C	12/4/2019	1.75 - 3.05%	3/1/22 - 37	3/1 & 9/1	12,360,000	8	12,360,000
General obligation notes - 2019D	12/4/2019	2.0 - 3.0%	3/1/20 - 27	3/1 & 9/1	2,285,000	4	2,050,000
General obligation bonds - 2020A	12/10/2020	1.6 - 2.05%	3/1/20 - 37	3/1 & 9/1	9,545,000	5	9,545,000
General obligation bonds - 2020B	12/10/2020	1.0 - 2.0%	3/1/20 - 34	3/1 & 9/1	3,045,000	9	3,045,000
General obligation notes - 2021A	11/17/2021	2.0%	3/1/22 - 30	3/1 & 9/1	2,040,000	10	2,040,000
General obligation bonds - 2021B	12/2/2021	2.0 - 3.0%	3/1/22 - 41	3/1 & 9/1	3,505,000	11	3,505,000
Total Governmental Activities							<u>\$ 53,420,000</u>
Business-type Activities			Maturity	Interest	Original		Balance at
Issuance	Date of Issue	Interest Rate	Dates	Payable	Amount		12/31/2021
Clean Water Loan*	1/25/2012	2.46%	5/1/14 - 31	5/1 & 11/1	\$ 27,562,754	2	\$ 14,973,400
General obligation bonds - 2019A	12/18/2014	2.0 - 3.125%	3/1/15 - 34	3/1 & 9/1	1,290,000	3	900,000
General obligation bonds - 2021B	12/2/2021	2.0 - 3.0%	3/1/22 - 41	3/1 & 9/1	3,005,000	11	3,005,000
Total Business-type Activities							<u>\$ 18,878,400</u>

*Direct Borrowing

- 1 - Issued 63% for capital TIF purposes and 37% for general capital purposes
- 2 - Issued for a sewer extension on West Ryan Road
- 3 - Issued for water building purposes
- 4 - Issued for general capital improvement purposes
- 5 - Refunded 2018A NAN for projects in TID #5
- 6 - Issued to refund \$10 million of the 2018A NANs and a developer grant in TID #3

- 7 - Issued for infrastructure projects in TID #6
- 8 - Issued to refund \$4 million of the 2018A NAN, capital projects in TID #5 and #7 and finance a developer mortgage in TID #7
- 9 - Issued for capital projects in TID #6
- 10 - Issued for Capital Improvement Plan and Acquisition of Vehicles and Equipment
- 11 - Issued for sewerage projects and infrastructure projects

Annual principal and interest payments to maturity on general obligation notes and bonds payable are as follows:

Year Ending December 31	Governmental Activities		Business-Type Activities Non-Direct Borrowings	
	Principal	Interest	Principal	Interest
2022	\$ 2,825,000	\$ 1,300,617	\$ 160,000	\$ 76,621
2023	2,465,000	1,253,260	160,000	89,288
2024	2,970,000	1,177,998	160,000	84,488
2025	3,040,000	1,094,710	170,000	79,538
2026	3,445,000	1,005,666	180,000	74,288
2027 - 2031	21,560,000	3,381,393	1,010,000	286,966
2032 - 2036	14,000,000	1,054,755	1,060,000	154,322
2037 - 2041	3,115,000	93,230	1,005,000	51,550
	<u>\$ 53,420,000</u>	<u>\$ 10,361,629</u>	<u>\$ 3,905,000</u>	<u>\$ 897,061</u>

Year Ending December 31	Business-Type Activities Direct Borrowings	
	Principal	Interest
2022	\$ 1,338,839	\$ 352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026	1,475,638	213,682
2027 - 2031	7,941,365	498,299
	<u>\$ 14,973,400</u>	<u>\$ 1,917,123</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

The City's statutory debt limit and margin of indebtedness at December 31, 2021 are as follows:

2021 Equalized value	\$ 4,887,373,400
Wisconsin limit	5.00%
Statutory debt limit	<u>\$ 244,368,670</u>
Total general obligation debt	<u>\$ 72,298,400</u>
Margin of indebtedness	<u><u>\$ 172,070,270</u></u>

Municipal Revenue Obligations

In 2018, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$3,500,000 and is payable to the developer solely from tax increments collected from a development in TID #5. No payment was made in 2021. The MRO bears interest at 5.5% payable on March 1 annual. The balance of the MRO was \$3,500,000 at December 31, 2021.

In 2020, the City issued an MRO as part of a development agreement. The amount of the obligation was \$14,952,000 and is payable to the developer solely from tax increments collected from a development in TID #7. No payment was made in 2021. The MRO bears no interest. The balance of the MRO was \$14,952,000 at December 31, 2021. The MRO is payable from tax increment collected until 2040

The MROs described in the preceding paragraphs do not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the City. Since the amount of the future payments is contingent on the collection of future TID increments, the obligations are not reported as a liability in the accompanying financial statements.

Clean Water Fund Loan Programs

The City's outstanding notes from direct borrowings related to business type activities of \$14,973,400 contain the following provisions in the event of a default: 1) Wisconsin Department of Administration can deduct amounts due from any state payments due to the City or add the amounts due as a special charge to the property taxes apportioned; 2) may appoint a receiver for the Program's benefit; 3) may declare the principal amount immediately due and payable; 4) may enforce any right or obligation under the financing agreement including the right to seek specific performance or mandamus; and 5) may increase the interest rate set forth in the financing agreement to the market interest rate.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

I. NET POSITION/FUND BALANCES

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2021 include the following:

Governmental Activities

Net investment in capital assets		
Land	\$	27,285,649
Construction in process		3,112,082
Other capital assets, net of accumulated depreciation		117,198,168
Less: Related long-term debt outstanding		(25,001,200)
Unspent bond proceeds		4,465,880
Net investment in capital assets	\$	<u>127,060,579</u>

Business-type Activities

Net investment in capital assets		
Land	\$	888,479
Construction in process		6,839,731
Other capital assets, net of accumulated depreciation		109,971,423
Less: Related long-term debt outstanding		(18,988,375)
Unspent bond proceeds		2,776,313
Net investment in capital assets	\$	<u>101,487,571</u>

Governmental Fund Balances

Reported on the fund financial statements at December 31, 2021 include the following:

Nonspendable

General fund - advances	\$	189,700
General fund - prepaid items and inventories		59,359
Nonmajor governmental funds - prepaid items and inventories		2,253
Total nonspendable	\$	<u>251,312</u>

Restricted

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

I. NET POSITION/FUND BALANCES (continued)

Governmental Fund Balances (continued)

Debt service	\$	506,680
Utility improvements		2,495,759
Development		9,139,670
TIF Districts		5,518,496
Grants and donations		282,685
Health services		82,047
Library services		641,337
Solid waste		431,521
Recreational services		94,009
Tourism commission		234,111
Total restricted	<u>\$</u>	<u>19,426,315</u>
 <u>Assigned</u>		
General fund - purchase orders:	\$	-
Information services		9,324
Municipal buildings		25,000
Police department		48,657
Highway		65,645
Street lighting		14,991
Parks		5,333
Planning		5,909
Capital projects:		
Capital outlay		1,004,798
Equipment replacement		2,230,217
Capital improvement		3,140,440
Street improvement		940,163
Total restricted	<u>\$</u>	<u>7,490,477</u>
 <u>Unassigned</u>		
General fund	\$	9,452,112
TIF Districts (deficit)		(460,386)
Nonmajor governmental funds (deficit)		(22,399)
Total unassigned	<u>\$</u>	<u>8,969,327</u>
Total fund balance	<u>\$</u>	<u>36,137,431</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

Wisconsin Retirement System (Protective Occupation Employees Only)

General Information about the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Post-Retirement Adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system’s consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the “floor”) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2011	(1.2)	11.0
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,508,849 contributions from the employer.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

Contribution rates as of December 31, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported a liability (asset) of (\$7,313,513), for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the City's proportion was 0.11714482%, which was an increase of 0.01360958%, from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized total pension expense (benefit) of (\$344,734), of which (\$725,604) relates to WRS Pension, including duty disability payments.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,584,899	\$ 2,279,968
Changes in assumptions	165,884	-
Net differences between projected and actual earnings on plan investments		13,730,525
Changes in proportion and differences between employer contributions and proportionate share of contributions	252,184	12,083
Contributions made subsequent to the measurement date	1,563,735	
Total	\$ 12,566,702	\$ 16,022,576

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The \$1,563,735 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction (addition) of the net pension liability (asset) in the year ended December 31, 2022 for the City. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (benefit) as follows:

Year Ended December 31:	Amortization of Deferred Outflows & Deferred Inflows of Resources (Net)
2022	\$ (1,280,392)
2023	(292,692)
2024	(2,420,501)
2025	(1,026,024)

Actuarial assumptions. The Total Pension Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

Long-term expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

**Asset Allocation Targets and Expected Returns
As of December 31, 2020**

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Single Discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s proportionate share of the Net Pension Liability (Asset) to changes in the discount rate. The following presents the City’s proportionate share of the Net Pension Liability (Asset) calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the Net Pension Liability (Asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City’s Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 6,961,451</u>	<u>\$ (7,313,513)</u>	<u>\$ (17,798,368)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN

General Information about the Pension Plan

Plan Description - The City sponsors the City of Franklin Defined Benefit Retirement Income Plan, a single employer defined benefit pension plan covering eligible public works employees. The assets of this Plan are administered by Principal Life Insurance Company. An annual financial report may be obtained by writing to the plan administrator at Principal Financial Group, P.O. Box 9693, Des Moines, IA 50306-9396.

Vesting – Participants with five years of credible service are 50% vested in the plan. Upon reaching 10 years of credible service participants are fully vested in the plan.

Benefits provided – The City of Franklin Defined Benefit Retirement Income Plan provides retirement benefits to former bargaining employees of the City that are not covered under Wisconsin State Pension Plan (Wisconsin Retirement System), or who are regular part-time employees as defined by Civil Service and who have a minimum of 6 months of service. Employees who retire at or after age 60 are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) average compensation at retirement, (2) years of creditable service, and (3) a formula factor.

Average compensation at retirement is the average of the participant's three highest consecutive years' earnings out of the ten latest years prior to retirement. Creditable service is the creditable current and prior service expressed in years or fractional partial years for which a participant receives earnings. The formula factor is a standard percentage based on the plan provisions.

Employees may retire at age 55, with a minimum of 10 completed years of service and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may receive either normal retirement benefits at normal retirement date, or a lump-sum cash payment of participant's vested accumulations.

The plan also provides death and disability benefits for employees.

Participating employees - Membership in the plan as of date of study consisted of the following classes of participants:

Active employees	23
Terminated vested participants	12
Retirees	26
Total participants	<u>61</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN (continued)

General Information about the Pension Plan (continued)

Contributions - Contribution requirements are established through action of the City Council and may be amended only through city ordinance. Employees make a non-elective and non-discretionary pension contribution that is equal to 8.2% of their payroll. The City contributes all remaining amounts necessary to fund the pension plan. During the reporting period, contributions of \$581,000 were made by the City to the plan.

Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the City reported a liability (asset) of (\$81,827) for its net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Current year changes in the net pension liability (asset) were as follows:

	Total Pension Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2020	\$ 10,538,273	\$ 10,596,169	\$ (57,896)
Changes for the year:			
Service cost	142,398	-	142,398
Interest	676,516	-	676,516
Difference between expected and actual experience	378,725	-	378,725
Assumption changes or inputs	788,964	-	788,964
Contributions - employer	-	581,000	(581,000)
Net investment income	-	1,448,664	(1,448,664)
Administrative expenses	-	(19,130)	19,130
Benefit payments	(513,694)	(513,694)	-
Balance at December 31, 2021	<u>\$ 12,011,182</u>	<u>\$ 12,093,009</u>	<u>\$ (81,827)</u>

Plan fiduciary net position as a percentage of the total Pension liability 100.68%

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN (continued)

Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 230,617	\$ 146,012
Changes in assumptions	562,302	192,324
Net differences between projected and actual earnings on plan investments		1,057,347
Contributions made subsequent to the measurement date	260,336	
Total	\$ 1,053,255	\$ 1,395,683

The \$260,336 reported as deferred outflows related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction (increase) of the net pension liability (asset) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (benefit) as follows:

Year Ended December 31:	Amortization of Deferred Outflows & Deferred Inflows of Resources (Net)
2022	\$ (62,715)
2023	(2,995)
2024	(382,903)
2025	(154,151)

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN (continued)

Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions - The pension liability in the December 31, 2020 actuarial valuation was determined use the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Asset	December 31, 2020
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Market Value
Long-term Expected Rate of Return:	6.00%
Discount Rate:	6.00%
Salary Increases - Seniority / Merit:	4.00%
Mortality:	Based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement rates using the MP-2019 mortality improvement scale

Actuarial assumptions are based upon an experience study conducted in 2019 using historical experience. The total pension liability for December 31, 2021 is based upon the liability calculated from the December 31, 2020 actuarial valuation.

Long-term Expected Return on Plan Assets - The long-term expected rate of return on pension plan investments was determined using the weighted average rate based on the target asset allocation and the Long-Term Capital Market Assumptions. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-term Real Rate of Return	Target Allocation
US Equity - Large Cap	7.70%	36.83%
US Equity - Mid Cap	8.00%	4.17%
US Equity - Small Cap	8.55%	2.05%
Non-US Equity	8.00%	13.80%
Real Estate (District Property)	5.35%	5.89%
Core Bond	2.60%	35.11%
High Yield Bond	5.45%	2.16%

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN (continued)

Pension Liabilities/Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate - A discount rate of 6.00% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.00% and a long-term bond rate of 3.09%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City's net pension liability (asset) calculated using the discount rate of 6.00%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease to Discount Rate (5.00%)	Current Discount Rate (6.00%)	1% Increase to Discount Rate (7.00%)
City's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,257,033</u>	<u>\$ (81,827)</u>	<u>\$ (1,214,979)</u>

For the year ended December 31, 2021, the City recognized pension expense \$380,870 related to the City of Franklin Defined Benefit Retirement Income Plan.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

B. DEFINED CONTRIBUTION PLAN

Based on City ordinances all eligible City of Franklin non-protective employees (except public works employees) participate in the City of Franklin Defined Contribution Plan (the “Plan”). The Plan assets are administered by the Principal Life Insurance Company.

Employees after completing six months of service with the City are eligible to participate. The Plan requires the City to make periodic contributions to each participant’s account equal to 10% of such participant’s annual compensation. Employees are required to make contributions of 5% of wages. A participant’s accrued benefit for City contributions is 100% vested and non-forfeitable upon death, normal retirement, early retirement or permanent and total disability as defined in the Plan. If employment is terminated for any other reason, each participant’s accrued benefit vests at various percentages, based on years of service. During 2021, total contributions of \$65,740 or 10% of covered payroll were made. The City contributed \$32,870 and employees \$32,870. The City may make amendments to the Plan

C. POST EMPLOYMENT HEALTH CARE BENEFITS

Plan administration and description – The City administers the City of Franklin Post-Employment Benefit Trust (City OPEB Plan), a single employer defined benefit OPEB plan that is used to provide post-employment health care benefits for all eligible full-time employees of the City. Management of the City OPEB Plan is vested in the City’s Common Council. Separate financial statements are not prepared for the City OPEB Plan.

Benefits provided – City of Franklin eligible full time employees meeting minimum age and service requirements may receive group health care benefits at a reduced cost during the period from their normal retirement date until they reach age 65. This results in another post-employment benefit obligation for those groups. These groups commonly have higher medical costs than anticipated in the blended premium rates. That differential is referred to as an implicit rate subsidy.

Employees covered by benefit terms – At December 31, 2021, the following employees were covered by the benefit terms:

Active employees	208
Inactive employees entitled to, by not yet receiving benefits	-
Retirees	25
Total participants	233

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Contributions – Contribution requirements are established by either City ordinance or collective bargaining and may be amended only by the groups establishing the requirements. The City’s periodic contribution is determined and fixed at the time of retirement. The retiree pays the balance of the periodic blended premium. The eligibility for the benefit follows:

Employee Group	#	City Amount	Age	Years of Service
Non-represented	73	75% of Premium at Retirement	62	20
Police	69	75% of Premium at Retirement	53	15
Dispatch	14	75% of 2005 Premium	62	20
Fire	48	75% of Premium at Retirement	53	20
DPW	29	75% of Premium at Retirement	60	15
	233			

Investment policy – The City is authorized to invest funds of the City OPEB Plan in accordance with the City’s investment policy for the City OPEB Plan.

The long-term expected rate of return on OPEB plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity (maximum)	75.00%	10.00%
Domestic equity (maximum)	25.00%	10.00%
Fixed income (maximum)	50.00%	2.50%
Fixed income (maximum)	25.00%	2.50%

Concentrations – All OPEB plan assets have been invested in bonds and equity securities. See Note 3.A for additional information.

Rate of return – The annual money-weighted rate of return on investments, net of investment expense for 2021 was 15.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Actuarial assumptions – The City’s net OPEB liability (asset) was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of December 31, 2021.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% average, including	
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation	
Healthcare cost trend rates	2022	4.70%
	2023	4.50%
	2024	4.40%
	2025	4.40%
	2026	4.30%
	2027-2028	4.20%
	2029-2034	4.10%
	2035-2042	4.20%
	2043-2050	4.30%
	2051-2064	4.20%
	2065	4.10%
	2066-2067	4.00%
	2068-2069	3.90%
	2070-2071	3.80%
	2072	3.70%
	2073+	3.60%

Mortality rates were based on a blend of the Death-in-Service and Retired Lives mortality rates from the “Wisconsin Retirement System 2015-2017 Experience Study” with the MP-2018 generational improvement scale, multiplied by 50%.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2017.

Discount rate – The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the City’s contributions will be made at rates equal to the actuarially determined contribution rates over the next 40 years. This rate is a blend of expected earnings on Plan assets and the current yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

	Total OPEB Liability (a)	Increase (Decrease) in Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance at December 31, 2020	\$ 8,671,008	\$ 7,794,914	\$ 876,094
Changes for the year:			
Service cost	238,367	-	238,367
Interest	563,984	-	563,984
Economic/demographic gains or losses	(195,804)	-	(195,804)
Assumption changes or inputs	(1,186,931)	-	(1,186,931)
Contributions - employer	-	374,367	(374,367)
Contributions - employees	-	147,403	(147,403)
Net investment income	-	1,237,939	(1,237,939)
Administrative expenses	-	(8,000)	8,000
Benefit payments	(472,857)	(472,857)	-
Estimated balance at December 31, 2021	<u>7,617,767</u>	<u>9,073,766</u>	<u>(1,455,999)</u>
Difference between estimated and actual Plan fiduciary Net Position	-	(23,651)	23,651
Actual Balance at December 31, 2021	<u>\$ 7,617,767</u>	<u>\$ 9,050,115</u>	<u>\$ (1,432,348)</u>
Plan fiduciary net position as a percentage of the total OPEB liability			118.80%

Sensitivity of the net OPEB liability (asset) to changes in the discount rate and healthcare cost trend rates – The following presents the net OPEB liability (asset) of the City, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower of one-percentage-point higher than the current discount rate:

	1% Decrease to Discount Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase to Discount Rate (7.50%)
City's Net OPEB Liability (Asset)	<u>\$ (888,150)</u>	<u>\$ (1,432,348)</u>	<u>\$ (1,935,950)</u>
	1% Decrease to Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase to Healthcare Cost Trend Rates
City's Net OPEB Liability (Asset)	<u>\$ (1,672,564)</u>	<u>\$ (1,432,348)</u>	<u>\$ (1,221,718)</u>

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the year ended December 31, 2021, the City recognized OPEB expense (benefit) of (\$58,934).

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101,693	\$ 335,478
Changes in assumptions	160,505	1,055,633
Net differences between projected and actual earnings on plan investments		909,130
Total	<u>\$ 262,198</u>	<u>\$ 2,300,241</u>

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) as follows:

Year Ended December 31:	Amortization of Deferred Outflows & Deferred Inflows of Resources (Net)
2022	\$ (361,306)
2023	(489,142)
2024	(336,904)
2025	(287,398)
2026	(141,405)
Thereafter	(421,888)

The City does not report a payable for any outstanding amount of contributions to the City OPEB Plan as of December 31, 2021.

D. CONTINGENCIES AND COMMITMENTS

The City at times is party to claims and legal proceedings. Although the outcome of such matters is not presently determinable, it is the opinion of City management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

D. CONTINGENCIES AND COMMITMENTS (continued)

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City receives impact fees for new development projects. The fees are to be used to fund specific projects within a specific period of time. In the event the projects are not completed or the time period elapses, the City will be required to refund the impact fees to the current owners of properties that the fees were originally collected.

Funding for the operating budget of the City comes from many sources, including property taxes, grants and aids from other units of government, user fees, fines and permits and other miscellaneous revenue. The State of Wisconsin provides a variety of aid and grant programs that benefit the City. Those aid and grant programs are dependent on continued approval and funding by the Wisconsin governor and legislature, through their budget process. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on future operating results of the City.

E. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, natural disasters, and workers' compensation claims that the City carries commercial insurance. No significant reductions in insurance coverage occurred for any risk of loss in the past year, and settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The City also offers a group medical and dental insurance plan to employees for which the City is self-insured. This activity is accounted for in the City's Self Insurance Internal Service Fund. Group medical and dental costs are charged to City departments and retirees participating in the program. A third-party administrator handles claims payments. The City carries stop loss insurance for claims in excess of \$60,000 per year per individual and \$75,000 per year per group. Liabilities are reported when it is probable that claims have occurred and the amount of the claim can be reasonably estimated. Liabilities include an estimated amount for claims that have been incurred but not reported ("IBNR").

Changes in the balance of claims payable for the two years ended December 31, 2020 and 2021 are as follows:

Fiscal Year	Balance Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Balance End of Year
2021	\$ 311,800	\$ 2,896,355	\$ 2,896,355	\$ 311,800
2020	175,000	2,656,379	2,519,579	311,800

**CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 - OTHER INFORMATION (continued)

F. SUBSEQUENT EVENTS

Management evaluated subsequent events through REPORT DATE, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to REPORT DATE that provided additional evidence about conditions that existed at December 31, 2021, have been recognized in the financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended December 31, 2021.

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(ASSET) – WISONSIN RETIREMENT SYSTEM
YEAR ENDED DECEMBER 31, 2021

WRS Fiscal Year Ending Date	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2014	0.084116700%	\$ (2,065,567)	\$ 8,071,472	-25.59%	102.74%
12/31/2015	0.082739220%	1,344,496	8,459,850	15.89%	98.20%
12/31/2016	0.084036620%	692,662	8,682,689	7.98%	99.12%
12/31/2017	0.087815360%	(2,607,342)	8,950,304	-29.13%	102.93%
12/31/2018	0.091598830%	3,258,799	9,094,718	35.83%	96.45%
12/31/2019	0.103535240%	(3,338,448)	13,827,279	-24.14%	102.96%
12/31/2020	0.117144820%	(7,313,513)	15,176,375	-48.19%	105.26%

SCHEDULE OF EMPLOYER CONTRIBUTIONS – WISONSIN RETIREMENT SYSTEM
YEAR ENDED DECEMBER 31, 2021

City Fiscal Year Ending Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 689,692	\$ 689,692	\$ -	\$ 8,459,850	8.15%
12/31/2016	869,137	869,137	-	8,682,689	10.01%
12/31/2017	1,074,037	1,074,037	-	8,950,304	12.00%
12/31/2018	1,119,560	1,119,560	-	9,094,718	12.31%
12/31/2019	1,380,924	1,380,924	-	13,827,279	9.99%
12/31/2020	1,568,169	1,568,169	-	15,176,375	10.33%
12/31/2021	1,563,735	1,563,735	-	15,132,859	10.33%

See Independent Auditors' Report and accompanying Notes to Required Supplementary Information.

CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS –
CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
YEAR ENDED DECEMBER 31, 2021

	Fiscal Year Ending December 31,						
	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
Service Cost	\$ 165,130	\$ 180,074	\$ 154,889	\$ 182,107	\$ 161,806	\$ 157,837	\$ 142,398
Interest on the Total Pension Liability	531,850	603,514	606,747	651,297	675,093	662,710	676,516
Benefit Changes	-	-	-	-	(656,529)	-	-
Difference between Expected and Actual							
Experience	527,384	(460,357)	425,998	(154,963)	149,778	(466,918)	378,725
Assumption Changes	213,402	12,332	709,323	(203,418)	1,303,694	(615,012)	788,964
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)	(513,694)
Net Change in Total Pension Liability	<u>1,246,391</u>	<u>95,702</u>	<u>1,600,492</u>	<u>104,877</u>	<u>1,199,034</u>	<u>(730,592)</u>	<u>1,472,909</u>
Total Pension Liability - Beginning	<u>7,022,369</u>	<u>8,268,760</u>	<u>8,364,462</u>	<u>9,964,954</u>	<u>10,069,831</u>	<u>11,268,865</u>	<u>10,538,273</u>
Total Pension Liability - Ending	<u>\$ 8,268,760</u>	<u>\$ 8,364,462</u>	<u>\$ 9,964,954</u>	<u>\$ 10,069,831</u>	<u>\$ 11,268,865</u>	<u>\$ 10,538,273</u>	<u>\$ 12,011,182</u>
Plan Fiduciary Net Position							
Employer Contributions	\$ 293,632	\$ 339,927	\$ 302,518	\$ 1,133,559	\$ 251,009	\$ 256,000	\$ 581,000
Pension Plan Net Investment Income	377,842	(41,577)	409,272	1,372,321	(363,980)	1,724,318	1,448,664
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)	(513,694)
Pension Plan Administrative Expense	(27,941)	(22,802)	(20,307)	(31,410)	(28,890)	(25,806)	(19,130)
Other	-	-	-	-	(4,564)	-	-
Net Change in Plan Fiduciary Net Position	<u>452,158</u>	<u>35,687</u>	<u>395,018</u>	<u>2,104,324</u>	<u>(581,233)</u>	<u>1,485,303</u>	<u>1,496,840</u>
Plan Fiduciary Net Position - Beginning	<u>6,704,912</u>	<u>7,157,070</u>	<u>7,192,757</u>	<u>7,587,775</u>	<u>9,692,099</u>	<u>9,110,866</u>	<u>10,596,169</u>
Plan Fiduciary Net Position - Ending	<u>\$ 7,157,070</u>	<u>\$ 7,192,757</u>	<u>\$ 7,587,775</u>	<u>\$ 9,692,099</u>	<u>\$ 9,110,866</u>	<u>\$ 10,596,169</u>	<u>\$ 12,093,009</u>
Net Pension Liability (Asset) Ending	\$ 1,111,690	\$ 1,171,705	\$ 2,377,179	\$ 377,732	\$ 2,157,999	\$ (57,896)	\$ (81,827)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87%	86%	76%	96%	81%	101%	101%
Covered Payroll	\$ 1,792,628	\$ 1,876,995	\$ 1,853,074	\$ 1,792,628	\$ 1,776,639	\$ 1,731,027	\$ 1,620,333
Net Pension Liability as a Percentage of Covered Payroll	62%	62%	128%	21%	121%	-3%	-5%

See Independent Auditors' Report and Accompanying Notes to Required Supplementary Information.

**CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF CONTRIBUTIONS – CITY OF FRANKLIN
DEFINED BENEFIT RETIREMENT INCOME PLAN
YEAR ENDED DECEMBER 31, 2021**

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	\$ 339,927	\$ 339,927	\$ -	\$ 1,876,995	18%
2016	302,518	1,202,518	(900,000)	1,853,074	65%
2017	233,559	233,559	-	1,792,628	13%
2018	251,009	251,009	-	1,776,639	14%
2019	255,552	256,000	(448)	1,731,027	15%
2020	256,855	581,000	(324,145)	1,620,333	36%
2021	255,792	260,336	(4,544)	1,590,412	16%

See Independent Auditors' Report and Accompanying Notes to Required Supplementary Information.

CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET)
AND RELATED RATIOS – OPEB PLAN
YEAR ENDED DECEMBER 31, 2021

	Fiscal Year Ending				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 223,719	\$ 238,261	\$ 210,159	\$ 223,819	\$ 238,367
Interest on the Total OPEB Liability	489,875	509,975	516,342	557,865	563,984
Difference between Expected and Actual Experience	-	-	132,200	-	(195,804)
Assumption Changes	-	-	208,654	-	(1,186,931)
Benefit Payments	(418,905)	(622,193)	(442,196)	(469,392)	(472,857)
Net Change in Total OPEB Liability	294,689	126,043	625,159	312,292	(1,053,241)
Total OPEB Liability - Beginning	7,312,825	7,607,514	7,733,557	8,358,716	8,671,008
Total OPEB Liability - Ending	<u>\$ 7,607,514</u>	<u>\$ 7,733,557</u>	<u>\$ 8,358,716</u>	<u>\$ 8,671,008</u>	<u>\$ 7,617,767</u>
Plan Fiduciary Net Position					
Employer Contributions	\$ 422,684	\$ 444,364	\$ 377,172	\$ 719,788	\$ 374,367
Employee Contributions	91,969	128,294	215,296	146,308	147,403
OPEB Plan Net Investment Income	673,624	(294,824)	1,159,084	421,249	1,237,939
Benefit Payments	(500,350)	(622,193)	(442,196)	(469,392)	(472,857)
OPEB Plan Administrative Expense	-	-	-	-	(8,000)
Deferred Inflows	-	-	-	438,201	(23,651)
Net Change in Plan Fiduciary Net Position	687,927	(344,359)	1,309,356	1,256,154	1,255,201
Plan Fiduciary Net Position - Beginning	4,885,836	5,573,763	5,229,404	6,538,760	7,794,914
Plan Fiduciary Net Position - Ending	<u>\$ 5,573,763</u>	<u>\$ 5,229,404</u>	<u>\$ 6,538,760</u>	<u>\$ 7,794,914</u>	<u>\$ 9,050,115</u>
Net OPEB Liability (Asset) Ending	\$ 2,033,751	\$ 2,504,153	\$ 1,819,956	\$ 876,094	\$ (1,432,348)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	73%	68%	78%	90%	119%
Covered Payroll	\$ 13,879,896	\$ 14,188,222	\$ 14,300,000	\$ 14,300,000	\$15,411,322
Net OPEB Liability as a Percentage of Covered Payroll	15%	18%	13%	6%	-9%

See Independent Auditors' Report and Accompanying Notes to Required Supplementary Information.

**CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF CONTRIBUTIONS – OPEB PLAN
YEAR ENDED DECEMBER 31, 2021**

	Fiscal Year Ending				
	2017	2018	2019	2020	2021
Actuarially Determined Contribution	\$ 422,684	\$ 441,859	\$ 377,172	\$ 394,788	\$ 324,614
Actual Contribution	422,684	444,364	377,172	719,788	374,367
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (2,505)</u>	<u>\$ -</u>	<u>\$ (325,000)</u>	<u>\$ (49,753)</u>
 Covered Payroll	 \$ 13,879,896	 \$ 14,188,222	 \$ 14,300,000	 \$ 14,300,000	 \$15,411,322
 Actual Contribution as a Percentage of Covered Payroll	 3%	 3%	 3%	 5%	 2%

See Independent Auditors' Report and Accompanying Notes to Required Supplementary Information.

**CITY OF FRANKLIN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 – PRESENTATION

The City is required to present the last ten years of data on each schedule included in the required supplementary information; however, the standards allow the City to present as many years of information as are available until ten years are presented.

NOTE 2 - WISCONSIN RETIREMENT SYSTEM

The data presented in the Schedule of Proportionate Share of the Net Pension Liability (Asset) for the Wisconsin Retirement System was taken from the reports issued by the Wisconsin Retirement System.

Changes of benefit terms. There were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions. No significant change in assumptions from the prior year were noted.

NOTE 3 – CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN

The data presented in the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios and Schedule of Contributions for the City of Franklin Defined Benefit Retirement Income Plan was taken from the reports issued by the actuary.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. No significant change in assumptions from the prior year were noted.

NOTE 4 – OPEB PLAN

The data presented in the Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios and Schedule of Contributions for the City of Franklin Post-Employment Benefit Trust Plan was taken from the reports issued by the actuary.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. No significant change in assumptions from the prior year were noted.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources (other than debt service or major capital projects) that are restricted for specified purposes.

Library operating fund – This fund accounts for the budgetary operation of the library.

Library auxiliary fund – This fund accounts for library donations, fines, and forfeitures.

Solid waste collection fund – This fund accounts for solid waste collection activities.

Donation fund – This fund accounts for donations received for specific purposes.

St Martins Fair fund – This fund accounts for activities related to the farmers/flea market held the first Monday of the spring and summer months and the Labor Day weekend.

Civic celebrations fund – This fund accounts for activity related to the City's Fourth of July and other celebrations.

Tourism Commission fund – The state mandated that certain portions of the hotel tax be dedicated for tourism promotion. The Common Council formed a tourism commission that determines how those funds are spent.

Grant fund – The City reports its grant activities in this fund. Grant activities include fire department, police department, health department, community development block grants, COVID-19 grants, and miscellaneous grants received by the City that are not accounted for elsewhere.

Capital Projects Funds

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those finance by proprietary funds).

Capital outlay fund – This fund accounts for the departmental capital outlays. These expenditures are funded by the tax levy, normally are less than \$25,000 and are under the direction of the department supervisor.

Equipment replacement fund – this fund accounts for the rolling stock replacement program that accumulates annual funding (from landfill siting fees) for replacement of vehicles and similar equipment in lieu of using borrowed monies.

Capital improvement fund – This fund accounts for land acquisitions, building projects, and all public works projects and are usually funded with landfill siting revenues, borrowed money, or funding from some other source other than the tax levy.

Street improvement fund – This fund accounts for the activities of the local road improvement program. Funding is provided by landfill siting fees and a portion of general transportation aids and an every-other-year local road improvement grant from the state.

Utility improvement fund – This fund is used to account for water and sewer connection fees and special assessments that are used for water and sewer construction projects.

Development fund – This fund is used to account for impact fees restricted for use to capital improvements.

**CITY OF FRANKLIN, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Special Revenue Funds								Total
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Collection Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	
ASSETS									
Cash and investments	\$ 1,829,648	\$ 151,924	\$ 2,223,714	\$ -	\$ 282,830	\$ 94,021	\$ 270,019	\$ 1,975,986	\$ 6,828,142
Receivables									
Accounts receivable	-	-	36,644	-	-	-	114,092	13,233	163,969
Taxes receivable	-	-	46	-	-	-	-	-	46
Interest receivable	-	-	-	-	-	-	-	3,745	3,745
Due from other governments	58,248	-	-	-	-	-	-	-	58,248
Prepaid items	-	-	-	-	-	1,000	-	1,253	2,253
Total assets	<u>\$ 1,887,896</u>	<u>\$ 151,924</u>	<u>\$ 2,260,404</u>	<u>\$ -</u>	<u>\$ 282,830</u>	<u>\$ 95,021</u>	<u>\$ 384,111</u>	<u>\$ 1,994,217</u>	<u>\$ 7,056,403</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 39,828	\$ 5,349	\$ 212,572	\$ 22,399	\$ 145	\$ 12	\$ 150,000	\$ 36,710	\$ 467,015
Accrued liabilities	5,799	307	8,817	-	-	-	-	-	14,923
Unearned revenue	-	-	1,607,494	-	-	-	-	1,874,207	3,481,701
Total liabilities	<u>45,627</u>	<u>5,656</u>	<u>1,828,883</u>	<u>22,399</u>	<u>145</u>	<u>12</u>	<u>150,000</u>	<u>1,910,917</u>	<u>3,963,639</u>
DEFERRED INFLOWS OF RESOURCES									
Subsequent year tax levy	1,347,200	-	-	-	-	-	-	-	1,347,200
FUND BALANCES									
Nonspendable:									
Inventories and prepaid items	-	-	-	-	-	1,000	-	1,253	2,253
Restricted:									
Grants and Donations	-	-	-	-	282,685	-	-	-	282,685
Health services	-	-	-	-	-	-	-	82,047	82,047
Library services	495,069	146,268	-	-	-	-	-	-	641,337
Solid waste	-	-	431,521	-	-	-	-	-	431,521
Recreational services	-	-	-	-	-	94,009	-	-	94,009
Tourist commission	-	-	-	-	-	-	234,111	-	234,111
Unassigned (deficit)	-	-	-	(22,399)	-	-	-	-	(22,399)
Total fund balances	<u>495,069</u>	<u>146,268</u>	<u>431,521</u>	<u>(22,399)</u>	<u>282,685</u>	<u>95,009</u>	<u>234,111</u>	<u>83,300</u>	<u>1,745,564</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,887,896</u>	<u>\$ 151,924</u>	<u>\$ 2,260,404</u>	<u>\$ -</u>	<u>\$ 282,830</u>	<u>\$ 95,021</u>	<u>\$ 384,111</u>	<u>\$ 1,994,217</u>	<u>\$ 7,056,403</u>

(Continued)

**CITY OF FRANKLIN, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	Capital Projects Funds						Total Nonmajor Governmental Funds	
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund		Total
ASSETS								
Cash and investments	\$ 1,062,379	\$ 2,153,397	\$ 3,227,975	\$ 945,646	\$ 2,495,759	\$ 6,683,637	\$ 16,568,793	\$ 23,396,935
Receivables								
Accounts receivable	79,523	76,820	4,767	35,670	-	-	196,780	360,749
Taxes receivable	-	-	-	-	-	-	-	46
Special assessments receivable	-	-	-	-	211,812	-	211,812	211,812
Interest receivable	-	-	-	-	-	-	-	3,745
Due from other governments	-	-	65,672	-	-	-	65,672	123,920
Prepaid items	-	-	-	-	-	-	-	2,253
Long-term advances	-	-	-	-	-	2,800,000	2,800,000	2,800,000
Total assets	<u>\$ 1,141,902</u>	<u>\$ 2,230,217</u>	<u>\$ 3,298,414</u>	<u>\$ 981,316</u>	<u>\$ 2,707,571</u>	<u>\$ 9,483,637</u>	<u>\$ 19,843,057</u>	<u>\$ 26,899,460</u>
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 83,804	\$ -	\$ 157,974	\$ 41,153	\$ -	\$ 6,324	\$ 289,255	\$ 756,270
Accrued liabilities	-	-	-	-	-	337,643	337,643	352,566
Unearned revenue	-	-	-	-	-	-	-	3,481,701
Total liabilities	<u>83,804</u>	<u>-</u>	<u>157,974</u>	<u>41,153</u>	<u>-</u>	<u>343,967</u>	<u>626,898</u>	<u>4,590,537</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	211,812	-	211,812	211,812
Unearned revenue	53,300	-	-	-	-	-	53,300	1,400,500
Total Unavailable and Unearned revenue	<u>53,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,812</u>	<u>-</u>	<u>265,112</u>	<u>1,612,312</u>
FUND BALANCES (DEFICIT)								
Nonspendable:								
Inventories and prepaid items	-	-	-	-	-	-	-	2,253
Restricted:								
Utility improvements	-	-	-	-	2,495,759	-	2,495,759	2,495,759
Development	-	-	-	-	-	9,139,670	9,139,670	9,139,670
Donations	-	-	-	-	-	-	-	282,685
Health services	-	-	-	-	-	-	-	82,047
Library services	-	-	-	-	-	-	-	641,337
Solid waste	-	-	-	-	-	-	-	431,521
Recreational services	-	-	-	-	-	-	-	94,009
Tourist commission	-	-	-	-	-	-	-	234,111
Assigned:								
Capital projects	1,004,798	2,230,217	3,140,440	940,163	-	-	7,315,618	7,315,618
Unassigned (deficit)	-	-	-	-	-	-	-	(22,399)
Total fund balances (deficit)	<u>1,004,798</u>	<u>2,230,217</u>	<u>3,140,440</u>	<u>940,163</u>	<u>2,495,759</u>	<u>9,139,670</u>	<u>18,951,047</u>	<u>20,696,611</u>
Total liabilities, deferred inflows and fund balances (deficit)	<u>\$ 1,141,902</u>	<u>\$ 2,230,217</u>	<u>\$ 3,298,414</u>	<u>\$ 981,316</u>	<u>\$ 2,707,571</u>	<u>\$ 9,483,637</u>	<u>\$ 19,843,057</u>	<u>\$ 26,899,460</u>

(Concluded)

**CITY OF FRANKLIN, WISCONSIN
COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Special Revenue Funds							Total	
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund		Grant Fund
REVENUE									
Taxes	\$ 1,337,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 191,247	\$ -	\$ 1,528,447
Intergovernmental revenue	62,074	-	69,356	-	-	-	-	446,874	578,304
Licenses and permits	-	-	-	18,324	-	15,730	-	-	34,054
Public charges for services	20,000	7,234	1,972,958	-	-	101,004	-	-	2,101,196
Investment earnings	929	206	1,489	-	-	-	673	3,745	7,042
Miscellaneous revenue	-	45,343	2,789	500	78,237	22,280	-	2,270	151,419
Total revenue	<u>1,420,203</u>	<u>52,783</u>	<u>2,046,592</u>	<u>18,824</u>	<u>78,237</u>	<u>139,014</u>	<u>191,920</u>	<u>452,889</u>	<u>4,400,462</u>
EXPENDITURES									
Current:									
General government	-	-	-	-	153	-	-	1,252	1,405
Public safety	-	-	-	-	30,433	-	-	99,659	130,092
Public works	-	-	2,027,478	-	-	-	-	-	2,027,478
Health and human services	-	-	-	-	228	-	-	541,054	541,282
Culture and recreation	1,333,249	38,726	-	55,859	-	126,273	-	-	1,554,107
Conservation and development	-	-	-	-	-	-	346,749	-	346,749
Capital outlay	140,513	8,551	-	-	474	-	-	-	149,538
Total expenditures	<u>1,473,762</u>	<u>47,277</u>	<u>2,027,478</u>	<u>55,859</u>	<u>31,288</u>	<u>126,273</u>	<u>346,749</u>	<u>641,965</u>	<u>4,750,651</u>
Excess (deficiency) of revenue over expenditures	<u>(53,559)</u>	<u>5,506</u>	<u>19,114</u>	<u>(37,035)</u>	<u>46,949</u>	<u>12,741</u>	<u>(154,829)</u>	<u>(189,076)</u>	<u>(350,189)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	11,000	-	13,000	-	-	24,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>13,000</u>	<u>-</u>	<u>-</u>	<u>24,000</u>
Net change in fund balances	(53,559)	5,506	19,114	(26,035)	46,949	25,741	(154,829)	(189,076)	(326,189)
Fund balances - beginning	<u>548,628</u>	<u>140,762</u>	<u>412,407</u>	<u>3,636</u>	<u>235,736</u>	<u>69,268</u>	<u>388,940</u>	<u>272,376</u>	<u>2,071,753</u>
Fund balances (deficit) - ending	<u>\$ 495,069</u>	<u>\$ 146,268</u>	<u>\$ 431,521</u>	<u>\$ (22,399)</u>	<u>\$ 282,685</u>	<u>\$ 95,009</u>	<u>\$ 234,111</u>	<u>\$ 83,300</u>	<u>\$ 1,745,564</u>

(Continued)

**CITY OF FRANKLIN, WISCONSIN
COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021**

	Capital Projects Funds						Total Nonmajor Governmental Funds	
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund		Total Capital Projects
REVENUE								
Taxes	\$ 296,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 296,000	\$ 1,824,447
Intergovernmental revenue	16,293	-	510,536	1,074,569	-	-	1,601,398	2,179,702
Licenses and permits	-	-	-	-	-	-	-	34,054
Public charges for services	880,141	849,570	42,180	321,280	-	-	2,093,171	4,194,367
Special assessments	-	-	-	-	92,199	758,334	850,533	850,533
Investment earnings (loss)	1,007	(853)	3,093	598	15,383	58,186	77,414	84,456
Miscellaneous revenue	31,118	-	220	-	-	-	31,338	182,757
Total revenue	<u>1,224,559</u>	<u>848,717</u>	<u>556,029</u>	<u>1,396,447</u>	<u>107,582</u>	<u>816,520</u>	<u>4,949,854</u>	<u>9,350,316</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	6,621	6,621	8,026
Public safety	-	-	166,056	-	-	-	166,056	296,148
Public works	-	-	48,763	-	-	-	48,763	2,076,241
Health and human services	-	-	-	-	-	-	-	541,282
Culture and recreation	-	-	7,472	-	-	-	7,472	1,561,579
Conservation and development	-	-	-	-	-	-	-	346,749
Capital outlay	1,512,503	1,064,772	1,121,364	1,059,274	-	11,453	4,769,366	4,918,904
Debt service								
Debt issuance costs	13,402	-	31,775	-	-	-	45,177	45,177
Total expenditures	<u>1,525,905</u>	<u>1,064,772</u>	<u>1,375,430</u>	<u>1,059,274</u>	<u>-</u>	<u>18,074</u>	<u>5,043,455</u>	<u>9,794,106</u>
Excess (deficiency) of revenue over expenditures	<u>(301,346)</u>	<u>(216,055)</u>	<u>(819,401)</u>	<u>337,173</u>	<u>107,582</u>	<u>798,446</u>	<u>(93,601)</u>	<u>(443,790)</u>
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	58,499	56,436	-	-	-	-	114,935	114,935
Transfers in	-	-	442,997	-	-	-	442,997	466,997
Transfers out	-	-	-	-	-	(550,491)	(550,491)	(550,491)
General obligation debt issued	552,840	-	1,487,160	-	-	-	2,040,000	2,040,000
Premium on debt issued	2,562	-	6,891	-	-	-	9,453	9,453
Total other financing sources (uses)	<u>613,901</u>	<u>56,436</u>	<u>1,937,048</u>	<u>-</u>	<u>-</u>	<u>(550,491)</u>	<u>2,056,894</u>	<u>2,080,894</u>
Net change in fund balances	312,555	(159,619)	1,117,647	337,173	107,582	247,955	1,963,293	1,637,104
Fund balances - beginning	<u>692,243</u>	<u>2,389,836</u>	<u>2,022,793</u>	<u>602,990</u>	<u>2,388,177</u>	<u>8,891,715</u>	<u>16,987,754</u>	<u>19,059,507</u>
Fund balances (deficit) - ending	<u>\$ 1,004,798</u>	<u>\$ 2,230,217</u>	<u>\$ 3,140,440</u>	<u>\$ 940,163</u>	<u>\$ 2,495,759</u>	<u>\$ 9,139,670</u>	<u>\$ 18,951,047</u>	<u>\$ 20,696,611</u>

(Concluded)

**CITY OF FRANKLIN, WISCONSIN
GENERAL FUND – SCHEDULE OF REVENUES AND TRANSFERS IN –
BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
TAXES				
General property taxes	\$ 19,296,900	\$ 19,296,900	\$ 19,241,831	\$ (55,069)
Cable TV franchise fees	443,000	443,000	431,248	(11,752)
Hotel/Room Tax	151,900	151,900	215,434	63,534
Mobile home assessments	20,000	20,000	18,090	(1,910)
	<u>19,911,800</u>	<u>19,911,800</u>	<u>19,906,603</u>	<u>(5,197)</u>
INTERGOVERNMENTAL REVENUE				
State shared revenue	577,000	577,000	550,872	(26,128)
State expenditure restraint revenue	45,000	45,000	45,201	201
Fire insurance - dues	170,000	170,000	184,631	14,631
Local, state and federal grants and aids				
Computer aid	228,000	228,000	228,051	51
Transportation aids	540,000	540,000	540,000	-
Personal Property Aids	60,300	60,300	60,298	(2)
Video Service Provider Aids	98,500	98,500	98,516	16
Other	66,600	66,600	1,085	(65,515)
	<u>1,785,400</u>	<u>1,785,400</u>	<u>1,708,654</u>	<u>(76,746)</u>
LICENSES, FEES AND PERMITS				
Licenses:				
Beer and liquor	32,100	32,100	32,505	405
Bartenders	16,500	16,500	16,079	(421)
Amusement and related	10,700	10,700	9,165	(1,535)
Peddlers	4,600	4,600	2,647	(1,953)
Food and related	4,300	4,300	15,560	11,260
Dog and cat	6,800	6,800	5,982	(818)
Health	75,200	75,200	88,606	13,406
Other	20,250	20,250	22,640	2,390
Permits:				
Building	600,000	600,000	722,271	122,271
Electrical	165,000	165,000	131,817	(33,183)
Plumbing	120,000	120,000	139,738	19,738
Sign	12,000	12,000	12,570	570
Park	18,000	18,000	28,826	10,826
Fire	4,000	4,000	3,455	(545)
Other	19,200	19,200	9,144	(10,056)
	<u>1,108,650</u>	<u>1,108,650</u>	<u>1,241,005</u>	<u>132,355</u>
FINES, FORFEITURES AND PENALTIES	<u>490,000</u>	<u>490,000</u>	<u>419,889</u>	<u>(70,111)</u>

(Continued)

**CITY OF FRANKLIN, WISCONSIN
GENERAL FUND – SCHEDULE OF REVENUES AND TRANSFERS IN –
BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
PUBLIC CHARGES FOR SERVICES				
General government				
Property reports and document fees	\$ 7,900	\$ 7,900	\$ 12,826	\$ 4,926
Clerk Services	800	800	719	(81)
Public safety				
Police Department and related	6,800	6,800	6,296	(504)
Ambulance service	1,350,000	1,350,000	1,569,559	219,559
Fire Department and related	10,500	10,500	24,535	14,035
Quarry reimbursement	45,000	45,000	34,850	(10,150)
Weights and measures	7,600	7,600	7,507	(93)
Public works				
Weed cutting	7,000	7,000	4,580	(2,420)
Street lighting	10,000	10,000	31,719	21,719
Engineering and DPW fees	286,000	286,000	394,365	108,365
Landfill tippage fees	425,000	425,000	459,078	34,078
Health and human services				
Health clinics and other health fees	116,750	116,750	78,452	(38,298)
Conservation and development				
Zoning, subdivision and other filing fees	79,800	79,800	166,332	86,532
	<u>2,353,150</u>	<u>2,353,150</u>	<u>2,790,818</u>	<u>437,668</u>
INTERGOVERNMENTAL CHARGES FOR SERVICES	<u>203,200</u>	<u>203,200</u>	<u>204,681</u>	<u>1,481</u>
INVESTMENT EARNINGS (LOSS)	<u>259,718</u>	<u>259,718</u>	<u>36,044</u>	<u>(223,674)</u>
MISCELLANEOUS REVENUE				
Municipal property rental	52,000	52,000	83,923	31,923
Property sales	1,750	1,750	865	-
Refunds and reimbursements	20,000	20,000	63,213	43,213
Insurance dividend	50,000	50,000	66,975	16,975
Other revenue	83,500	91,500	92,016	516
	<u>207,250</u>	<u>215,250</u>	<u>306,992</u>	<u>92,627</u>
TOTAL REVENUE	<u>\$ 26,319,168</u>	<u>\$ 26,327,168</u>	<u>\$ 26,614,686</u>	<u>\$ 288,403</u>
TRANSFERS				
Water Utility - tax equivalent	<u>1,050,000</u>	<u>1,050,000</u>	<u>1,017,790</u>	<u>(32,210)</u>
TOTAL REVENUE AND TRANSFERS	<u>\$ 27,369,168</u>	<u>\$ 27,377,168</u>	<u>\$ 27,632,476</u>	<u>\$ 256,193</u>

(Concluded)

**CITY OF FRANKLIN, WISCONSIN
GENERAL FUND – SCHEDULE OF EXPENDITURES AND TRANSFERS OUT –
BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
CURRENT				
General Government				
Mayor - Personnel Services	\$ 18,486	\$ 18,486	\$ 18,488	\$ (2)
Mayor - Other Services	12,000	13,410	7,698	5,712
Aldermen - Personnel Services	47,417	47,417	46,538	879
Aldermen - Other Services	25,350	25,350	22,842	2,508
Municipal court - Personnel Services	189,109	189,109	190,526	(1,417)
Municipal court - Other Services	21,475	23,040	19,189	3,851
City clerk - Personnel Services	334,272	334,272	326,397	7,875
City clerk - Other Services	28,500	28,500	20,930	7,570
Elections - Personnel Services	28,922	28,922	20,860	8,062
Elections - Other Services	25,000	25,000	7,396	17,604
Information services - Personnel Service	102,343	140,343	118,418	21,925
Information services - Other Services	432,736	416,102	314,166	101,936
Administration - Personnel Services	262,816	262,816	271,404	(8,588)
Administration - Other Services	129,755	113,035	91,559	21,476
Finance - Personnel Services	424,474	379,998	366,761	13,237
Finance - Other Services	122,490	122,490	125,198	(2,708)
Independent Audit	30,050	38,380	38,380	-
Assessor - Other Services	237,650	237,650	235,396	2,254
Legal counsel	353,600	353,600	325,536	28,064
Municipal buildings - Personnel Services	106,778	123,498	111,499	11,999
Municipal buildings - Other Services	120,615	120,615	107,612	13,003
Property and liability insurance	109,065	163,136	159,020	4,116
Anticipated Underexpenditure	(315,000)	(315,000)	-	(315,000)
Contingency	3,075,000	3,017,075	-	3,017,075
Total General Government	<u>5,922,903</u>	<u>5,907,244</u>	<u>2,945,813</u>	<u>2,961,431</u>
Public Safety				
Police - Personnel Services	7,925,895	7,713,051	7,461,455	251,596
Police - Other Services	1,235,790	1,277,535	1,099,464	178,071
Police Dispatch - Personnel Services	1,207,563	1,207,563	1,149,928	57,635
Fire - Personnel Services	6,268,073	6,480,917	6,505,594	(24,677)
Fire - Other Services	515,980	516,033	491,357	24,676
Fire protection service charge	283,300	283,300	280,117	3,183
Building inspection - Personnel Services	753,818	832,118	727,844	104,274
Building inspection - Other Services	154,044	154,044	147,016	7,028
Sealer of weights and measures	7,600	7,600	7,600	-
Total Public Safety	<u>18,352,063</u>	<u>18,472,161</u>	<u>17,870,375</u>	<u>601,786</u>

(Continued)

CITY OF FRANKLIN, WISCONSIN
GENERAL FUND – SCHEDULE OF EXPENDITURES AND TRANSFERS OUT –
BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
CURRENT				
Public Works				
Engineering - Personnel Services	\$ 599,419	\$ 599,419	\$ 606,867	\$ (7,448)
Engineering - Other Services	292,850	381,083	373,634	7,449
Highway - Personnel Services	2,015,467	1,833,648	1,699,485	134,163
Highway - Other Services	1,016,750	1,221,681	1,117,670	104,011
Street lighting	357,200	422,040	397,549	24,491
Weed control	7,050	7,050	3,820	3,230
Total Public Works	<u>4,288,736</u>	<u>4,464,921</u>	<u>4,199,025</u>	<u>265,896</u>
Health and Human Services				
Public health - Personnel Services	597,789	597,789	603,506	(5,717)
Public health - Other Services	67,450	67,450	56,206	11,244
Animal control	48,000	48,000	46,276	1,724
Total Health and Human Services	<u>713,239</u>	<u>713,239</u>	<u>705,988</u>	<u>7,251</u>
Culture and Recreation				
Senior activities and travel program	22,000	22,000	5,185	16,815
Parks - Personnel Services	122,368	243,901	242,589	1,312
Parks - Other Services	73,975	85,118	81,097	4,021
Total Culture and Recreation	<u>218,343</u>	<u>351,019</u>	<u>328,871</u>	<u>22,148</u>
Conservation and Development				
Planning - Personnel Services	367,941	367,941	358,564	9,377
Planning - Other Services	75,650	81,673	45,262	36,411
Economic development - Personnel Services	95,793	95,793	95,645	148
Economic development - Other Services	60,500	71,850	31,916	39,934
Total Conservation and Development	<u>599,884</u>	<u>617,257</u>	<u>531,387</u>	<u>85,870</u>
TOTAL EXPENDITURES	<u>\$30,095,168</u>	<u>\$30,525,841</u>	<u>\$26,581,459</u>	<u>\$ 3,944,382</u>
TRANSFERS				
Recreation	13,000	13,000	13,000	-
St Martin's Fair	11,000	11,000	11,000	-
Capital Improvement	-	350,000	350,000	-
TOTAL EXPENDITURES AND TRANSFERS	<u>\$30,119,168</u>	<u>\$30,899,841</u>	<u>\$26,955,459</u>	<u>\$ 3,944,382</u>

(Concluded)

**CITY OF FRANKLIN, WISCONSIN
DEBT SERVICE FUND – SCHEDULE OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUE				
Taxes	\$ 1,121,000	\$ 1,121,000	\$ 1,100,000	\$ (21,000)
Special assessments	-	-	5,913	5,913
Investment earnings	15,000	15,000	2,482	(12,518)
Total revenue	<u>1,136,000</u>	<u>1,136,000</u>	<u>1,108,395</u>	<u>(27,605)</u>
EXPENDITURES				
Debt service				
Principal	1,480,000	1,480,000	1,480,000	-
Interest	137,363	137,363	136,961	402
Total expenditures	<u>1,617,363</u>	<u>1,617,363</u>	<u>1,616,961</u>	<u>402</u>
Excess of revenue over expenditures	<u>(481,363)</u>	<u>(481,363)</u>	<u>(508,566)</u>	<u>(27,203)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	479,895	479,895	480,694	799
Transfers out	(25,886)	(25,886)	(23,200)	2,686
Premium on debt issued	-	-	80,881	80,881
Total other financing sources (uses)	<u>454,009</u>	<u>454,009</u>	<u>538,375</u>	<u>84,366</u>
Net change in fund balances	<u>\$ (27,354)</u>	<u>\$ (27,354)</u>	\$ 29,809	<u>\$ 57,163</u>
Fund balances - beginning			<u>476,871</u>	
Fund balances - ending			<u>\$ 506,680</u>	

**CITY OF FRANKLIN, WISCONSIN
SPECIAL REVENUE FUNDS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Library Operating Fund				Library Auxiliary Fund		
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original and Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUE							
Taxes	\$ 1,337,200	\$ 1,337,200	\$ 1,337,200	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	68,500	68,500	62,074	(6,426)	-	-	-
Charges for services	-	-	20,000	20,000	8,000	7,234	(766)
Investment earnings	-	-	929	929	500	206	(294)
Miscellaneous revenue	-	-	-	-	39,000	45,343	6,343
Total revenue	<u>1,405,700</u>	<u>1,405,700</u>	<u>1,420,203</u>	<u>14,503</u>	<u>47,500</u>	<u>52,783</u>	<u>5,283</u>
EXPENDITURES							
Current:							
Culture and recreation	1,334,414	1,334,414	1,333,249	1,165	35,500	38,726	(3,226)
Capital outlay	139,000	140,515	140,513	2	12,000	8,551	3,449
Total expenditures	<u>1,473,414</u>	<u>1,474,929</u>	<u>1,473,762</u>	<u>1,167</u>	<u>47,500</u>	<u>47,277</u>	<u>223</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(67,714)</u>	<u>(69,229)</u>	<u>(53,559)</u>	<u>13,336</u>	<u>-</u>	<u>5,506</u>	<u>5,060</u>
Net change in fund balances	<u>\$ (67,714)</u>	<u>\$ (69,229)</u>	<u>(53,559)</u>	<u>\$ 13,336</u>	<u>\$ -</u>	<u>5,506</u>	<u>\$ 5,060</u>
Fund balances - beginning			<u>548,628</u>			<u>140,762</u>	
Fund balances - ending			<u>\$ 495,069</u>			<u>\$ 146,268</u>	
Outstanding encumbrances at December 31, 2021			<u>\$ -</u>			<u>\$ -</u>	

Continued

**CITY OF FRANKLIN, WISCONSIN
SPECIAL REVENUE FUNDS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Solid Waste Fund			St Martin's Fair Fund		
	Original and Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original Budget	Final Budget	Actual
REVENUE						
Intergovernmental revenue	\$ 69,000	\$ 69,356	\$ 356	\$ -	\$ -	\$ -
Public charges for services	1,909,449	1,972,958	63,509	-	-	-
Licenses and permits	-	-	-	24,000	24,000	18,324
Investment earnings	20,000	1,489	(18,511)	-	-	-
Miscellaneous revenue	-	2,789	2,789	3,000	3,000	500
Total revenue	<u>1,998,449</u>	<u>2,046,592</u>	<u>48,143</u>	<u>27,000</u>	<u>27,000</u>	<u>18,824</u>
EXPENDITURES						
Current:						
Public works	2,048,984	2,027,478	21,506	-	-	-
Culture and recreation	-	-	-	52,551	55,859	55,859
Total expenditures	<u>2,048,984</u>	<u>2,027,478</u>	<u>21,506</u>	<u>52,551</u>	<u>55,859</u>	<u>55,859</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(50,535)</u>	<u>19,114</u>	<u>26,637</u>	<u>(25,551)</u>	<u>(28,859)</u>	<u>(37,035)</u>
Other Financing Sources						
Transfer in	-	-	-	11,000	11,000	11,000
Net change in fund balances	<u>\$ (50,535)</u>	<u>19,114</u>	<u>\$ 26,637</u>	<u>\$ (14,551)</u>	<u>\$ (17,859)</u>	<u>(26,035)</u>
Fund balances - beginning		<u>412,407</u>				<u>3,636</u>
Fund balances (deficits) - ending		<u>\$ 431,521</u>				<u>\$ (22,399)</u>
Outstanding encumbrances at December 31, 2021		<u>\$ -</u>				<u>\$ -</u>

**CITY OF FRANKLIN, WISCONSIN
SPECIAL REVENUE FUNDS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Donations Fund				Civic Celebrations Fund		
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original Budget	Final Budget	Actual
REVENUE							
Licenses and permits	\$ -	\$ -	-	\$ -	\$ -	\$ -	15,730
Charges for Services	-	-	-	-	85,000	85,000	101,004
Miscellaneous revenue	13,000	13,000	78,237	65,237	25,000	25,000	22,280
Total revenue	<u>13,000</u>	<u>13,000</u>	<u>78,237</u>	<u>65,237</u>	<u>110,000</u>	<u>110,000</u>	<u>139,014</u>
EXPENDITURES							
Current:							
General government	-	-	153	(153)	-	-	-
Public safety	94,600	112,600	30,433	82,167	-	-	-
Health and human services	-	-	228	(228)	-	-	-
Culture and recreation	-	-	-	-	122,123	126,273	126,273
Capital outlay	-	-	474	(474)	-	-	-
Total expenditures	<u>94,600</u>	<u>112,600</u>	<u>31,288</u>	<u>81,312</u>	<u>122,123</u>	<u>126,273</u>	<u>126,273</u>
Excess (deficiency) of revenue over expenditures	<u>(81,600)</u>	<u>(99,600)</u>	<u>46,949</u>	<u>146,549</u>	<u>(12,123)</u>	<u>(16,273)</u>	<u>12,741</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	13,000	13,000	13,000
Net changes in fund balances	<u>\$ (81,600)</u>	<u>\$ (99,600)</u>	<u>46,949</u>	<u>\$ 146,549</u>	<u>\$ 877</u>	<u>\$ (3,273)</u>	<u>25,741</u>
Fund balances - beginning			<u>235,736</u>				<u>69,268</u>
Fund balances - ending			<u>\$ 282,685</u>				<u>\$ 95,009</u>
Outstanding encumbrances at December 31, 2021			<u>\$ -</u>				<u>\$ -</u>

**CITY OF FRANKLIN, WISCONSIN
SPECIAL REVENUE FUNDS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	<u>Grant Fund</u>				<u>Tourism C</u>	
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>	<u>Original Budget</u>	<u>Final Budget</u>
REVENUE						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 83,000	\$ 83,000
Intergovernmental revenue	260,830	260,830	446,874	186,044	-	-
Investment earnings (loss)	-	-	3,745	3,745	-	-
Miscellaneous revenue	-	-	2,270	2,270	-	-
Total revenue	<u>260,830</u>	<u>260,830</u>	<u>452,889</u>	<u>192,059</u>	<u>83,000</u>	<u>83,000</u>
EXPENDITURES						
Current:						
General government	-	-	1,252	(1,252)	-	-
Public safety	35,000	99,659	99,659	-	-	-
Public works	-	-	-	-	-	-
Health and human services	319,224	541,054	541,054	-	-	-
Culture and recreation	-	-	-	-	-	-
Conservation and development	-	-	-	-	320,000	345,424
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>354,224</u>	<u>640,713</u>	<u>641,965</u>	<u>(1,252)</u>	<u>320,000</u>	<u>345,424</u>
Excess (deficiency) of revenue over expenditures	<u>(93,394)</u>	<u>(379,883)</u>	<u>(189,076)</u>	<u>(95,682)</u>	<u>(237,000)</u>	<u>(262,424)</u>
Net changes in fund balances	<u>\$ (93,394)</u>	<u>\$ (379,883)</u>	<u>(189,076)</u>	<u>\$ (95,682)</u>	<u>\$ (237,000)</u>	<u>\$ (262,424)</u>
Fund balances - beginning			<u>272,376</u>			
Fund balances - ending			<u>\$ 83,300</u>			
Outstanding encumbrances at December 31, 2021			<u>\$ -</u>			

**CITY OF FRANKLIN, WISCONSIN
CAPITAL PROJECTS FUNDS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	Capital Outlay Fund				Equipment Replacement Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUE								
Taxes	\$ 296,000	\$ 296,000	\$ 296,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	15,000	15,000	16,293	1,293	-	-	-	-
Public charges for services - Landfill siting	904,100	904,100	880,141	(23,959)	604,400	604,400	849,570	245,170
Investment earnings (loss)	7,800	7,800	1,007	(6,793)	37,400	37,400	(853)	(38,253)
Miscellaneous revenue	21,250	21,250	31,118	9,868	-	-	-	-
Total revenue	<u>1,244,150</u>	<u>1,244,150</u>	<u>1,224,559</u>	<u>(19,591)</u>	<u>641,800</u>	<u>641,800</u>	<u>848,717</u>	<u>206,917</u>
EXPENDITURES								
Capital outlay	1,769,735	2,109,754	1,512,503	597,251	1,168,500	1,438,798	1,064,772	374,026
Debt service								
Debt issuance costs	-	-	13,402	(13,402)	-	-	-	-
Total expenditures	<u>1,769,735</u>	<u>2,109,754</u>	<u>1,525,905</u>	<u>583,849</u>	<u>1,168,500</u>	<u>1,438,798</u>	<u>1,064,772</u>	<u>374,026</u>
Excess (deficiency) of revenue over expenditures	<u>(525,585)</u>	<u>(865,604)</u>	<u>(301,346)</u>	<u>564,258</u>	<u>(526,700)</u>	<u>(796,998)</u>	<u>(216,055)</u>	<u>580,943</u>
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	20,000	20,000	58,499	38,499	30,000	30,000	56,436	26,436
General obligation debt issued	542,000	542,000	552,840	10,840	-	-	-	-
Premium on debt issued	-	-	2,562	2,562	-	-	-	-
Total other financing sources (uses)	<u>562,000</u>	<u>562,000</u>	<u>613,901</u>	<u>51,901</u>	<u>30,000</u>	<u>30,000</u>	<u>56,436</u>	<u>26,436</u>
Net changes in fund balances	<u>\$ 36,415</u>	<u>\$ (303,604)</u>	<u>312,555</u>	<u>\$ 613,597</u>	<u>\$ (496,700)</u>	<u>\$ (766,998)</u>	<u>(159,619)</u>	<u>\$ 607,379</u>
Fund balances - beginning			692,243				2,389,836	
Fund balances - ending			<u>\$ 1,004,798</u>				<u>\$ 2,230,217</u>	
Outstanding encumbrances at December 31, 2021			<u>\$ 245,057</u>				<u>\$ 337,600</u>	

(Continued)

**CITY OF FRANKLIN, WISCONSIN
CAPITAL PROJECTS FUNDS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	<u>Capital Improvement Fund</u>				<u>Street Improvement Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE								
Intergovernmental revenue	\$ -	\$ 65,000	\$ 510,536	\$ 445,536	\$ 1,074,500	\$ 1,074,500	\$ 1,074,569	\$ 69
Public charges for services - Landfill siting	51,500	51,500	42,180	(9,320)	175,000	175,000	321,280	146,280
Investment earnings (loss)	5,000	5,000	3,093	(1,907)	7,500	7,500	598	(6,902)
Miscellaneous revenue	86,000	86,000	220	(85,780)				
Total revenue	<u>142,500</u>	<u>207,500</u>	<u>556,029</u>	<u>348,529</u>	<u>1,257,000</u>	<u>1,257,000</u>	<u>1,396,447</u>	<u>139,447</u>
EXPENDITURES								
Current								
Public safety	-	-	166,056	(166,056)	-	-	-	-
Public works	-	-	48,763	(48,763)	-	-	-	-
Culture and recreation	-	-	7,472	(7,472)	-	-	-	-
Capital outlay	9,651,500	11,443,056	1,121,364	10,321,692	1,000,000	1,000,000	1,059,274	(59,274)
Debt service								
Debt issuance costs	100,000	100,000	31,775	68,225	-	-	-	-
Total expenditures	<u>9,751,500</u>	<u>11,543,056</u>	<u>1,375,430</u>	<u>10,167,626</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,059,274</u>	<u>(59,274)</u>
Excess (deficiency) of revenue over expenditures	<u>(9,609,000)</u>	<u>(11,335,556)</u>	<u>(819,401)</u>	<u>10,516,155</u>	<u>257,000</u>	<u>257,000</u>	<u>337,173</u>	<u>80,173</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	8,349,750	8,784,545	442,997	(8,341,548)	-	-	-	-
General obligation debt issued	1,458,000	1,458,000	1,487,160	29,160	-	-	-	-
Premium on debt issued	-	-	6,891	6,891	-	-	-	-
Total other financing sources (uses)	<u>9,807,750</u>	<u>10,242,545</u>	<u>1,937,048</u>	<u>(8,305,497)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ 198,750</u>	<u>\$ (1,093,011)</u>	<u>1,117,647</u>	<u>\$ 2,210,658</u>	<u>\$ 257,000</u>	<u>\$ 257,000</u>	<u>337,173</u>	<u>\$ 80,173</u>
Fund balances - beginning			<u>2,022,793</u>				<u>602,990</u>	
Fund balances - ending			<u>\$ 3,140,440</u>				<u>\$ 940,163</u>	
Outstanding encumbrances at December 31, 2021			<u>\$ 242,903</u>				<u>\$ -</u>	

(Continued)

**CITY OF FRANKLIN, WISCONSIN
CAPITAL PROJECTS FUNDS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	<u>Development Fund</u>				<u>Utility Development Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
REVENUE								
Special assessments	\$ 1,180,852	\$ 1,180,852	\$ 758,334	\$ (422,518)	\$ 125,000	\$ 125,000	\$ 92,199	\$ (32,801)
Investment earnings	185,500	185,500	58,186	(127,314)	17,500	17,500	15,383	(2,117)
Total revenue	<u>1,366,352</u>	<u>1,366,352</u>	<u>816,520</u>	<u>(549,832)</u>	<u>142,500</u>	<u>142,500</u>	<u>107,582</u>	<u>(34,918)</u>
EXPENDITURES								
General Government	15,000	18,321	6,621	11,700	-	-	-	-
Capital outlay	-	-	11,453	(11,453)	-	-	-	-
Total expenditures	<u>15,000</u>	<u>18,321</u>	<u>18,074</u>	<u>247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over expenditures	<u>1,351,352</u>	<u>1,348,031</u>	<u>798,446</u>	<u>(549,585)</u>	<u>142,500</u>	<u>142,500</u>	<u>107,582</u>	<u>(34,918)</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	<u>(4,038,259)</u>	<u>(4,123,054)</u>	<u>(550,491)</u>	<u>3,572,563</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>	<u>1,000,000</u>
Net changes in fund balances - budgetary basis	<u>\$ (2,686,907)</u>	<u>\$ (2,775,023)</u>	<u>\$ 247,955</u>	<u>\$ 3,022,978</u>	<u>\$ (857,500)</u>	<u>\$ (857,500)</u>	<u>\$ 107,582</u>	<u>\$ 965,082</u>
Fund balances - beginning			<u>8,891,715</u>				<u>2,388,177</u>	
Fund balances - ending			<u>\$ 9,139,670</u>				<u>\$ 2,495,759</u>	
Outstanding encumbrances at December 31, 2021			<u>\$ 96,246</u>				<u>\$ -</u>	

(Concluded)

**CITY OF FRANKLIN, WISCONSIN
TIF DISTRICTS FUND – COMBINING BALANCE SHEET
DECEMBER 31, 2021**

	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Business Park Overlay	Total
ASSETS							
Cash and investments	\$ 3,463,008	\$ 2,101,907	\$ 1,581,566	\$ 45,345	\$ 722,298	\$ 3,516,484	\$ 11,430,608
Receivables							
Note receivable	-	-	-	-	4,500,000	-	4,500,000
Interest	-	-	-	-	90,000	-	90,000
Total assets	<u>\$ 3,463,008</u>	<u>\$ 2,101,907</u>	<u>\$ 1,581,566</u>	<u>\$ 45,345</u>	<u>\$ 5,312,298</u>	<u>\$ 3,516,484</u>	<u>\$ 16,020,608</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ -	\$ 5,371	\$ 2,775	\$ 1,570	\$ 2,022	\$ 32,290	\$ 44,028
Accrued liabilities	-	-	-	-	-	-	-
Advances from other funds	-	1,300,000	-	-	1,500,000	100,000	2,900,000
Total liabilities	<u>-</u>	<u>1,305,371</u>	<u>2,775</u>	<u>1,570</u>	<u>1,502,022</u>	<u>132,290</u>	<u>2,944,028</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	3,347,737	-	3,347,737
Unearned revenue	1,757,899	1,256,922	1,104,667	34,611	431,370	85,264	4,670,733
Total deferred inflows of resources	<u>1,757,899</u>	<u>1,256,922</u>	<u>1,104,667</u>	<u>34,611</u>	<u>3,779,107</u>	<u>85,264</u>	<u>8,018,470</u>
FUND BALANCES (DEFICIT)							
Restricted	1,705,109	-	474,124	9,164	31,169	3,298,930	5,518,496
Unassigned	-	(460,386)	-	-	-	-	(460,386)
Total fund balances (deficit)	<u>1,705,109</u>	<u>(460,386)</u>	<u>474,124</u>	<u>9,164</u>	<u>31,169</u>	<u>3,298,930</u>	<u>5,058,110</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,463,008</u>	<u>\$ 2,101,907</u>	<u>\$ 1,581,566</u>	<u>\$ 45,345</u>	<u>\$ 5,312,298</u>	<u>\$ 3,516,484</u>	<u>\$ 16,020,608</u>

**CITY OF FRANKLIN, WISCONSIN
TIF DISTRICTS FUND – COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2021**

	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Business Park Overlay	Total
REVENUE							
Taxes	\$ 2,067,579	\$ 1,219,472	\$ 569,438	\$ -	\$ 11,911	\$ -	\$ 3,868,400
Intergovernmental revenue	537,629	86,050	25,643	-	1,512,263	-	2,161,585
Investment earnings (loss)	3,218	1,698	176	554	1,242	170	7,058
Miscellaneous revenue	954,024	-	79,585	89	-	-	1,033,698
Total revenue	<u>3,562,450</u>	<u>1,307,220</u>	<u>674,842</u>	<u>643</u>	<u>1,525,416</u>	<u>170</u>	<u>7,070,741</u>
EXPENDITURES							
Current:							
General government	85,757	8,812	10,864	26,159	19,612	26,363	177,567
Public Works	-	90,275	2,658	21,060	-	127,227	241,220
Conservation and development	1,050,225	-	5,000	12,500	-	17,500	1,085,225
Capital outlay	-	124,345	-	264,204	-	39,985	428,534
Debt service							
Principal	965,000	-	-	-	-	-	965,000
Interest and fiscal charges	55,795	23,750	649,953	253,671	154,122	936	1,138,227
Debt Issuance Costs	-	-	-	-	-	59,491	59,491
Total expenditures	<u>2,156,777</u>	<u>247,182</u>	<u>668,475</u>	<u>577,594</u>	<u>173,734</u>	<u>271,502</u>	<u>4,095,264</u>
Excess (deficiency) of revenue over expenditures	<u>1,405,673</u>	<u>1,060,038</u>	<u>6,367</u>	<u>(576,951)</u>	<u>1,351,682</u>	<u>(271,332)</u>	<u>2,975,477</u>
OTHER FINANCING SOURCES (USES)							
General obligation debt issues	-	-	-	-	-	3,505,000	3,505,000
Premium on debt issued	-	-	-	-	-	128,473	128,473
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,633,473</u>	<u>3,633,473</u>
Net changes in fund balances	1,405,673	1,060,038	6,367	(576,951)	1,351,682	3,362,141	6,608,950
Fund balances (deficit) - beginning	<u>299,436</u>	<u>(1,520,424)</u>	<u>467,757</u>	<u>586,115</u>	<u>(1,320,513)</u>	<u>(63,211)</u>	<u>(1,550,840)</u>
Fund balances (deficit) - ending	<u>\$ 1,705,109</u>	<u>\$ (460,386)</u>	<u>\$ 474,124</u>	<u>\$ 9,164</u>	<u>\$ 31,169</u>	<u>\$ 3,298,930</u>	<u>\$ 5,058,110</u>

**CITY OF FRANKLIN, WISCONSIN
TIF DISTRICTS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	District 3 - Northwestern Mutual				District 4 - Ascension Hospital			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUE								
Taxes	\$ 2,645,000	\$ 2,645,000	\$ 2,067,579	\$ (577,421)	\$ 1,233,000	\$ 1,233,000	\$ 1,219,472	\$ (13,528)
Intergovernmental revenue	61,440	61,440	537,629	476,189	86,060	86,060	86,050	(10)
Investment earnings (loss)	-	-	3,218	3,218	-	-	1,698	1,698
Miscellaneous revenue	-	-	954,024	954,024	-	-	-	-
Total revenue	<u>2,706,440</u>	<u>2,706,440</u>	<u>3,562,450</u>	<u>856,010</u>	<u>1,319,060</u>	<u>1,319,060</u>	<u>1,307,220</u>	<u>(11,840)</u>
EXPENDITURES								
General governments	5,070	5,070	85,757	(80,687)	4,920	4,920	8,812	(3,892)
Public works	-	-	-	-	-	194,276	90,275	104,001
Conservation and development	1,050,225	1,130,912	1,050,225	80,687	-	-	-	-
Capital outlay	-	-	-	-	-	281,557	124,345	157,212
Debt Service								
Principal	965,000	965,000	965,000	-	-	-	-	-
Interest	55,795	55,795	55,795	-	36,875	36,875	23,750	13,125
Total expenditures	<u>2,076,090</u>	<u>2,156,777</u>	<u>2,156,777</u>	<u>-</u>	<u>41,795</u>	<u>517,628</u>	<u>247,182</u>	<u>270,446</u>
Excess (deficiency) of revenue over expenditures	<u>630,350</u>	<u>549,663</u>	<u>1,405,673</u>	<u>856,010</u>	<u>1,277,265</u>	<u>801,432</u>	<u>1,060,038</u>	<u>258,606</u>
Net changes in fund balances	<u>\$ 630,350</u>	<u>\$ 549,663</u>	<u>\$ 1,405,673</u>	<u>\$ 856,010</u>	<u>\$ 1,277,265</u>	<u>\$ 801,432</u>	<u>\$ 1,060,038</u>	<u>\$ 258,606</u>
Fund balances (deficits) - beginning			<u>299,436</u>				<u>(1,520,424)</u>	
Fund balances (deficits) - ending			<u>\$ 1,705,109</u>				<u>\$ (460,386)</u>	
Outstanding encumbrances at December 31, 2021			<u>\$ -</u>				<u>\$ 229,108</u>	

(Continued)

**CITY OF FRANKLIN, WISCONSIN
TIF DISTRICTS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	District 5 - Ballpark Commons				District 6 - Loomis & Ryan Roads			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUE								
Taxes	\$ 592,600	\$ 592,600	\$ 569,438	\$ (23,162)	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	25,640	25,640	25,643	3	-	-	-	-
Miscellaneous	220,000	220,000	79,585	(140,415)	-	-	89	89
Investment earnings (loss)	-	-	176	176	-	-	554	554
Total revenue	<u>838,240</u>	<u>838,240</u>	<u>674,842</u>	<u>(163,398)</u>	<u>-</u>	<u>-</u>	<u>643</u>	<u>643</u>
EXPENDITURES								
General governments	9,075	17,175	10,864	6,311	8,070	8,070	26,159	(18,089)
Public works	-	4,929	2,658	2,271	21,060	21,060	21,060	-
Conservation and development	5,000	8,250	5,000	3,250	12,500	12,500	12,500	-
Capital outlay	-	-	-	-	3,000,000	3,000,000	264,204	2,735,796
Debt Service								
Principal	-	-	-	-	-	-	-	-
Interest	821,641	821,641	649,953	171,688	342,850	342,850	253,671	89,179
Debt Issuance Costs	-	-	-	-	50,000	50,000	-	50,000
Total expenditures	<u>835,716</u>	<u>851,995</u>	<u>668,475</u>	<u>183,520</u>	<u>3,434,480</u>	<u>3,434,480</u>	<u>577,594</u>	<u>2,856,886</u>
Excess (deficiency) of revenue over expenditures	<u>2,524</u>	<u>(13,755)</u>	<u>6,367</u>	<u>(346,918)</u>	<u>(3,434,480)</u>	<u>(3,434,480)</u>	<u>(576,951)</u>	<u>(2,856,243)</u>
OTHER FINANCING SOURCES (USES)								
General obligation debt issues	-	-	-	-	3,000,000	3,000,000	-	(3,000,000)
Refunding debt issued	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>	<u>(3,000,000)</u>
Net changes in fund balances	<u>\$ 2,524</u>	<u>\$ (13,755)</u>	<u>6,367</u>	<u>\$ 20,122</u>	<u>\$ (434,480)</u>	<u>\$ (434,480)</u>	<u>(576,951)</u>	<u>\$ (142,471)</u>
Fund balances - beginning			<u>467,757</u>				<u>586,115</u>	
Fund balances - ending			<u>\$ 474,124</u>				<u>\$ 9,164</u>	
Outstanding encumbrances at December 31, 2021			<u>\$ -</u>				<u>\$ -</u>	

(Continued)

**CITY OF FRANKLIN, WISCONSIN
TIF DISTRICTS – SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES – BUDGET AND ACTUAL (ON A BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2021**

	District 7 - Velo Village				District 8 - Business Park Overlay			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance with Final Budget - Favorable (Unfavorable)
REVENUE								
Taxes	\$ 12,500	\$ 12,500	\$ 11,911	\$ (589)	\$ -	\$ -	\$ -	
Intergovernmental revenue	-	-	1,512,263	1,512,263	-	-	-	
Investment earnings (loss)	270,000	270,000	1,242	(268,758)	-	-	170	170
Total revenue	<u>282,500</u>	<u>282,500</u>	<u>1,525,416</u>	<u>1,242,916</u>	<u>-</u>	<u>-</u>	<u>170</u>	<u>170</u>
EXPENDITURES								
General governments	6,270	11,368	19,612	(8,244)	8,070	8,071	26,363	(18,292)
Public Works	-	-	-	-	644,060	673,312	127,227	546,085
Conservation and development	-	9,100	-	9,100	2,517,500	2,517,500	17,500	2,500,000
Capital outlay	-	-	-	-	5,150,500	5,150,500	39,985	5,110,515
Debt Service								
Interest	153,271	153,271	154,122	(851)	-	-	936	(936)
Debt Issuance Costs	-	-	-	-	100,000	100,000	59,491	40,509
Total expenditures	<u>159,541</u>	<u>173,739</u>	<u>173,734</u>	<u>5</u>	<u>8,420,130</u>	<u>8,449,383</u>	<u>271,502</u>	<u>8,177,881</u>
Excess (deficiency) of revenue over expenditures	<u>122,959</u>	<u>108,761</u>	<u>1,351,682</u>	<u>1,242,911</u>	<u>(8,420,130)</u>	<u>(8,449,383)</u>	<u>(271,332)</u>	<u>(8,177,711)</u>
OTHER FINANCING SOURCES (USES)								
General obligation debt issued	-	-	-	-	6,000,000	6,000,000	3,505,000	(2,495,000)
Premium on debt issued	-	-	-	-	-	-	128,473	128,473
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000,000</u>	<u>6,000,000</u>	<u>3,633,473</u>	<u>(2,366,527)</u>
Net changes in fund balances	<u>\$ 122,959</u>	<u>\$ 108,761</u>	<u>1,351,682</u>	<u>\$ 1,242,911</u>	<u>\$ (2,420,130)</u>	<u>\$ (2,449,383)</u>	<u>3,362,141</u>	<u>\$ (10,544,238)</u>
Fund balances (deficits) - beginning			<u>(1,320,513)</u>				<u>(63,211)</u>	
Fund balances - ending			<u>\$ 31,169</u>				<u>\$ 3,298,930</u>	
Outstanding encumbrances at December 31, 2021			<u>\$ -</u>				<u>\$ 293,808</u>	

(Concluded)

**CITY OF FRANKLIN, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION – EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2021**

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash	\$ -	\$ 151,984	\$ 151,984
Investments:			
Fixed Income Securities	4,361,487	2,778,278	7,139,765
Domestic Equities	6,901,109	6,143,504	13,044,613
International Equities	<u>1,948,479</u>	<u>-</u>	<u>1,948,479</u>
Total Investments	13,211,075	8,921,782	22,132,857
Accounts Receivable	<u>-</u>	<u>1,494</u>	<u>1,494</u>
Total assets	<u>\$ 13,211,075</u>	<u>\$ 9,075,260</u>	<u>\$ 22,286,335</u>
Liabilities			
Accounts payable	<u>\$ -</u>	<u>\$ 25,145</u>	<u>\$ 25,145</u>
Net Position			
Restricted for employee benefits	<u>13,211,075</u>	<u>9,050,115</u>	<u>22,261,190</u>
Total liabilities and net position	<u>\$ 13,211,075</u>	<u>\$ 9,075,260</u>	<u>\$ 22,286,335</u>

**CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2021**

	City of Franklin		Total
	Defined Benefit	City of Franklin	Employee
	Retirement	Post Employment	Benefit
	Income Plan	Benefits Trust	Trust Funds
	<u> </u>	<u> </u>	<u> </u>
Additions			
Contributions			
City of Franklin	\$ 260,336	\$ 324,614	\$ 584,950
Retirees	-	164,336	164,336
Net investment earnings (losses)	<u>1,444,164</u>	<u>1,210,946</u>	<u>2,655,110</u>
Total additions	<u>1,704,500</u>	<u>1,699,896</u>	<u>3,404,396</u>
 Deductions			
Incurred claims	561,282	225,071	786,353
Prescription drug claims	-	101,508	101,508
Claims fees	25,152	33,388	58,540
Stop loss premiums less claims received	<u>-</u>	<u>84,726</u>	<u>84,726</u>
Total deductions	<u>586,434</u>	<u>444,693</u>	<u>1,031,127</u>
 Changes in net position	1,118,066	1,255,203	2,373,269
 Net Position, Beginning of Year	<u>12,093,009</u>	<u>7,794,912</u>	<u>19,887,921</u>
 Net Position, End of Year	<u><u>\$ 13,211,075</u></u>	<u><u>\$ 9,050,115</u></u>	<u><u>\$ 22,261,190</u></u>

**CITY OF FRANKLIN, WISCONSIN
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL
FUNDS – SCHEDULE BY SOURCE
DECEMBER 31, 2021**

Governmental funds capital assets:

Land	\$ 27,285,649
Buildings and improvements	29,085,101
Machinery and equipment	21,672,656
Infrastructure improvements	131,261,624
Construction in process	<u>3,112,082</u>

Total governmental funds capital assets \$ 212,417,112

Investment in governmental capital assets by source:

General Fund	\$ 630,097
Special Revenue Funds	3,401,497
Capital Projects Funds	126,631,427
Donations	<u>81,754,091</u>

Total governmental funds capital assets \$ 212,417,112

**CITY OF FRANKLIN, WISCONSIN
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL
FUNDS – SCHEDULE BY FUNCTION AND ACTIVITY
DECEMBER 31, 2021**

Function and Activity	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure Improvements	Construction In process	Total
General Government:						
Mayor	\$ -	\$ -	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	-	-	9,584	-	-	9,584
Municipal court	-	-	35,210	-	-	35,210
City clerk	-	-	21,416	-	-	21,416
Elections	-	-	30,890	-	-	30,890
Information services	-	-	851,356	-	-	851,356
Administration	-	-	261,310	-	-	261,310
Human resources	-	-	9,617	-	-	9,617
Finance	-	-	189,179	-	-	189,179
Assessor	-	-	46,080	-	-	46,080
Attorney	-	-	906	-	-	906
Municipal buildings	597,437	4,801,351	557,969	-	-	5,956,757
Total General Government	<u>597,437</u>	<u>4,801,351</u>	<u>2,015,719</u>	<u>-</u>	<u>-</u>	<u>7,414,507</u>
Public Safety:						
Police	1,201,829	8,925,444	2,791,012	-	-	12,918,285
Fire	63,248	4,351,456	4,962,344	-	-	9,377,048
Building inspection	-	-	288,443	-	-	288,443
Total Public Safety	<u>1,265,077</u>	<u>13,276,900</u>	<u>8,041,799</u>	<u>-</u>	<u>-</u>	<u>22,583,776</u>
Public Works:						
Engineering	-	-	333,565	-	-	333,565
Highway	357,407	3,194,532	7,341,770	-	-	10,893,709
Street Lighting	-	-	1,097	-	-	1,097
Infrastructure	20,708,474	-	-	131,261,624	-	151,970,098
Construction in process	-	-	-	-	3,112,082	3,112,082
Total Public Works	<u>21,065,881</u>	<u>3,194,532</u>	<u>7,676,432</u>	<u>131,261,624</u>	<u>3,112,082</u>	<u>166,310,551</u>
Health & Human Services:						
Health	-	-	141,889	-	-	141,889
Culture and Recreation:						
Library	-	4,991,363	2,726,727	-	-	7,718,090
Parks	4,357,254	2,820,955	1,021,905	-	-	8,200,114
Total Culture and Recreation	<u>4,357,254</u>	<u>7,812,318</u>	<u>3,748,632</u>	<u>-</u>	<u>-</u>	<u>15,918,204</u>
Conservation and Development:						
Planning	-	-	48,185	-	-	48,185
Total governmental funds capital assets	<u>\$ 27,285,649</u>	<u>\$ 29,085,101</u>	<u>\$ 21,672,656</u>	<u>\$ 131,261,624</u>	<u>\$ 3,112,082</u>	<u>\$ 212,417,112</u>

**CITY OF FRANKLIN, WISCONSIN
CAPITAL ASSETS USED IN OPERATION OF GOVERNMENTAL FUNDS –
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
YEAR ENDED DECEMBER 31, 2021**

Function and Activity	Governmental Funds Capital Assets			
	01/01/21	Additions	Deletions	12/31/21
General Government:				
Mayor	\$ 2,202	\$ -	\$ -	\$ 2,202
Aldermen	9,584	-	-	9,584
Municipal court	35,210	-	-	35,210
City clerk	21,416	-	-	21,416
Elections	30,890	-	-	30,890
Information services	851,356	-	-	851,356
Administration	261,310	-	-	261,310
Human resources	9,617	-	-	9,617
Finance	189,179	-	-	189,179
Assessor	46,080	-	-	46,080
Attorney	906	-	-	906
Municipal buildings	5,956,757	-	-	5,956,757
Total General Government	<u>7,414,507</u>	<u>-</u>	<u>-</u>	<u>7,414,507</u>
Public Safety:				
Police	12,968,772	158,373	208,860	12,918,285
Fire	8,832,238	567,185	22,375	9,377,048
Building inspection	278,406	30,338	20,301	288,443
Total Public Safety	<u>22,079,416</u>	<u>755,896</u>	<u>251,536</u>	<u>22,583,776</u>
Public Works:				
Engineering	365,555	-	31,990	333,565
Highway	10,033,926	1,272,370	412,587	10,893,709
Street lighting	1,097	-	-	1,097
Infrastructure	143,705,747	8,380,219	115,868	151,970,098
Construction in process	5,630,865	588,197	3,106,980	3,112,082
Total Public Works	<u>159,737,190</u>	<u>10,240,786</u>	<u>3,667,425</u>	<u>166,310,551</u>
Health & Human Services:				
Health	141,889	-	-	141,889
Culture and Recreation:				
Library	7,749,010	144,831	175,751	7,718,090
Parks	7,974,153	225,961	-	8,200,114
Total Culture and Recreation	<u>15,723,163</u>	<u>370,792</u>	<u>175,751</u>	<u>15,918,204</u>
Conservation and Development:				
Planning	48,185	-	-	48,185
Total governmental funds capital assets	<u>\$ 205,144,350</u>	<u>\$ 11,367,474</u>	<u>\$ 4,094,712</u>	<u>\$ 212,417,112</u>

STATISTICAL SECTION

Statistical Section

This part of the City of Franklin's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

Table 1

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

Table 5

These tables contain trend information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

Table 11

These tables present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

Table 14

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

Table 17

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF FRANKLIN, WISCONSIN
 Net Position by Component
 Last Ten Years
 (accrual basis of accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 *</u>	<u>Fiscal Year</u> <u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u> (2)
Governmental activities										
Net Investment in capital assets	\$ 127,060,579	\$ 122,636,518	\$ 123,769,857	\$ 113,400,761	\$ 115,417,617	\$ 110,638,152	\$ 107,184,603	\$ 106,031,877	\$ 104,721,982	\$ 104,097,426
Restricted										
Debt service	78,028	-	127,211	586,594	552,375	658,091	482,773	580,605	722,710	535,337
Utility improvements	2,495,759	2,656,621	2,586,422	2,374,252	2,169,298	2,103,487	1,999,759	1,918,450	1,523,989	1,623,959
Development	9,139,670	8,891,715	9,066,099	6,140,196	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731
Library	641,337	689,390	710,872	630,290	581,080	495,660	524,137	598,752	582,292	541,825
Donations and other	6,642,869	2,515,971	3,694,542	4,850,568	3,426,760	3,301,860	602,281	560,306	507,955	541,755
Pensions	8,456,937	3,332,334	-	2,607,342						
Unrestricted (deficit)	<u>(17,759,104)</u>	<u>(14,608,991)</u>	<u>(11,675,211)</u>	<u>3,825,355</u>	<u>11,303,345</u>	<u>14,522,376</u>	<u>16,401,941</u>	<u>8,848,660</u>	<u>4,889,704</u>	<u>1,487,025</u>
Total governmental activities net position	<u>\$ 136,756,075</u>	<u>\$ 126,113,558</u>	<u>\$ 128,279,792</u>	<u>\$ 134,415,358</u>	<u>\$ 137,616,975</u>	<u>\$ 135,778,188</u>	<u>\$ 131,047,147</u>	<u>\$ 122,708,989</u>	<u>\$ 118,000,800</u>	<u>\$ 113,442,058</u>
Business-type activities						(1)				
Net Investment in capital assets	\$ 101,487,571	\$ 101,401,639	\$ 92,371,165	\$ 85,170,183	\$ 86,584,568	\$ 88,115,672	\$ 88,861,706	\$ 88,567,257	\$ 89,095,184	\$ 89,398,082
Restricted										
Sewer equipment replacement	482,900	482,900	480,000	-	178,590	394,227	356,106	313,558	277,230	334,508
Pensions	370,751	64,010								
Long term receivable - RCI	14,973,399	16,280,068	17,555,340	18,799,969	20,014,692	21,200,228				
Unrestricted	<u>5,647,210</u>	<u>4,681,817</u>	<u>3,997,436</u>	<u>4,861,140</u>	<u>4,179,263</u>	<u>3,450,718</u>	<u>2,853,728</u>	<u>4,015,630</u>	<u>3,017,842</u>	<u>2,518,834</u>
Total business-type activities net position	<u>\$ 122,961,831</u>	<u>\$ 122,910,434</u>	<u>\$ 114,403,941</u>	<u>\$ 108,831,292</u>	<u>\$ 110,957,113</u>	<u>\$ 113,160,845</u>	<u>\$ 92,071,540</u>	<u>\$ 92,896,445</u>	<u>\$ 92,390,256</u>	<u>\$ 92,251,424</u>
Total	(3)	(3)	(3)	(3)	(3)	(3)				
Net Investment in capital assets	\$ 219,516,950	\$ 215,006,957	\$ 212,636,622	\$ 196,873,944	\$ 201,846,895	\$ 198,334,454	\$ 196,046,309	\$ 194,599,134	\$ 193,817,166	\$ 193,495,508
Restricted										
Debt service	78,028	-	127,211	586,594	552,375	658,091	482,773	580,605	722,710	535,337
Utility improvements	2,495,759	2,656,621	2,586,422	2,374,252	2,169,298	2,103,487	1,999,759	1,918,450	1,523,989	1,623,959
Development	9,139,670	8,891,715	9,066,099	6,140,196	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731
TIF Districts	641,337	689,390	710,872	630,290	581,080	495,660	524,137	598,752	582,292	541,825
Donations and grants	6,642,869	2,515,971	3,694,542	4,850,568	3,426,760	3,301,860	602,281	560,306	507,955	541,755
Sewer replacement	482,900	482,900	480,000	-	178,590	394,227	356,106	313,558	277,230	334,508
Intergovernmental Cooperation	14,973,399	16,280,068	17,555,340	18,799,969	20,014,692	21,200,228				
Pensions	8,827,688	3,396,344	-	2,607,342						
Unrestricted	<u>(3,080,694)</u>	<u>(895,974)</u>	<u>(4,173,375)</u>	<u>10,383,495</u>	<u>15,637,898</u>	<u>18,392,464</u>	<u>19,255,669</u>	<u>12,864,290</u>	<u>7,907,546</u>	<u>4,005,859</u>
Total net position	<u>\$ 259,717,906</u>	<u>\$ 249,023,992</u>	<u>\$ 242,683,733</u>	<u>\$ 243,246,650</u>	<u>\$ 248,574,088</u>	<u>\$ 248,939,033</u>	<u>\$ 223,118,687</u>	<u>\$ 215,605,434</u>	<u>\$ 210,391,056</u>	<u>\$ 205,693,482</u>

Notes:

- (1) Ryan Creek Interceptor Sewer brought on Sewer Fund Balance Sheet in 2016
 (2) 2012 and prior years have been reclassified to be consistent with the current year presentation
 (3) Amounts do not crossfoot related to Business-type assets financed by Government debt - see footnotes
 * revised amounts for TID balances

CITY OF FRANKLIN, WISCONSIN
Changes in Net Position, Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses					****		***			
Governmental activities:										
General government	\$ 3,261,348	\$ 3,499,585	\$ 3,979,782	\$ 3,412,150	\$ 3,310,893	\$ 3,202,942	\$ 2,990,355	\$ 2,919,940	\$ 2,915,267	\$ 2,794,497
Public safety	16,782,068	18,489,506	18,695,104	18,429,274	18,839,063	18,398,830	16,959,091	16,194,631	16,484,847	17,228,769
Public works	7,884,083	10,307,739	5,952,372	9,042,112	7,478,288	8,432,828	8,304,583	7,231,238	6,550,808	6,182,036
Health and human services	1,190,197	993,155	849,373	906,003	889,434	794,502	726,000	673,332	698,088	730,499
Culture and recreation	2,246,053	2,310,199	2,331,957	2,073,116	2,202,090	1,872,691	1,969,297	1,865,832	1,838,700	1,870,573
Conservation and development	1,920,657	1,478,889	12,222,229	8,349,725	586,622	547,060	576,421	459,884	422,095	412,066
Interest on long term debt	1,335,371	1,223,360	1,416,597	574,065	165,254	313,301	405,022	582,211	802,562	1,272,721
Total governmental activities expenses	<u>34,619,777</u>	<u>38,302,433</u>	<u>45,447,414</u>	<u>42,786,445</u>	<u>33,471,644</u>	<u>33,562,154</u>	<u>31,930,769</u>	<u>29,927,068</u>	<u>29,712,367</u>	<u>30,491,161</u>
Business-type activities										
Water	5,842,691	5,674,035	5,393,192	5,514,057	5,429,943	5,632,322	5,766,088	5,077,744	5,051,835	5,064,149
Sewer	<u>6,458,122</u>	<u>6,378,926</u>	<u>6,167,989</u>	<u>5,949,549</u>	<u>5,724,633</u>	<u>5,758,112</u>	<u>4,148,420</u>	<u>4,180,946</u>	<u>4,133,632</u>	<u>3,640,106</u>
Total business-type activities expenses	<u>12,300,813</u>	<u>12,052,961</u>	<u>11,561,181</u>	<u>11,463,606</u>	<u>11,154,576</u>	<u>11,390,434</u>	<u>9,914,508</u>	<u>9,258,690</u>	<u>9,185,467</u>	<u>8,704,255</u>
Total expenses	<u>\$ 46,920,590</u>	<u>\$ 50,355,394</u>	<u>\$ 57,008,595</u>	<u>\$ 54,250,051</u>	<u>\$ 44,626,220</u>	<u>\$ 44,952,588</u>	<u>\$ 41,845,277</u>	<u>\$ 39,185,758</u>	<u>\$ 38,897,834</u>	<u>\$ 39,195,416</u>
Program Revenue										
Governmental activities:										**
Charges for services:										
General government	\$ 202,423	\$ 220,817	\$ 186,597	\$ 195,685	\$ 150,998	\$ 138,723	\$ 150,787	\$ 213,328	\$ 251,573	\$ 163,947
Public safety	3,220,532	2,588,486	3,189,400	2,895,777	2,371,577	2,325,154	2,362,176	2,268,334	2,459,946	2,226,209
Public works	5,041,365	4,909,364	5,207,303	3,296,931	2,699,691	2,828,139	2,719,888	2,638,717	2,388,273	2,417,109
Health and human services	186,577	128,691	209,064	210,718	181,625	184,304	164,674	115,650	118,702	126,516
Culture and recreation	191,565	59,478	193,019	191,991	204,845	176,065	146,594	118,008	113,217	45,992
Conservation and development	483,752	139,094	150,570	160,257	152,247	122,264	152,588	51,917	63,366	73,530
Operating grants and contributions	2,578,964	3,818,957	1,991,081	1,932,199	1,829,490	1,882,406	1,809,520	1,901,262	1,838,950	2,144,164
Capital grants and contributions	<u>4,031,734</u>	<u>3,632,379</u>	<u>4,158,787</u>	<u>2,655,553</u>	<u>3,143,577</u>	<u>3,677,886</u>	<u>1,144,757</u>	<u>1,437,524</u>	<u>1,659,859</u>	<u>1,240,439</u>
Total governmental activities program revenue	<u>15,936,912</u>	<u>15,497,266</u>	<u>15,285,821</u>	<u>11,539,111</u>	<u>10,734,050</u>	<u>11,334,941</u>	<u>8,650,984</u>	<u>8,744,740</u>	<u>8,893,886</u>	<u>8,437,906</u>
Business-type activities										
Charges for services:										
Water	6,345,014	6,196,559	5,822,259	5,961,350	6,057,085	6,054,573	5,609,928	5,421,719	5,403,994	5,361,646
Sewer	4,293,097	3,972,298	3,802,127	3,704,852	3,313,854	3,328,550	3,340,382	3,266,897	3,243,737	3,142,062
Capital grants and contributions	<u>1,887,020</u>	<u>2,491,601</u>	<u>1,893,179</u>	-	-	<u>349,952</u>	<u>566,251</u>	<u>238,557</u>	-	-
Total business-type activities program revenue	<u>12,525,131</u>	<u>12,660,458</u>	<u>11,517,565</u>	<u>9,666,202</u>	<u>9,370,939</u>	<u>9,733,075</u>	<u>9,516,561</u>	<u>8,927,173</u>	<u>8,647,731</u>	<u>8,503,708</u>
Total program revenue	<u>\$ 28,462,043</u>	<u>\$ 28,157,724</u>	<u>\$ 26,803,386</u>	<u>\$ 21,205,313</u>	<u>\$ 20,104,989</u>	<u>\$ 21,068,016</u>	<u>\$ 18,167,545</u>	<u>\$ 17,671,913</u>	<u>\$ 17,541,617</u>	<u>\$ 16,941,614</u>

Notes:

** Restated - In 2012 the Solid Waste Fee began

*** Implemented GASB 68

**** Implemented GASB 75

Table 2
(concluded)

CITY OF FRANKLIN, WISCONSIN
Changes in Net Position, Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
					(4)	(3)	(2)			(1)
Net (Expense)/Revenue										
Governmental activities	\$ (18,682,865)	\$ (22,805,167)	\$ (30,161,593)	\$ (31,247,332)	\$ (22,737,594)	\$ (22,227,213)	\$ (23,279,785)	\$ (21,182,328)	\$ (20,818,481)	\$ (22,053,255)
Business-type activities	224,318	607,497	(43,616)	(1,797,404)	(1,783,637)	(1,657,359)	(397,947)	(331,517)	(537,736)	(200,547)
Total net expense	<u>\$ (18,458,547)</u>	<u>\$ (22,197,670)</u>	<u>\$ (30,205,209)</u>	<u>\$ (33,044,736)</u>	<u>\$ (24,521,231)</u>	<u>\$ (23,884,572)</u>	<u>\$ (23,677,732)</u>	<u>\$ (21,513,845)</u>	<u>\$ (21,356,217)</u>	<u>\$ (22,253,802)</u>
General Revenue and other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes	\$ 20,809,309	\$ 20,638,067	\$ 20,068,272	\$ 19,850,774	\$ 19,209,536	\$ 19,057,468	\$ 19,022,087	\$ 18,905,872	\$ 18,884,009	\$ 18,695,907
Property taxes levied for debt service	1,100,000	1,100,000	1,300,000	1,300,000	1,300,000	1,500,000	1,600,000	1,600,000	1,650,000	1,750,000
Property taxes levied for TIF Districts	3,718,985	3,261,911	2,175,058	2,471,104	2,415,640	3,111,557	2,690,637	2,526,925	2,410,131	2,560,324
Other taxes	1,052,748	658,315	1,394,469	1,085,976	1,020,027	863,735	785,195	726,774	723,985	708,832
Intergovernmental revenue										
not restricted to specific programs	1,632,260	1,169,376	2,437,929	1,366,802	1,404,222	1,350,257	1,804,045	1,519,848	1,620,331	1,590,209
Investment earnings	259,921	1,061,055	1,575,432	847,916	406,902	315,376	411,650	695,541	87,278	784,932
Miscellaneous revenue	59,424	34,295	41,373	13,895	27,612	54,447	48,685	43,170	66,191	394,032
Gain on sale of capital assets	-	-	-	97,856	99,668	106,934	13,106	16,988	2,024	32,129
Transfers	692,735	(7,284,086)	(4,966,506)	1,011,392	989,602	391,099	1,044,459	(144,601)	(66,726)	1,009,126
Total governmental activities	<u>29,325,382</u>	<u>20,638,933</u>	<u>24,026,027</u>	<u>28,045,715</u>	<u>26,873,209</u>	<u>26,750,873</u>	<u>27,419,864</u>	<u>25,890,517</u>	<u>25,377,223</u>	<u>27,525,491</u>
Business-type activities:										
Investment earnings	391,545	513,188	554,542	548,047	529,004	437,909	593,128	642,227	569,444	318,669
Miscellaneous revenue	128,269	101,722	95,217	134,928	85,943	136,782	73,601	50,878	40,398	126,867
Transfers	(692,735)	7,284,086	4,966,506	(1,011,392)	(989,602)	(391,099)	(1,044,459)	144,601	66,726	(1,009,126)
Total business-type activities	<u>(172,921)</u>	<u>7,898,996</u>	<u>5,616,265</u>	<u>(328,417)</u>	<u>(374,655)</u>	<u>183,592</u>	<u>(377,730)</u>	<u>837,706</u>	<u>676,568</u>	<u>(563,590)</u>
Total General Revenue and other Changes in Net Position	<u>\$ 29,152,461</u>	<u>\$ 28,537,929</u>	<u>\$ 29,642,292</u>	<u>\$ 27,717,298</u>	<u>\$ 26,498,554</u>	<u>\$ 26,934,465</u>	<u>\$ 27,042,134</u>	<u>\$ 26,728,223</u>	<u>\$ 26,053,791</u>	<u>\$ 26,961,901</u>
Change in Net Position										
Governmental activities	\$ 10,642,517	\$ (2,166,234)	\$ (6,135,566)	\$ (3,201,617)	\$ 4,135,615	\$ 4,523,660	\$ 4,140,079	\$ 4,708,189	\$ 4,558,742	\$ 5,472,236
Governmental activities - prior period adjustment	-	-	-	-	(2,296,828)	-	4,198,079	-	-	-
Business-type activities:	51,397	8,506,493	5,572,649	(2,125,821)	(2,158,292)	(1,473,767)	(775,677)	506,189	138,832	(764,137)
Business-type activities - prior period adjustment	-	-	-	-	(45,440)	22,451,460	(49,228)	-	-	-
Total	<u>\$ 10,693,914</u>	<u>\$ 6,340,259</u>	<u>\$ (562,917)</u>	<u>\$ (5,327,438)</u>	<u>\$ (364,945)</u>	<u>\$ 25,501,353</u>	<u>\$ 7,513,253</u>	<u>\$ 5,214,378</u>	<u>\$ 4,697,574</u>	<u>\$ 4,708,099</u>

Notes:

- (1) Restated - in 2012 the Solid Waste Fee began
- (2) Implemented GASB 68
- (3) Restated for Ryan Creek Interceptor Sewer
- (4) Implemented GASB 75

CITY OF FRANKLIN, WISCONSIN
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										*
Nonspendable:										
Inventories and prepaid items	\$ 59,359	\$ 38,684	\$ 19,490	\$ 57,423	\$ 15,848	\$ 46,342	\$ 41,186	\$ 78,455	\$ 45,866	\$ 62,936
Advances to other funds	189,700	206,450	136,200	219,700	230,700	2,248,616	2,198,616	2,198,616	505,040	-
Assigned - Purchase Orders	174,859	315,823	132,393	271,970	150,565	61,626	147,121	207,270		
Unassigned	<u>9,452,112</u>	<u>8,638,056</u>	<u>8,345,671</u>	<u>6,787,184</u>	<u>6,190,398</u>	<u>5,334,100</u>	<u>6,662,986</u>	<u>6,148,771</u>	<u>7,230,661</u>	<u>6,439,199</u>
Total general fund	<u>9,876,030</u>	<u>9,199,013</u>	<u>8,633,754</u>	<u>7,336,277</u>	<u>6,587,511</u>	<u>7,690,684</u>	<u>9,049,909</u>	<u>8,633,112</u>	<u>7,781,567</u>	<u>6,502,135</u>
All other governmental funds:										
Nonspendable:										
Inventories and prepaid items	2,253	-	-	-	650	1,274	730	900	2,475	21,800
Restricted:										
Debt service	506,680	476,871	1,118,560	982,719	735,022	651,298	507,283	546,238	6,801,945	7,423,733
Utility improvements	2,495,759	2,388,177	2,194,797	1,712,538	1,413,378	1,224,190	907,003	672,431	443,438	543,408
Development	9,139,670	8,891,715	8,833,459	6,140,196	4,166,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731
TIF Districts	5,518,496	1,353,308	17,307,511	12,430,497	2,405,999	2,583,687	996,460	347,978	-	-
Donations	282,685	235,736	161,342	150,606	150,136	177,333	133,678	122,550	102,326	105,238
Health services	82,047	272,376	198,561	192,510	199,428	161,571	160,003	175,220	165,846	179,239
Library services	641,337	689,390	710,872	630,290	580,430	494,386	523,237	596,277	579,817	520,775
Solid waste	431,521	412,407	455,125	430,747	393,677	330,883	260,944	216,385	188,307	100,546
Recreational services	94,009	72,904	80,952	75,743	65,727	48,386	47,656	46,151	51,476	52,244
Tourism Commission	234,111	388,940	469,951	376,069	211,793					
Assigned:										
Capital projects	7,315,618	5,707,862	5,538,456	6,793,499	6,746,614	5,684,525	4,906,594	4,699,459	2,791,111	2,724,764
Unassigned	<u>(482,785)</u>	<u>(2,904,148)</u>	<u>(108,090)</u>	<u>(13,344)</u>	<u>(218,450)</u>	<u>(70,316)</u>	<u>(150,927)</u>	<u>(2,196,383)</u>	<u>(5,180,799)</u>	<u>(5,965,890)</u>
Total all other government funds	<u>26,261,401</u>	<u>17,985,538</u>	<u>36,961,496</u>	<u>29,902,070</u>	<u>16,850,904</u>	<u>15,345,779</u>	<u>12,144,314</u>	<u>9,397,545</u>	<u>10,998,110</u>	<u>10,320,588</u>
Total fund balances	<u>\$ 36,137,431</u>	<u>\$ 27,184,551</u>	<u>\$ 45,595,250</u>	<u>\$ 37,238,347</u>	<u>\$ 23,438,415</u>	<u>\$ 23,036,463</u>	<u>\$ 21,194,223</u>	<u>\$ 18,030,657</u>	<u>\$ 18,779,677</u>	<u>\$ 16,822,723</u>

Notes:

* 2012 and prior years have been reclassified to be consistent with the current year presentation

CITY OF FRANKLIN, WISCONSIN
 Changes in Fund Balances, Governmental Funds
 Last Ten Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenue										**
Taxes	\$ 26,699,450	\$ 25,846,272	\$ 24,542,968	\$ 24,506,840	\$ 23,815,159	\$ 24,532,761	\$ 24,097,919	\$ 23,759,571	\$ 23,668,125	\$ 23,715,063
Intergovernmental revenue	6,049,941	5,223,304	3,313,760	3,270,878	3,128,969	3,158,596	3,490,037	3,408,075	3,438,041	3,757,618
Licenses and permits	1,275,059	1,061,488	1,335,589	1,189,096	799,762	692,524	706,977	808,302	912,357	755,027
Fines, forfeitures and penalties	419,889	390,124	451,062	475,840	485,407	498,653	484,957	421,976	411,795	457,499
Public charges for services	6,985,185	6,182,086	6,909,196	4,843,857	4,139,471	4,042,515	4,065,334	3,799,898	3,791,279	3,612,576
Special assessments	856,446	1,415,939	3,503,006	2,845,159	531,729	904,147	642,256	1,057,088	1,483,350	1,236,114
Intergovernmental charges for services	204,681	183,423	226,178	192,542	172,796	194,806	192,188	136,372	162,308	103,615
Investment earnings	130,040	920,637	1,509,951	818,584	396,563	284,180	426,018	739,930	223,806	661,976
Miscellaneous revenue	1,523,447	385,873	393,071	394,995	295,899	481,943	419,464	411,301	288,465	674,305
Total revenue	44,144,138	41,609,146	42,184,781	38,537,791	33,765,755	34,790,125	34,525,150	34,542,513	34,379,526	34,973,793
Expenditures										
Current										
General government	3,131,406	3,238,717	3,226,853	3,022,923	3,001,970	2,969,747	2,783,745	2,786,740	2,710,650	2,631,419
Public safety	18,166,523	18,059,877	17,181,784	17,106,793	16,696,452	15,813,354	16,006,187	15,390,139	15,465,617	16,429,496
Public works	6,516,486	6,748,654	5,852,769	5,125,682	5,465,245	5,302,766	4,587,108	5,140,650	4,855,870	4,848,568
Health and human services	1,247,270	1,010,695	857,355	895,261	858,441	766,249	716,169	666,475	668,711	719,447
Culture, recreation and education	1,890,450	1,657,838	1,698,579	1,706,902	1,639,626	1,710,037	1,606,027	1,575,381	1,514,668	1,539,040
Conservation and development	1,963,361	5,898,845	12,235,625	12,679,197	560,072	523,268	568,364	461,181	416,765	409,996
Capital outlay	5,347,438	20,058,165	15,923,366	5,864,385	4,745,936	4,689,147	5,097,046	3,967,446	3,172,706	2,915,159
Debt service										
Principal	2,445,000	2,090,000	1,405,000	2,315,000	3,030,000	1,950,000	615,000	10,265,000	3,790,000	10,825,000
Interest	1,275,188	1,511,620	1,035,307	391,576	218,888	375,697	460,072	731,288	1,033,519	1,334,958
Debt issuance costs	104,668	190,327	473,097	203,184	40,442	53,789	-	73,091	-	-
Total expenditures	42,087,790	60,464,738	59,889,735	49,310,903	36,257,072	34,154,054	32,439,718	41,057,391	33,628,506	41,653,083
Excess of revenue over (under) expenditures	2,056,348	(18,855,592)	(17,704,954)	(10,773,112)	(2,491,317)	636,071	2,085,432	(6,514,878)	751,020	(6,679,290)
Other financing sources (uses)										
Debt issued	5,545,000	3,045,000	19,970,000	23,480,000	1,630,000	-	-	5,320,000	-	-
Refunding debt issued	-	9,545,000	14,725,000	-	-	5,770,000	-	-	-	-
Premium on debt issued	218,807	254,320	363,931	-	51,071	154,202	-	232,827	-	-
Principal payment on current refunding	-	(13,480,000)	(10,000,000)	-	-	(5,895,000)	-	-	-	-
Sale of capital assets	114,935	77,185	34,478	81,652	179,355	126,585	33,675	39,894	75,559	32,129
Transfers in	1,965,481	2,353,304	1,648,598	1,738,685	1,231,589	2,859,364	2,408,253	2,125,007	2,769,157	2,398,454
Transfers out	(947,691)	(1,349,916)	(680,150)	(727,293)	(198,746)	(1,808,982)	(1,363,794)	(1,951,870)	(1,638,782)	(1,337,416)
Net change in fund balances	\$ 8,952,880	\$ (18,410,699)	\$ 8,356,903	\$ 13,799,932	\$ 401,952	\$ 1,842,240	\$ 3,163,566	\$ (749,020)	\$ 1,956,954	\$ (5,586,123)
Debt service as a percentage of non capital expenditures *	8.7%	7.1%	4.9%	6.6%	10.1%	7.5%	3.7%	29.3%	15.1%	30.9%

Notes:

** Restated - In 2012, the Solid Waste Fee began

CITY OF FRANKLIN, WISCONSIN
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Years

Value As of 1/1	Real property		Personal property		Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Ratio of Assessed to Estimated Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value				
2021 #	\$ 4,824,467,300	\$ 4,835,802,000	\$ 53,368,900	\$ 51,571,400	\$ 4,877,836,200	4.82	\$ 4,887,373,400	99.80%
2020 #	4,460,120,800	4,534,361,500	51,812,400	53,391,000	\$ 4,511,933,200	5.05	4,587,752,500	98.35%
2019 #	4,307,636,600	4,307,636,600	52,632,400	52,632,400	4,229,425,745	5.32	4,360,269,000	97.00%
2018 * &	3,892,949,730	3,968,886,600	39,302,100	54,054,800	3,932,251,830	5.43	4,022,941,400	97.75%
2017 #	3,780,102,600	3,815,928,100	74,663,600	72,998,100	3,854,766,200	5.62	3,888,926,200	99.12%
2016 #	3,623,999,925	3,658,026,300	80,479,000	70,976,800	3,704,478,925	5.69	3,729,003,100	99.34%
2015	3,320,368,500	3,558,087,200	76,174,600	91,098,700	3,396,543,100	6.26	3,649,185,900	93.08%
2014	3,279,586,200	3,498,464,700	85,006,600	91,229,400	3,364,592,800	6.28	3,589,694,100	93.73%
2013 #	3,265,704,200	3,314,653,800	94,023,900	99,622,800	3,359,728,100	6.29	3,414,276,600	98.40%
2012	3,557,806,088	3,436,681,800	95,404,700	87,424,100	3,653,210,788	5.78	3,524,105,900	103.66%

* Reassessment year
 # Revaluation year

Assessed Valuation by School District - 2020

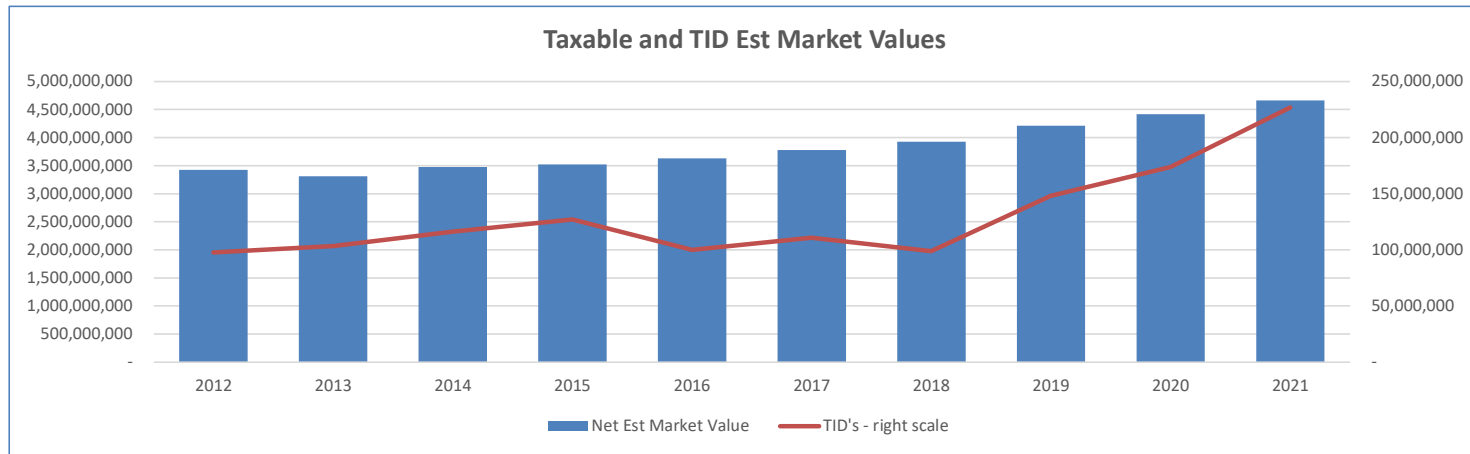
	Franklin School District	Oak Creek/ Franklin School District	Whitnall School District	Total Assessed Value
Total	\$ 3,426,432,300	\$ 819,569,200	\$ 265,931,700	\$ 4,511,933,200

Note: Assessed values are determined by the City and the Wisconsin Department of Revenue. Estimated actual values were obtained from the Wisconsin Department of Revenue and include Wisconsin Section 70.57 adjustments. Taxes collected are used in the following year's City operations.

& In 2018 the State exempted another class of Personal Property, which had a \$17.0 million value in 2017

CITY OF FRANKLIN, WISCONSIN
 Estimated Actual Values and TID Values
 Last Ten Years

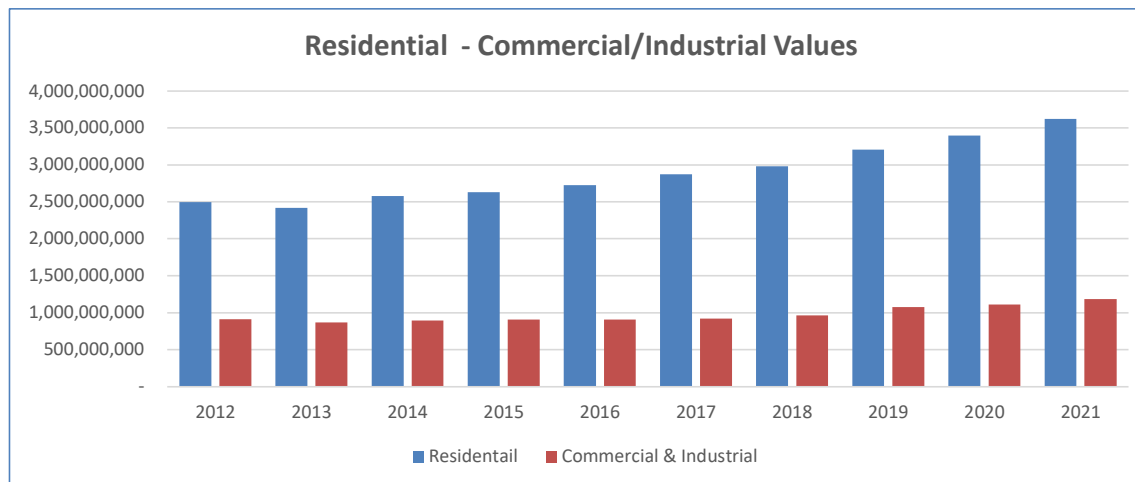
Value As of 1/1	Total Estimated Actual Value	TID 3	TID 4	Value of TID's TID 5	TID 6	TID 7	TID 8	Pct of Total	Total TID's	Net of TID's Estimated Actual Value	Equalized Tax Rate
2021 #	\$ 4,887,373,400	\$ 85,724,400	\$ 61,294,100	\$ 53,255,600	\$ 1,668,600	\$ 20,796,200	\$ 4,157,800	4.64%	\$ 226,896,700	\$ 4,660,476,700	\$ 4.81
2020 #	4,587,752,500	97,386,600	54,668,200	21,439,500	0	533,300		3.79%	174,027,600	4,413,724,900	4.97
2019 #	4,360,269,000	64,781,500	52,629,500	30,859,200				3.40%	148,270,200	4,211,998,800	5.20
2018 #	4,022,941,400	51,181,600	46,431,200	1,261,200				2.46%	98,874,000	3,924,067,400	5.36
2017 #	3,888,926,200	62,049,100	47,593,400	1,211,500				2.85%	110,854,000	3,778,072,200	5.43
2016 #	3,729,003,100	55,256,200	44,691,300					2.68%	99,947,500	3,629,055,600	5.65
2015	3,649,185,900	72,829,900	54,274,300					3.48%	127,104,200	3,522,081,700	5.82
2014	3,589,694,100	72,785,000	43,675,900					3.24%	116,460,900	3,473,233,200	5.90
2013 #	3,414,276,600	64,305,700	39,050,100					3.03%	103,355,800	3,310,920,800	6.19
2012	3,524,105,900	63,917,800	33,693,500					2.77%	97,611,300	3,426,494,600	5.97



Note: Assessed Values are determined by the City and the Wisconsin Dept of Revenue. Estimated values were obtained from the WI Dept of Revenue and include WI Section 70.57 adjustments. Taxes collected are used in the following year's City operations.

CITY OF FRANKLIN, WISCONSIN
 Estimated Actual Property Value and Construction Data
 Last Ten Years

Fiscal Year	(1) Estimate Actual Property value					(2) Residential Construction		(2) Nonresidential Construction		(3) Net New Construction	Pct of Est Actual
	Residential	% of Total	Commercial and Manufacturing	Agricultural, Swamp and Other	Total	# of Units	Value	# of Permits	Value		
2021	\$ 3,620,709,200	74.9%	\$ 1,187,094,200	\$ 27,998,600	4,835,802,000	84	\$ 34,126,042	7	\$ 7,116,145	\$ 113,793,500	2.4%
2020	3,396,938,200	74.9%	1,110,601,200	26,822,100	4,534,361,500	81	32,389,500	11	8,214,000	32,475,200	0.7%
2019	3,205,292,500	74.4%	1,075,752,300	26,591,800	4,307,636,600	79	27,938,500	58	69,386,000	64,576,600	1.5%
2018	2,981,328,700	75.1%	962,660,500	24,897,400	3,968,886,600	45	13,044,120	63	52,927,728	34,676,200	0.9%
2017	2,870,690,200	75.2%	920,578,100	24,659,800	3,815,928,100	18	8,991,610	13	28,861,659	18,917,600	0.5%
2016	2,726,337,800	74.5%	907,823,500	23,865,000	3,658,026,300	34	13,912,735	3	7,350,000	22,993,000	0.6%
2015	2,628,835,800	73.9%	905,420,400	23,831,000	3,558,087,200	34	13,454,139	44	16,589,580	33,778,900	0.9%
2014	2,580,859,500	73.8%	894,256,900	23,348,300	3,498,464,700	44	14,780,900	68	19,734,951	46,839,400	1.3%
2013	2,418,991,400	73.0%	871,715,000	23,947,400	3,314,653,800	65	19,942,795	17	2,902,692	34,628,900	1.0%
2012	2,498,514,100	72.7%	914,654,100	23,513,600	3,436,681,800	55	19,322,659	44	27,991,474	20,303,700	0.6%



- (1) Estimated actual values from the Wisconsin Department of Revenue
- (2) Source: City's Building Inspection Department. - from Building Permits issued
- (3) From Wisconsin Department of Revenue - actual value higher, as personal property not included in denominator

CITY OF FRANKLIN, WISCONSIN
 Direct and Overlapping Property Tax Rates
 Last Ten Years
 (rate per \$1,000 of assessed value)

Budget Year	City of Franklin Direct Rates							Overlapping Rates								(**) Total Rate
	General	Library	Debt Service	Capital Outlay	Equipment Replacement	Street Improvement	Total	School Districts			Milwaukee Area		Milwaukee Metropolitan		State	
								Franklin	Oak Creek	Whitnall	School Credits	Technical College	Milwaukee County	Sewerage District		
2021 #	\$ 4.42	\$ 0.31	\$ 0.25	\$ 0.07	\$ -	\$ 0.00	5.05	\$ 10.21	\$ 9.02	\$ 8.86	\$ (1.74)	\$ 1.17	\$ 4.68	\$ 1.61	\$ -	\$ 20.98
2020 #	4.65	0.33	0.27	0.07	-	0.00	5.32	10.92	9.12	9.50	(1.87)	1.22	4.93	1.70	-	22.22
2019 #	4.62	0.33	0.33	0.11	0.04	0.00	5.43	11.21	8.58	9.76	(1.97)	1.22	4.89	1.69	-	22.47
2018 #	4.52	0.35	0.34	0.12	0.09	0.19	5.61	11.64	8.82	10.29	(2.08)	1.27	5.10	1.74	-	23.28
2017 #	4.56	0.36	0.36	0.12	0.10	0.20	5.69	12.03	9.38	10.08	(1.97)	1.27	5.13	1.76	0.17	24.09
2016	4.97	0.39	0.45	0.13	0.10	0.21	6.26	13.29	10.57	10.88	(2.14)	1.35	5.52	1.87	0.18	26.33
2015	4.96	0.38	0.49	0.13	0.10	0.21	6.28	13.21	9.76	11.11	(1.88)	1.36	5.44	1.83	0.18	26.42
2014 #	4.98	0.38	0.49	0.13	0.10	0.21	6.29	13.26	9.10	10.67	(1.86)	2.16	5.21	1.73	0.17	26.97
2013	4.60	0.35	0.47	0.11	0.08	0.17	5.78	11.72	9.09	9.72	(1.69)	2.04	4.87	1.57	0.16	24.45
2012	4.59	0.35	0.49	0.11	0.08	0.17	5.79	11.62	8.83	9.56	(1.70)	1.96	4.76	1.52	0.17	24.12

Note:
 # Revaluation year
 ** The City has three tax rates dependant upon a property's sewer status and the school district the property is located in. The total is shown for only the largest school district (Franklin). See Table 5 for assessed values by School and Sewerage District.

The Budget year is the year following the fiscal year in which the taxes are levied.
 In 2014 State law changed, which provided Technical Colleges additional state aids reducing their tax levy approximately 35%.

Source: City of Franklin budget documents

CITY OF FRANKLIN, WISCONSIN
 Principal Property Taxpayers
 Current Year and Ten Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2021</u>			<u>2011</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percent of Total Taxable Assessed Valuation</u>
Northwestern Mutual	Insurance Services	\$ 89,299,800	1	1.83%	\$ 124,393,300	1	3.41%
Ascension Wisconsin	Medical facilities	45,597,700	2	0.93%	30,841,800	2	0.85%
Aurora Healthcare - W Rawson Ave	Healthcare Provider	34,206,000	3	0.70%			
TI Investors of Franklin, LLC	Apartments	34,022,700	4	0.70%			
Whitnall Pointe Apartments	Apartments	32,672,200	5	0.67%	20,590,800	4	0.56%
Forest Hill Highlands, LLC	Apartments	27,244,800	6	0.56%			
Velo Village Apartments, LLC	Apartments	27,182,300	7	0.56%			
Manchester Oaks	Apartments	25,634,400	8	0.53%	19,761,500	6	0.54%
VTLC Development	Packaging manufacturing	23,140,900	9	0.47%	19,937,000	5	0.55%
BPC County Land LLC	Sports Entertainment District	22,532,500	10	0.46%			
Wal-Mart	Retailer				29,270,100	3	0.80%
Menard Inc	Retail - Home Improvement				16,483,100	8	0.45%
All Glass Aquarium	Aquariums and fluorescent lights				13,448,500	9	0.37%
Harley Davidson	Motorcycle manufacturing				18,101,600	7	0.50%
Waste Management	Landfill and refuse collection				12,664,900	10	0.35%
		<u>\$ 361,533,300</u>		<u>7.41%</u>	<u>\$ 305,492,600</u>		<u>8.38%</u>

Source: City of Franklin Assessor's Office

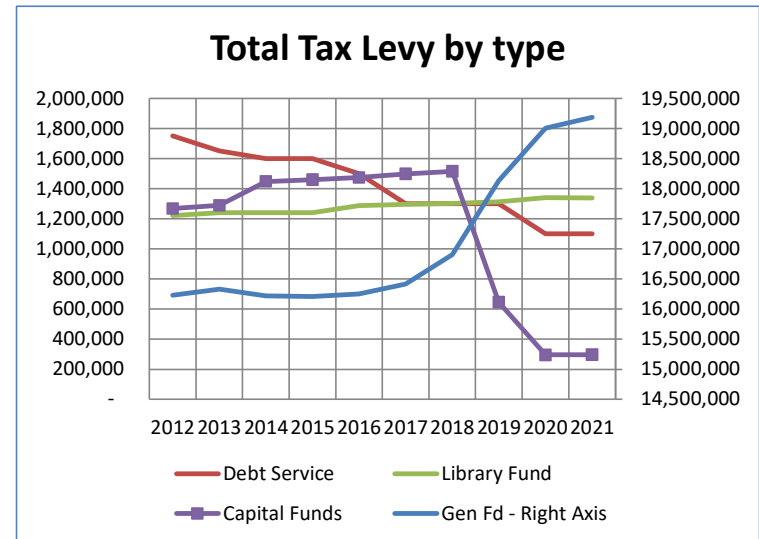
CITY OF FRANKLIN, WISCONSIN
Property Tax Levies and Collections
Last Ten Years

Fiscal Year	City Tax levy					Total Local Tax Levy	Tax increment financing	Total	Total collections	% of levy collected	Outstanding delinquent PP taxes
	General Fund	Library Fund	Capital Funds	Debt Service							
2021	\$ 19,184,900	\$ 1,337,200	\$ 296,000	\$ 1,100,000	\$ 21,918,100	\$ 3,718,985	\$ 25,637,085	\$ 25,635,900	100.00%	1,185	
2020	19,005,700	1,340,500	295,700	1,100,000	21,741,900	3,261,911	25,003,811	25,001,212	99.99%	2,599	
2019	18,130,675	1,312,700	646,000	1,300,000	21,389,375	2,156,858	23,546,233	23,543,311	99.99%	2,922	
2018	16,909,449	1,303,200	1,515,200	1,300,000	21,027,849	2,471,104	23,498,953	23,493,585	99.98%	5,368	
2017	16,414,900	1,296,600	1,497,500	1,300,000	20,509,000	2,267,466	22,776,466	22,772,580	99.98%	3,886	
2016	16,248,800	1,287,000	1,473,200	1,500,000	20,509,000	3,020,350	23,529,350	23,567,148	100.16%	2,603	
2015	16,209,000	1,240,000	1,460,000	1,600,000	20,509,000	2,690,637	23,199,637	23,212,140	100.05%	57,995	
2014	16,220,400	1,240,000	1,448,600	1,600,000	20,509,000	2,526,924	23,035,924	23,016,525	99.92%	52,069	
2013	16,330,000	1,240,000	1,289,000	1,650,000	20,509,000	2,363,758	22,872,758	22,851,675	99.91%	52,481	
2012	16,226,000	1,222,000	1,269,000	1,750,000	20,467,000	2,560,324	23,027,324	22,981,469	99.80%	75,184	

Source: City of Franklin

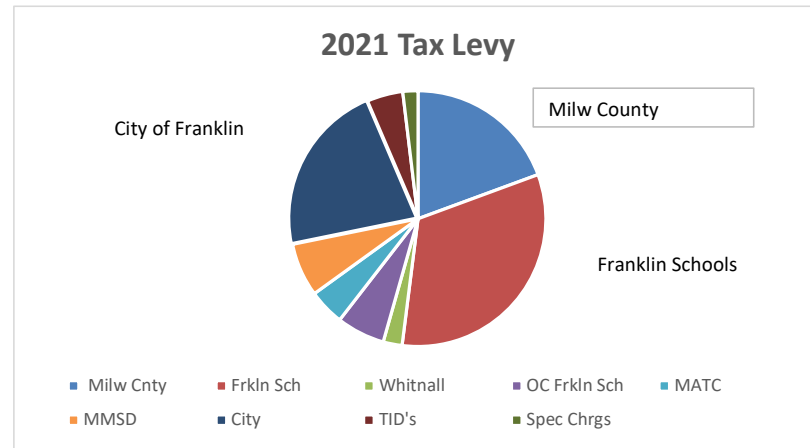
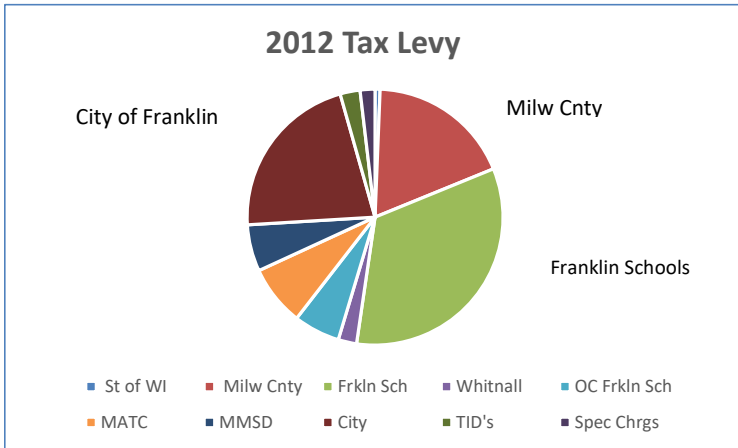
Notes: Collections in subsequent years are not shown because Milwaukee County annually purchases all of the City's outstanding delinquent real estate taxes. Payment for the real estate taxes are received by the City every August pursuant to the County's settlement procedures. Outstanding delinquent taxes represent personal property taxes which the City attempts further collection until March of the following year. At that time the balances are charged back to each of the taxing jurisdictions in proportion to the amounts levied. Subsequent collections are insignificant and refunded to all taxing jurisdictions in relation to the amounts originally levied.

Total collections may be greater than or less than the total levy in any year due to changes in outstanding delinquent taxes, collection of prior year omitted taxes and Wisconsin Section 70.43 corrections.



CITY OF FRANKLIN, WISCONSIN
 Property Tax Levies by Tax Jurisdiction
 Last Ten Years

Levy Year	State of Wisconsin	Milwaukee County	School Districts				City of Franklin				Total
			Franklin	Whitnall	Oak Creek-Franklin	MATC	MMSD	Local	Tax Increment	Special Charges	
2021	\$ -	\$ 19,977,058	\$ 33,547,358	\$ 2,444,296	\$ 6,275,756	\$ 4,704,308	\$ 6,948,707	\$ 22,432,000	\$ 4,670,735	\$ 1,953,349	\$ 102,953,567
2020	-	20,332,889	34,714,826	2,355,428	6,079,237	5,078,355	6,993,977	21,918,100	3,718,985	1,870,305	103,062,102
2019	-	20,157,046	34,714,826	2,375,394	5,994,101	4,983,668	6,931,842	21,741,900	3,261,911	1,914,605	102,075,293
2018	-	19,244,848	34,189,665	2,349,780	5,535,027	4,809,220	6,650,847	21,389,375	2,156,858	1,646,735	97,972,355
2017	-	19,090,000	33,783,303	2,346,376	5,425,692	4,750,585	6,519,552	21,027,849	2,471,104	1,672,640	97,087,101
2016	632,834	18,496,951	33,404,863	2,224,862	5,748,697	4,571,805	6,354,128	20,509,000	2,267,467	1,758,435	95,969,042
2015	619,289	18,083,210	33,404,871	2,223,327	5,928,300	4,428,322	6,145,125	20,509,000	3,020,350	1,727,974	96,089,767
2014	609,193	17,713,835	32,782,988	2,285,650	5,557,471	4,411,951	5,955,818	20,509,000	2,690,638	1,767,143	94,283,685
2013	579,423	16,986,670	32,784,606	2,174,991	5,254,726	7,043,487	5,638,269	20,509,000	2,526,924	1,796,214	95,294,310
2012	598,062	17,287,141	31,787,042	2,237,434	5,553,401	7,258,001	5,582,906	20,509,000	2,363,758	1,799,510	94,976,255

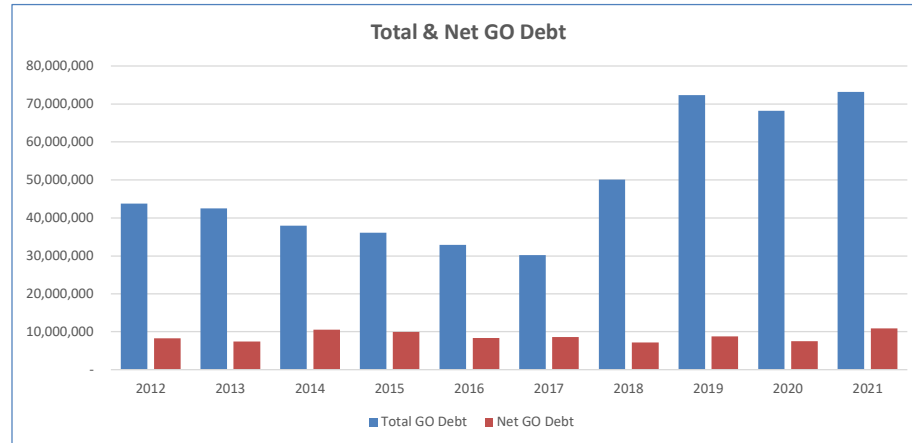


Source: State of Wisconsin Department of Revenue Statement of Taxes.

Note: Each taxing jurisdiction above submits to the City of Franklin their approved tax levy in November of the levy year for use in the following year. The City of Franklin totals the levy requests, produces tax bills for all taxable properties, collects amounts billed and remits collections to the tax jurisdictions in accordance with Wisconsin Statutes.
 In 2017 the State sunsetted their Property Tax Levy
 In 2014, State aids to technical colleges increased, reducing the tax levy by approximately 35%

CITY OF FRANKLIN, WISCONSIN
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Years

Fiscal Year	General Bonded Debt					Total General Bonded Debt	Less Debt Service Net Position	Less Amounts due from Tax Incremental Financing Districts	Less Amounts due from Other Taxing Districts	Net General Obligation Debt	(1) Percent of Estimated Actual Property Value	(2) Percent of Personal Income	(2) Per Capita
	Governmental		Business-type		(Discount) Premium								
	General Obligation Bonds	General Obligation Notes	Sewer General Obligation Bonds	Water General Obligation Bonds									
2021	\$46,875,000	\$ 6,545,000	\$ 17,978,400	\$ 900,000	\$ 849,530	\$73,147,930	\$ (78,028)	\$ (44,219,530)	\$ (17,978,400)	\$ 10,871,972	1.51%	n/a	1,996
2020	45,450,000	4,870,000	16,280,069	960,000	607,360	68,167,429	-	(44,335,000)	(16,280,069)	7,552,360	1.50%	4.59%	1,867
2019	34,620,000	18,680,000	17,555,341	1,015,000	454,716	72,325,057	(127,211)	(45,890,000)	(17,555,341)	8,752,505	1.68%	5.04%	2,009
2018	3,385,000	26,625,000	18,799,970	1,070,000	150,083	50,030,053	(586,594)	(23,480,000)	(18,799,970)	7,163,489	1.26%	3.61%	1,398
2017	4,560,000	4,285,000	20,014,693	1,125,000	207,197	30,191,890	(552,375)	(985,000)	(20,014,693)	8,639,822	0.79%	2.24%	838
2016	5,770,000	4,475,000	21,200,228	1,180,000	246,576	32,871,804	(658,091)	(2,660,000)	(21,200,228)	8,353,485	0.90%	2.44%	920
2015	7,095,000	5,225,000	22,357,276	1,235,000	191,221	36,103,497	(482,773)	(3,310,000)	(22,357,276)	9,953,448	1.01%	2.81%	1,013
2014	7,615,000	5,320,000	23,486,522	1,290,000	252,273	37,963,795	(580,605)	(3,330,000)	(23,486,522)	10,566,668	1.09%	3.03%	1,063
2013	8,185,000	9,695,000	24,565,423		21,387	42,466,810	(722,710)	(9,695,000)	(24,565,423)	7,483,677	1.28%	3.54%	1,186
2012	8,805,000	12,865,000	22,064,833			43,734,833	(535,337)	(12,865,000)	(22,064,833)	8,269,663	1.27%	3.59%	1,231



- (1) Estimated Actual Property values are found in Table 6
- (2) Population and personal income can be found in Table 14

Notes: Debt Service Fund balances represent amounts received that are restricted to future payments of outstanding debt. Amounts due from tax incremental financing districts represent future receipt of non repealable property tax levys restricted to the payment of debt service. Amounts due from future development represent future impact fees collected under a 2002 ordinance from residents and restricted for the purpose of retiring debt on a portion of the police station, fire station, library and a eligible road project.

In 2018 the City issued \$23,480,000 of Note Anticipation Notes supporting infrastructure costs in TID 5 - Ballpark Commons.

In 2017 the City issued \$1,630,000 of notes to finance the 2018 Capital Improvement plan excluding the City Hall roofing project.

In 2016 the City issued \$5,770,000. Proceeds were used to refinance existing general obligation bonds issued in 2007.

In 2014 the Water Utility issued \$1,290,000 of 20 Year bonds. Proceeds were used to finance the Water Building.

In 2014 the City issued \$5,320,000. Proceed were used to provide funding for TID projects and Capital Improvement projects

In 2012 the City issued \$27,562,754. Proceeds were used to provide funding for Ryan Creek Sewer extension with repayment scheduled to be completed in 2031.

CITY OF FRANKLIN, WISCONSIN
Municipal Revenue Obligations Outstanding
Last Ten Years

Fiscal Year	Note Balance Dec 31					Payments		Total Payments	Unpaid Accrued Interest
	TID 3	TID 5	TID 6	TID 7	Total	Principal	Interest		
2021	\$ -	\$ 3,500,000	\$ -	\$ 14,952,000	\$ 18,452,000	\$ 1,005,000	\$ 45,225	\$ 1,050,225	\$ 705,833
2020	1,005,000	3,500,000	-	14,952,000	19,457,000	684,000	76,005	760,005	513,333
2019	1,689,000	3,500,000	-	-	5,189,000	202,000	89,991	291,991	320,833
2018	1,891,000	3,500,000	-	-	5,391,000	109,000	-	109,000	128,333
2017	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-	-	-

TID 3 - The City Granted a \$2,000,000 MRO for removal of a blighted building - this obligation has now been paid.

TID 5 - The City Granted a \$3,500,000 MRO to aid in development of a closed landfill.

TID 5 - The City has committed to a \$1,500,000 MRO deliverable in TID5 in 2031 as a contribution to certain infrastructure.

TID 6 - The City has committed to a \$3,100,000 MRO upon delivery of certain infrastructure & a contingent MRO based on expansion of the projects.

TID 7 - The City has committed to a \$14,952,000 MRO upon generation of certain tax increment.

MRO's are payable only from available TID increment after TID related GO Debt Service

CITY OF FRANKLIN, WISCONSIN
 Schedule of Direct and Overlapping Debt - Governmental Activities
 December 31, 2021

<u>Jurisdiction</u>	Net general obligation bonded debt outstanding	Percentage applicable to City	Amount applicable to City
Milwaukee County	\$ 473,234,778	6.44%	\$ 30,466,855
Whitnall School District ^{4, 6}	11,905,000	14.89%	1,772,655
Oak Creek - Franklin School District ⁵	142,695,000	15.11%	21,561,215
Franklin School District ^{2, 3}	54,715,000	100.00%	54,715,000
Milwaukee Area Technical College	99,875,000	5.16%	5,153,550
Milwaukee Metropolitan Sewerage District	731,456,825	6.56%	47,983,568
Total Overlapping Debt	1,513,881,603		161,652,843
City of Franklin	54,159,555	100.00%	54,159,555
Total	\$ 1,568,041,158		\$ 215,812,398

<u>History</u>	Milwaukee County	School Districts			MATC	MMSD	Overlapping Debt Total	City of Franklin	Total
	Franklin	Whitnall	Oak Creek/Franklin						
2021	\$ 30,466,855	\$ 54,715,000	\$1,772,655	\$ 21,561,215	\$ 5,153,550	\$ 47,983,568	\$ 161,652,843	\$ 54,159,555	\$ 215,812,398
2020	33,112,755	61,035,000	1,820,139	22,998,417	5,361,507	51,790,463	176,118,281	50,934,680	227,052,961
2019	34,714,136	63,700,000	2,088,927	25,434,474	5,287,206	49,779,719	181,004,462	53,746,398	234,750,860
2018	36,832,839	66,180,000	1,424,487	17,335,108	5,369,134	54,190,796	181,332,364	30,160,083	211,492,447
2017	39,459,338	69,155,000	16,338	17,951,517	5,466,807	58,329,568	190,378,568	8,845,000	199,223,568
2016	41,064,057	29,120,000	76,706	16,756,664	5,289,102	56,916,164	149,222,693	10,491,576	159,714,269
2015	41,616,636	31,360,000	31,330	17,132,063	7,686,624	61,464,077	159,290,730	12,511,221	171,801,951
2014	42,750,442	33,940,000	39,011	7,614,274	5,531,580	58,752,848	148,628,155	13,187,273	161,815,428
2013	43,757,820	36,275,000	46,013	7,680,950	5,659,039	59,969,813	153,388,635	17,901,387	171,290,022
2012	46,023,745	5,105,000	56,142	8,444,593	5,929,102	63,513,083	129,071,665	21,670,000	150,741,665

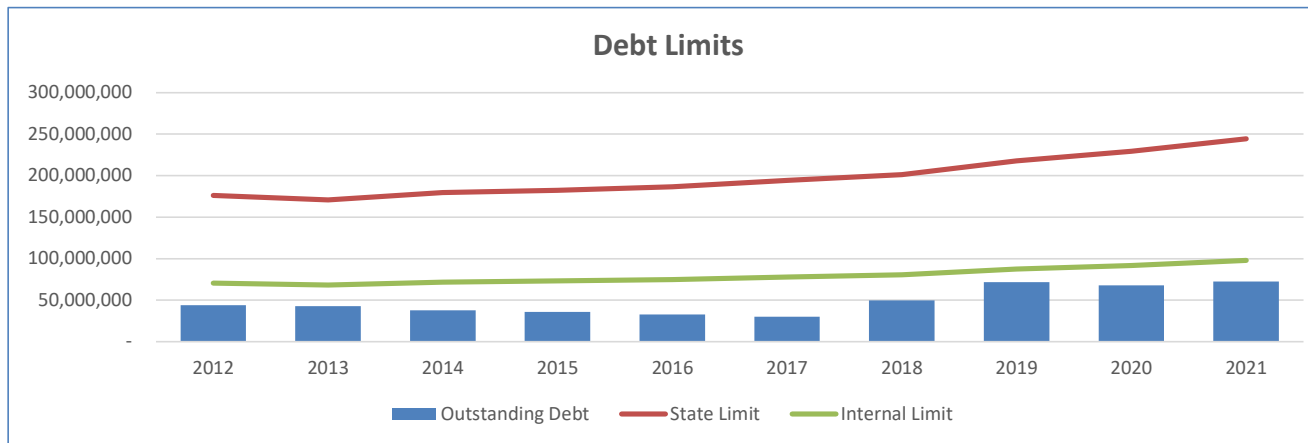
Source: Debt information supplied by each taxing jurisdiction and applicable percentages from the State Department of Revenue.

Note: Debt outstanding provided by each governmental unit and percentage determined by the Department of Revenue. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the resident and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping district.

- 2 In 2013 Franklin Public Schools issued \$33 million of Debt to renovate the high school.
- 3 In 2017 Franklin Public Schools issued \$41.39 million to build a new middle school
- 4 In 2018 Whitnall School District issued \$10 million in school construction & repair costs
- 5 In 2019 - Oak Creek Franklin District issued \$60.9 million for school construction
- 6 In 2019 Whitnall School District issued \$6.16 million in support of school building additions and improvements

CITY OF FRANKLIN, WISCONSIN
 Computation of Legal Debt Margin
 Last Ten Years

Fiscal Year	(1) Equalized Valuation	5% of Equalized Value	Total Debt Applicable to Limit	Legal Debt Margin	Percent Used	City Policy**		
						2% of Equalized Value	Debt Margin	Percent Used
2021	\$ 4,887,373,400	\$ 244,368,670	\$ 72,298,400	\$ 172,070,270	29.59%	\$ 97,747,468	\$ 25,449,068	73.96%
2020	4,587,752,500	229,387,625	67,560,069	161,827,556	29.45%	91,755,050	24,194,981	73.63%
2019	4,360,269,000	218,013,450	71,870,341	146,143,109	32.97%	87,205,380	15,335,039	82.42%
2018	4,022,941,400	201,147,070	49,879,970	151,267,100	24.80%	80,458,828	30,578,858	61.99%
2017	3,888,926,200	194,446,310	29,984,693	164,461,617	15.42%	77,778,524	47,793,831	38.55%
2016	3,729,003,100	186,450,155	32,625,228	153,824,927	17.50%	74,580,062	41,954,834	43.75%
2015	3,649,185,900	182,459,295	35,912,276	146,547,019	19.68%	72,983,718	37,071,442	49.21%
2014	3,589,694,100	179,484,705	37,711,522	141,773,183	21.01%	71,793,882	34,082,360	52.53%
2013	3,414,276,600	170,713,830	42,445,423	128,268,407	24.86%	68,285,532	25,840,109	62.16%
2012	3,524,105,900	176,205,295	43,734,833	132,470,462	24.82%	70,482,118	26,747,285	62.05%



(1) From Table 5

Note: Under state statutes the City's outstanding general obligation debt may not exceed five percent of total equalized property value.

** The City Debt Policy limits debt to 40% of Legal Limit - adopted by Resolution 2008-6481

CITY OF FRANKLIN, WISCONSIN
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	(1) Population	(2) Personal Income	(2) Per capita adjusted gross income			(3) Unemployment rates		
			City of Franklin	Milwaukee County	State of Wisconsin	City of Franklin	Milwaukee County	State of Wisconsin
2021	36,646	n/a	n/a	n/a	n/a	3.5%	5.4%	3.8%
2020	36,514	\$1,483,737,588	\$ 40,635	\$ 26,953	\$ 33,967	4.7%	7.1%	4.0%
2019	35,996	\$1,435,496,002	\$ 39,879	\$ 27,220	\$ 33,258	3.5%	3.1%	3.5%
2018	35,779	1,387,644,109	38,784	25,780	31,962	2.5%	3.0%	3.0%
2017	36,046	1,347,878,092	37,393	24,269	30,182	3.2%	3.1%	3.2%
2016	35,741	1,346,060,081	37,662	24,327	29,711	3.4%	3.9%	4.1%
2015	35,655	1,286,727,609	36,088	23,939	29,145	4.0%	5.2%	4.3%
2014	35,702	1,252,194,890	35,074	22,507	27,671	4.2%	6.0%	5.2%
2013	35,810	1,199,623,750	33,500	22,411	26,963	4.8%	7.2%	6.3%
2012	35,520	1,218,584,060	34,307	21,433	26,271	5.6%	8.0%	6.9%

(1) Bureau of Census, State of Wisconsin

(2) Wisconsin Department of Revenue, Division of Research and Analysis

(3) US Bureau of Labor Statistics

n/a Not Available

CITY OF FRANKLIN, WISCONSIN
Principal Employers
Current Year and 10 Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2021</u>			<u>2011</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Northwestern Mutual	Insurance/Investment Services	2,402	1	13.78% *	2,133	1	11.26%
Krones, Incorporated	High speed labeling/filler machines	659	2	3.78% *	460	4	2.43%
Franklin Public Schools	K-12 Education	615	3	3.53% *	548	3	2.89%
Ascension Health Care	Medical & surgical hospital	360	5	2.07%	657	2	3.47%
Baptista's Bakery	Commercial Bakery	425	4	2.44% *			
Milwaukee County Corrections South	Government	359	7	2.06%	381	5	2.01%
Vesta Inc	Medical Device Contract Manufacturer	360	6	2.07% *			
Strauss Veal & Lamb Int'l Inc	Animal Processing	270	8	1.55% *	269	8	1.42%
Carlisle Interconnect Technologies	Wire harnesses	253	9	1.45%	235	10	1.24%
Senior Flexonics - GA Precision	Off-road engine components mfg.	160	10	0.92% *	379	6	2.00%
Wal-Mart	Retailer				330	7	1.74%
Conway Trucking	Trucking				257	9	1.36%
		5,863		33.65%	5,649		31.46%

* estimated

Source: Past Debt offering Official Statements and employer surveys

Table 16

CITY OF FRANKLIN, WISCONSIN
Full-time Equivalent City Government Employees by Function
Last Ten Years

<u>Department</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General government										
Common council	-	-	-	-	-	-	-	-	-	-
Municipal Court	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Clerk	4.50	4.50	4.12	4.12	4.12	4.12	4.12	4.14	4.14	4.14
Information services	3.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Administration	3.00	4.00	3.00	3.00	3.00	3.00	3.00	4.00	3.00	3.00
Finance	7.23	6.79	6.73	6.60	6.60	6.60	6.60	6.60	7.10	7.10
Assessor	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Municipal buildings	4.05	4.05	4.03	4.03	4.03	4.03	4.03	2.78	3.74	3.74
Total general government	24.28	22.84	21.38	21.25	21.25	21.25	21.25	21.02	21.48	21.48
Public safety										
Police	77.75	77.75	76.75	76.75	76.75	76.75	76.75	75.75	75.75	76.75
Fire	47.50	47.50	46.00	46.00	46.50	46.50	46.50	46.50	46.50	46.45
Building inspection	9.00	9.00	9.15	8.30	8.30	8.00	8.00	7.00	7.00	7.00
Total public safety	134.25	134.25	131.90	131.05	131.55	131.25	131.25	129.25	129.25	130.20
Public works										
Engineering	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Highway	21.75	23.00	22.00	22.00	22.00	22.00	22.00	22.48	22.00	22.00
Parks	2.00	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total public works	32.00	33.00	32.25	32.25	32.25	32.25	32.25	32.73	32.25	32.25
Public health	7.05	7.05	7.95	7.95	7.50	6.75	6.75	6.75	6.15	6.25
Planning	4.17	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.60
Economic Development	1.00	1.00	1.00	1.00	2.00	1.00	1.00	0.58	-	-
Total general fund	202.75	202.14	198.48	197.50	198.55	196.50	196.50	194.33	193.13	194.78
Public health - grant	1.00	1.00						-	-	-
Library	15.47	15.47	15.37	15.37	16.68	16.94	16.94	17.19	17.70	16.82
Tourism	0.50	0.50								
Sewer & water	12.80	11.80	11.80	10.80	10.80	10.80	11.50	11.55	11.55	11.53
Total	232.52	230.91	225.65	223.67	226.03	224.24	224.94	223.07	222.38	223.13

Source: City of Franklin Budget Document

CITY OF FRANKLIN, WISCONSIN
Operating Indicators by Function/Program
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Police										
Crimes Against Persons	128	133	118	105	129					
Crimes Against Property	776	972	849	833	976					
Crimes Against Society	329	437	580	488	462					
Part 1 Major crimes			581	528	763	780	844	859	873	852
Arrests	527	929	1,151	975	903	1,265	1,312	1,290	1,117	1,799
Traffic & parking citations	4,488	5,590	7,626	8,661	7,800	6,866	7,859	8,163	7,431	9,449
Calls for service	31,187	32,443	35,434	31,967	30,029	30,699	30,259	30,040	28,093	29,542
Number of sworn officers	61	60	60	60	60	60	60	59	58	58
Fire										
Fire responses	994	800	803	735	664	641	689	621	679	594
EMS responses	3,628	3,880	3,441	3,226	3,309	3,406	2,976	2,863	2754	2,688
Fire inspections	2,650	2,650	2,620	2,600	2,600	2,500	2,509	2,480	2436	2,485
Number of full-time firefighters	48	47	47	47	45	45	45	45	45	45
Basic Life Support Transports	1,307	1,132	1,122	966	661	966	1,059	1,055	1162	1,137
Paramedic Transports	1,266	938	1,221	1,185	1,401	1,185	1,212	1,091	977	910
Highway										
Miles of crack sealing	18	10	20	20	15	31	26	38	28	32
Trees pruned	1,050	1,500	836	677	1533	1326	1500	679	704	1,053
Vehicles maintained	178	177	177	177	171	170	168	167	167	167
Solid waste										
Non-recyclable refuse collected (tons)	8,747	9,138	8421	8407	8384	8179	8259	7,923	7972	8,205
Recyclables collected (tons)	2,773	2,868	2580	2718	2786	2766	2975	3,479	3114	2,737
Yard waste (tons)	182	423	205	285	250	340	332	221	322	335
Health										
Immunization clinic visits	7,691	1,300	1133	1414	1133	1334	2032	2,130	1,825	2,488
Sanitarian inspections	201	300	275	246	298	356	340	429	383	438
Animal control										
Animal control pickups	127	148	121	141	129	106	116	122	104	92
Library										
Circulation	304,200	300,000	373,943	390,701	409,974	439,962	474,658	465,656	477,991	502,989
Collection size	130,883	133,000	134,241	135,686	134,896	133,556	132,330	139,772	140,000	144,000
Internet use **	5,788	5,000	14,471	20,000	22,261	24,850	28,239	30,970	33,507	39,976
Sanitary sewer										
Number of customers	10,505	10,450	10,350	10,300	10,200	10,231	10,198	10,090	10,060	10,010
Feet of sewer cleaned	200,000	215,000	220,000	250,000	258,000	255,000	260,000	255,000	250,000	250,000
Water										
Number of customers -average	8,600	8,500	8,475	8,375	8,270	8,220	8,172	7,978	7,930	7,931
Average daily consumption	2,950,000	2,900,000	2,850,000	2,800,000	2,850,000	2,800,000	2,800,000	2,800,000	2,400,000	2,615,000
Peak daily consumption	5,699,600	4,683,000	4,220,000	4,375,000	4,001,000	4,788,000	4,888,200	4,969,000	6,770,000	6,770,000

Source: City of Franklin Records

** in 2013 Internet session length increased to 2 hours from on

CITY OF FRANKLIN, WISCONSIN
 Capital Asset Statistics by Function/Program
 Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Area in square miles	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5	34.5
Area in acres:										
Taxable acres (approximate)	14,678	15,030	15,027	14,963	14,432	14,967	14,984	15,038	14,889	14,804
Acres developed (approximate)	9,903 *	9,903	9,858	9,711	9,175	9,679	9,681	9,694	9,540	9,410
Acres in park and open space	5,031 *	5,031	5,169	5,242	5,257	5,288	5,303	5,167	4,928	4,854
Miles of road:										
State	21.37	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85	16.85
County	16.80	16.80	16.80	19.49	19.49	21.24	23.24	23.74	23.74	23.74
Local	176.79	176.79	179.75	177.00	177.00	169.25	167.05	166.32	166.07	166.51
Fire protection and ambulance service:										
Number of manned fire stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of stations	1	1	1	1	1	1	1	1	1	1
Number of sub stations	1	1	1	1	1	1	1	1	1	1
Sewer and water service:										
Miles of sanitary sewer	206.0	203.0	197.0	195.5	195	194	193	191	185	185
Miles of watermain	175.0	181.6	173.0	171.5	171	170	169	168	167	167
Number of fire hydrants	2,763	2,712	2,630	2,595	2,579	2,565	2,155	2,145	2,130	2,120
Recreation and culture:										
Miles of trails	19.2	12.5	12.5	12.2	12.0	11.0	11.0	11.0	10.0	10.0
Number of city parks	14.0	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0
Number of county parks	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Number of libraries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal buildings (square footage):										
City hall	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206
Law enforcement building	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300
Fire stations	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750
Library	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Public works building	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450	45,450
Sewer & water building	23,215	23,215	23,215	23,215	23,215	23,215	23,215	6,620	6,620	6,620

Source: City of Franklin records

* estimated