CITY OF FRANKLIN, WISCONSIN
Franklin, Wisconsin

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2024

CITY OF FRANKLIN, WISCONSIN
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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, 2024, 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, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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, listed 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 listed 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 21, 2025

BASIC FINANCIAL STATEMENTS

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 70,458,161	$ 8,080,106	$ 78,538,267
Receivables, net			
Accounts receivable	3,007,274	3,398,277	6,405,551
Taxes receivable	15,215,700	-	15,215,700
Special assessments receivable	159,590	-	159,590
Leases	1,452,947	1,452,946	2,905,893
Interest	37,140	-	37,140
Due from other governments	202,217	10,857,183	11,059,400
Prepaid items	89,647	-	89,647
Inventories	47,921	-	47,921
Internal balances	34,650	(34,650)	-
Restricted cash and investments	-	482,900	482,900
Restricted pension asset	82,780	48,868	131,648
Restricted OPEB asset	1,094,184	54,728	1,148,912
Capital assets (net of accumulated depreciation/amortization)			
Land	30,408,265	900,320	31,308,585
Buildings and improvements	16,011,456	3,334,693	19,346,149
Machinery and equipment	9,160,051	1,318,349	10,478,400
Right-of-use assets - vehicles	181,939	-	181,939
Infrastructure	98,440,341	113,464,098	211,904,439
Construction in progress	7,026,451	5,059,312	12,085,763
Total assets	253,110,714	148,417,130	401,527,844
DEFERRED OUTFLOWS OF RESOURCES			
Pension-related	17,704,169	1,075,012	18,779,181
OPEB-related	665,901	35,624	701,525
Total deferred outflow of resources	18,370,070	1,110,636	19,480,706

Continued

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	4,642,511	2,472,659	7,115,170
Accrued liabilities	928,736	23,603	952,339
Due to other governments	135,893	-	135,893
Accrued interest	459,487	163,427	622,914
Unearned revenue	4,303,085	-	4,303,085
Special deposits	298,205	-	298,205
Noncurrent liabilities			
Net pension liability	1,802,308	193,709	1,996,017
Due within one year	4,406,679	1,757,279	6,163,958
Due in more than one year	52,899,631	15,607,374	68,507,005
Total liabilities	69,876,535	20,218,051	90,094,586
DEFERRED INFLOWS OF RESOURCES			
Subsequent year property taxes	27,902,057	-	27,902,057
Leases	1,334,619	1,334,618	2,669,237
Pension-related	10,631,132	485,130	11,116,262
OPEB-related	1,358,177	67,548	1,425,725
Total deferred inflow of resources	41,225,985	1,887,296	43,113,281
NET POSITION			
Net Investment in capital assets	138,954,868	107,820,769	238,352,037
Restricted for			
Debt service	241,541	-	241,541
Utility improvements	3,211,718	-	3,211,718
Development	11,093,025	-	11,093,025
TIF Districts	6,439,451	-	6,439,451
Grants and Donations	222,409	-	222,409
Opioid Settlement	207,739	-	207,739
Health services	284,889	-	284,889
Library services	437,449	-	437,449
Solid waste	595,133	-	595,133
Recreational services	29,210	-	29,210
Tourist commission	595,657	-	595,657
Equipment replacement	-	482,900	482,900
Intergovernmental agreement - debt service	-	10,857,183	10,857,183
Net pension asset	82,780	48,868	131,648
Net OPEB asset	1,094,184	54,728	1,148,912
Unrestricted	(3,111,789)	8,157,971	13,469,782
Total net position	$ 160,378,264	$ 127,422,419	$ 287,800,683

Concluded

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	$ 4,717,191	$ 204,328	$ -	$ -	$ (4,512,863)	$ -	$ (4,512,863)
Public safety	20,273,543	3,520,847	701,345	123,916	(15,927,435)	-	(15,927,435)
Public works	10,340,809	6,065,386	2,371,155	2,161,874	257,606	-	257,606
Health and human services	1,216,539	302,126	501,411	-	(413,002)	-	(413,002)
Culture and recreation	2,821,245	174,200	88,385	211,701	(2,346,959)	-	(2,346,959)
Conservation and development	1,846,358	242,830	50,700	-	(1,552,828)	-	(1,552,828)
Interest on long term debt	1,439,845	-	-	-	(1,439,845)	-	(1,439,845)
Total governmental activities	42,655,530	10,509,717	3,712,996	2,497,491	(25,935,326)	-	(25,935,326)
Business-type activities:							
Water	6,231,771	6,194,559	-	559,138	-	521,926	521,926
Sewer	7,325,903	5,095,119	503,482	543,104	-	(1,184,198)	(1,184,198)
Total business-type activities	13,557,674	11,289,678	503,482	1,102,242	-	(662,272)	(662,272)
Total primary government	$ 56,213,204	$ 21,799,395	$ 4,216,478	$ 3,599,733	(25,935,326)	(662,272)	(26,597,598)
General revenue:							
Property taxes levied for general purposes					22,058,800	-	22,058,800
Property taxes levied for debt service					1,100,000	-	1,100,000
Property taxes levied for TIF Districts					3,234,423	-	3,234,423
Other taxes					1,855,552	-	1,855,552
Intergovernmental revenue not restricted to specific programs					1,985,742	-	1,985,742
Investment earnings					3,072,109	789,030	3,861,139
Miscellaneous revenue					58,934	91,128	150,062
Transfers					(634,143)	634,143	-
Total general revenue and transfers					32,731,417	1,514,301	34,245,718
Change in net position					6,796,091	852,029	7,648,120
Net position - beginning					153,582,173	126,570,390	280,152,563
Net position - ending					$ 160,378,264	$ 127,422,419	$ 287,800,683

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	Debt Service	Development Fund	Capital Improvement Fund*	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and investments	$ 18,955,083	$ 1,841,028	$ 11,128,204	$ 4,743,676	$ 12,113,104	$ 19,383,458	$ 68,164,553
Receivables							
Accounts receivable	1,346,562	-	3,265	14,607	1,160,508	482,008	3,006,950
Taxes receivable	15,215,700	-	-	-	-	-	15,215,700
Special assessments receivable	-	4,934	-	-	-	154,656	159,590
Leases	1,452,947	-	-	-	-	-	1,452,947
Interest	37,140	-	-	-	-	-	37,140
Due from other governments	142,911	-	-	-	-	59,306	202,217
Prepaid items	86,254	-	-	-	-	3,393	89,647
Inventories	47,921	-	-	-	-	-	47,921
Advances to other funds	1,792,459	-	-	-	-	-	1,792,459
TOTAL ASSETS	$ 39,076,977	$ 1,845,962	$ 11,131,469	$ 4,758,283	$ 13,273,612	$ 20,082,821	$ 90,169,124
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 634,059	$ -	$ -	$ 1,481,711	$ 31,726	$ 2,452,086	$ 4,599,582
Accrued liabilities	659,359	-	38,444	-	-	20,933	718,736
Due to other governments	135,893	-	-	-	-	-	135,893
Unearned revenue	-	-	-	-	-	4,303,085	4,303,085
Special deposits	298,205	-	-	-	-	-	298,205
Advance from other funds	-	-	-	-	1,757,809	-	1,757,809
Total liabilities	1,727,516	-	38,444	1,481,711	1,789,535	6,776,104	11,813,310
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	-	4,934	-	-	643,968	154,655	803,557
Leases	1,334,619	-	-	-	-	-	1,334,619
Subsequent Year Tax Levy / Unearned	20,975,600	1,140,000	-	-	4,018,757	1,767,700	27,902,057
Total deferred inflows of resources	22,310,219	1,144,934	-	-	4,662,725	1,922,355	30,040,233
FUND BALANCES (DEFICIT)							
Nonspendable:							
Inventories and prepaid items	134,175	-	-	-	-	3,393	137,568
Advances to other funds	1,792,459	-	-	-	-	-	1,792,459
Restricted:							
Debt service	-	701,028	-	-	-	-	701,028
Utility improvements	-	-	-	-	-	3,211,718	3,211,718
Development	-	-	11,093,025	3,276,572	-	-	14,369,597
TIF Districts	-	-	-	-	9,381,759	-	9,381,759
Grants and Donations	-	-	-	-	-	222,409	222,409
Opioid Settlement	-	-	-	-	-	207,739	207,739
Health services	-	-	-	-	-	284,889	284,889
Library services	-	-	-	-	-	437,449	437,449
Solid waste	-	-	-	-	-	595,133	595,133
Recreational services	-	-	-	-	-	29,210	29,210
Tourist commission	-	-	-	-	-	595,657	595,657
Assigned:							
Purchases on order	163,073	-	-	-	-	-	163,073
Capital projects	-	-	-	-	-	5,891,218	5,891,218
Unassigned (deficit)	12,949,535	-	-	-	(2,560,407)	(94,453)	10,294,675
Total fund balances (deficit)	15,039,242	701,028	11,093,025	3,276,572	6,821,352	11,384,362	48,315,581
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES (DEFICIT)	$ 39,076,977	$ 1,845,962	$ 11,131,469	$ 4,758,283	$ 13,273,612	$ 20,082,821	$ 90,169,124

** Formerly nonmajor fund*

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, 2024

Fund balances - total governmental funds	$ 48,315,581
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	161,228,503
Restricted pension asset	82,780
Restricted OPEB asset	1,094,184
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	803,557
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	17,704,169
Deferred outflows - OPEB	665,901
Deferred inflows - pensions	(10,631,132)
Deferred inflows - OPEB	(1,358,177)
Internal Service Fund net position	2,041,003
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	(51,925,000)
Financed purchase	(2,129,586)
Lease liability	(184,129)
Net pension liability	(1,802,308)
Compensated absences	(2,320,560)
Unamortized debt premiums	(747,035)
Accrued Interest	(459,487)
Net position of governmental activities	$ 160,378,264

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	General	Debt Service	Development Fund	Capital Improvement Fund*	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE							
Taxes	$21,352,117	$ 1,100,000	$ -	$ -	$ 3,750,803	$ 2,146,422	$ 28,349,342
Intergovernmental revenue	2,821,222	-	-	24,210	12,883	2,569,259	5,427,574
Licenses and permits	1,236,078	-	-	-	-	68,677	1,304,755
Fines, forfeitures and penalties	473,808	-	-	-	-	-	473,808
Public charges for services	3,182,528	-	-	153,380	-	4,877,832	8,213,740
Special assessments	-	4,943	1,115,179	-	-	142,281	1,262,403
Intergovernmental charges for services	315,108	-	-	-	-	-	315,108
Investment earnings	1,035,485	40,304	657,990	322,792	336,698	478,614	2,871,883
Miscellaneous revenue	162,152	-	-	54,693	1,388,669	299,073	1,904,587
Total revenue	30,578,498	1,145,247	1,773,169	555,075	5,489,053	10,582,158	50,123,200
EXPENDITURES							
Current							
General government	3,708,661	-	1,836	-	141,181	-	3,851,678
Public safety	20,075,574	-	15,616	-	-	67,909	20,159,099
Public works	4,162,145	-	77,055	84,993	106,328	2,312,470	6,742,991
Health and human services	749,635	-	-	-	-	478,536	1,228,171
Culture, recreation and education	290,557	-	36,096	25,702	-	1,831,855	2,184,210
Conservation and development	665,550	-	-	-	879,278	298,837	1,843,665
Capital outlay	-	-	-	6,608,989	702,252	4,613,931	11,925,172
Debt service							
Principal	-	1,395,000	-	-	2,020,000	6,260	3,421,260
Interest and fiscal charges	-	278,361	-	-	1,249,273	1,274	1,528,908
Total expenditures	29,652,122	1,673,361	130,603	6,719,684	5,098,312	9,611,072	52,885,154
Excess (deficiency) of revenue over expenditures	926,376	(528,114)	1,642,566	(6,164,609)	390,741	971,086	(2,761,954)
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	-	-	-	-	-	25,062	25,062
General obligation debt issued	-	-	-	-	1,880,000	-	1,880,000
Financed purchase	-	-	-	2,129,586	-	-	2,129,586
Lease obligations	-	-	-	-	-	190,389	190,389
Premium on debt issued	-	-	-	-	115,471	-	115,471
Transfers in	953,331	234,308	-	791,158	-	139,000	2,117,797
Transfers out	(71,000)	-	(3,517,283)	-	-	(327,070)	(3,915,353)
Total other financing sources and uses	882,331	234,308	(3,517,283)	2,920,744	1,995,471	27,381	2,542,952
Net change in fund balances	1,808,707	(293,806)	(1,874,717)	(3,243,865)	2,386,212	998,467	(219,002)
Fund balances (deficit) - beginning, as previously reported	13,230,535	994,834	12,967,742	-	4,435,140	16,906,332	48,534,583
Adjustment - Change within financial entity (nonmajor to major fund)	-	-	-	6,520,437	-	(6,520,437)	-
Fund balances (deficit) - beginning, adjusted	13,230,535	994,834	12,967,742	6,520,437	4,435,140	10,385,895	48,534,583
Fund balances (deficit) - ending	$15,039,242	$ 701,028	$11,093,025	$ 3,276,572	$ 6,821,352	$ 11,384,362	$ 48,315,581

** Formerly nonmajor fund*

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, 2024

Net change in fund balances - total governmental funds	$ (219,002)
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	11,925,172
Assets contributed from business-type units	1,163,413
Capital outlay expensed	(1,544,376)
Depreciation / amortization	(4,495,153)
Net book value of assets disposed	(173,658)
Contributed capital assets are reported as revenues in the statement of activities.	782,241
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.	
General obligation debt issued	(1,880,000)
Financed purchase issued	(2,129,586)
Lease obligation issued	(190,389)
Lease obligation paid	6,260
Principal paid on long-term debt	3,415,000
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.	(1,318)
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	20,340
Accrued interest payable	(25,090)
Pension activity	801,052
OPEB activity	488,072
Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities	
Unavailable revenues	(844,739)
Internal service fund change in net position	(302,148)
Net change in net position of governmental activities	**$ 6,796,091**

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
GENERAL FUND – STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2024

	Budgeted Amount			Variance with Final Budget - Favorable
	Original	**Final**	**Actual**	**(Unfavorable)**
REVENUE				
Taxes	$ 21,370,500	$ 21,370,500	$ 21,352,117	$ (18,383)
Intergovernmental revenue	2,762,530	2,762,530	2,821,222	58,692
Licenses and permits	1,305,550	1,305,550	1,236,078	(69,472)
Fines, forfeitures and penalties	400,000	400,000	473,808	73,808
Public charges for services	2,766,800	2,766,800	3,182,528	415,728
Intergovernmental charges for services	325,000	325,000	315,108	(9,892)
Investment earnings (loss)	784,660	784,660	1,035,485	250,825
Miscellaneous revenue	147,920	147,920	162,152	14,232
Total revenue	29,862,960	29,862,960	30,578,498	715,538
EXPENDITURES				
Current				
General government	6,169,214	6,241,600	3,708,661	2,532,939
Public safety	20,383,939	20,482,939	20,075,574	407,365
Public works	4,676,354	4,687,089	4,162,145	524,944
Health and human services	785,433	785,433	749,635	35,798
Culture and recreation	406,653	418,556	290,557	127,999
Conservation and development	827,722	831,325	665,550	165,775
Total expenditures	33,249,315	33,446,942	29,652,122	3,794,820
Excess (deficiency) of revenue over (under) expenditures	(3,386,355)	(3,583,982)	926,376	4,510,358
OTHER FINANCING SOURCES (USES)				
Transfers in	950,000	950,000	953,331	3,331
Transfers out	(71,000)	(71,000)	(71,000)	-
Net change in fund balance	(2,507,355)	(2,704,982)	1,808,707	4,513,689
Fund Balances - beginning	13,230,535	13,230,535	13,230,535	-
Fund Balances - ending	$ 10,723,180	$ 10,525,553	$ 15,039,242	$ 4,513,689
Outstanding encumbrances at December 31, 2024			$ 163,073	

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sanitary Sewer	Totals	
ASSETS				
Current assets				
Cash and investments	$ 6,101,537	$ 1,978,569	$ 8,080,106	$ 2,293,608
Receivables				
Accounts receivable	1,506,858	1,891,419	3,398,277	324
Leases receivable	36,515	-	36,515	-
Due from other governments	-	1,440,181	1,440,181	-
Total current assets	7,644,910	5,310,169	12,955,079	2,293,932
Noncurrent assets				
Restricted cash and investments	-	482,900	482,900	-
Restricted pension asset	24,434	24,434	48,868	
Restricted OPEB asset	27,364	27,364	54,728	
Leases receivable	1,416,431	-	1,416,431	-
Due from other governments	-	9,417,002	9,417,002	-
Capital assets				
Land	130,185	770,135	900,320	-
Buildings and improvements	3,414,033	3,189,549	6,603,582	-
Improvements other than buildings	73,505,448	95,404,874	168,910,322	-
Machinery and equipment	5,049,893	1,175,029	6,224,922	-
Construction in progress	5,059,312	-	5,059,312	-
Less accumulated depreciation	(27,983,273)	(35,638,413)	(63,621,686)	-
Total capital assets (net of accumulated depreciation)	59,175,598	64,901,174	124,076,772	-
Total noncurrent assets	60,643,827	74,852,874	135,496,701	-
Total assets	68,288,737	80,163,043	148,451,780	2,293,932
DEFFERED OUTFLOWS OF RESOURCES				
Pension-related	526,594	548,418	1,075,012	
OPEB-related	17,812	17,812	35,624	-
Total deferred outflows of resources	544,406	566,230	1,110,636	-

CONTINUED

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sanitary Sewer	Totals	
LIABILITIES				
Current liabilities				
Accounts payable	$ 1,668,671	$ 803,988	$ 2,472,659	$ 42,929
Accrued liabilities	689	22,914	23,603	210,000
Accrued interest payable	89,288	74,139	163,427	-
Current portion of accrued compensated absences	26,049	26,049	52,098	-
Current portion of long-term advances	19,100	-	19,100	-
Current portion of long-term obligations	160,000	1,545,181	1,705,181	-
Total current liabilities	1,963,797	2,472,271	4,436,068	252,929
Noncurrent liabilities				
Net pension liability	105,944	87,765	193,709	
Accrued compensated absences	22,007	22,007	44,014	-
Long-term advances	15,550	-	15,550	-
General obligation notes payable	3,457,300	12,106,060	15,563,360	-
Total noncurrent liabilities	3,600,801	12,215,832	15,816,633	-
Total liabilities	5,564,598	14,688,103	20,252,701	252,929
DEFERRED INFLOWS OF RESOURCES				
Pension-related	226,169	258,961	485,130	-
OPEB-related	33,774	33,774	67,548	-
Leases	1,334,618	-	1,334,618	-
Total deferred inflows of resources	1,594,561	292,735	1,887,296	-
NET POSITION				
Net Investment in capital assets	56,599,921	51,220,848	107,820,769	-
Restricted for				
Sewer equipment replacement	-	482,900	482,900	-
Intergovernmental agreement - debt service	-	10,857,183	10,857,183	-
Net pension asset	24,434	24,434	48,868	-
Net OPEB asset	27,364	27,364	54,728	-
Unrestricted	5,022,265	3,135,706	8,157,971	2,041,003
Total net position	$ 61,673,984	$ 65,748,435	$ 127,422,419	$ 2,041,003

Concluded

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sanitary Sewer	Totals	
OPERATING REVENUE				
Metered sales				
Residential	$ 3,083,326	$ 2,784,318	$ 5,867,644	$ -
Multi-family	806,112	742,792	1,548,904	-
Commercial	741,008	868,457	1,609,465	-
Irrigation	146,759	-	146,759	-
Industrial	403,322	438,703	842,025	-
Public authority	247,714	222,775	470,489	-
Total metered sales	5,428,241	5,057,045	10,485,286	-
Group health & dental charges	-	-	-	3,470,551
Unmetered sales	25,726	1,075	26,801	-
Public fire protection service	563,737	-	563,737	-
Private fire protection service	139,008	-	139,008	-
Forfeited discounts, penalties and other	37,847	36,999	74,846	-
Total operating revenue	6,194,559	5,095,119	11,289,678	3,470,551
OPERATING EXPENSES				
Cost of sales and services	4,009,111	3,114,477	7,123,588	3,903,788
Depreciation	1,492,965	2,459,854	3,952,819	-
Administration	609,500	1,414,916	2,024,416	-
Total operating expenses	6,111,576	6,989,247	13,100,823	3,903,788
Operating income (loss)	82,983	(1,894,128)	(1,811,145)	(433,237)
NONOPERATING REVENUE (EXPENSES)				
Investment earnings (loss)	349,551	439,479	789,030	131,089
Subsidies	-	503,482	503,482	-
Sundry	110,505	1,248	111,753	-
Sale of capital assets	(20,625)	-	(20,625)	-
Infrastructure construction expense for governmental activities	-	(1,163,413)	(1,163,413)	-
Interest expense	(120,195)	(336,656)	(456,851)	-
Total non-operating revenue (expenses)	319,236	(555,860)	(236,624)	131,089
Income (loss) before capital contributions and transfers	402,219	(2,449,988)	(2,047,769)	(302,148)
Capital contributions - Developers	559,138	543,104	1,102,242	-
Transfers in	2,750,887	-	2,750,887	-
Transfers out	(950,541)	(2,790)	(953,331)	-
Change in net position	2,761,703	(1,909,674)	852,029	(302,148)
Net position - beginning	58,912,281	67,658,109	126,570,390	2,343,151
Net position - ending	$ 61,673,984	$ 65,748,435	$ 127,422,419	$ 2,041,003

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water Utility	Sanitary Sewer	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 6,207,769	$ 4,678,046	$ 10,885,815	$ 3,470,875
Payments to suppliers	(3,469,045)	(4,057,491)	(7,526,536)	(3,874,179)
Payments to employees	(509,954)	(556,646)	(1,066,600)	-
Net cash flows provided by (used in) operating activities	2,228,770	63,909	2,292,679	(403,304)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant subsidies	-	503,482	503,482	-
Transfer in	2,750,887	-	2,750,887	
Transfer out - paid for tax equivalent	(950,541)	(2,790)	(953,331)	-
Net cash flows provided by (used in) noncapital financing activities	1,800,346	500,692	2,301,038	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments on capital debt	(230,000)	(1,505,575)	(1,735,575)	-
Receipts from other governments	-	1,405,575	1,405,575	-
Payment of advances from other funds	(18,600)	-	(18,600)	-
Interest paid on capital debt	(125,054)	(346,407)	(471,461)	-
Proceeds from sale of capita assets	12,076	-	12,076	-
Acquisition of capital assets	(5,854,894)	(108,746)	(5,963,640)	-
Infrastructure expense for governmental activities	-	(1,163,413)	(1,163,413)	-
Net cash provided (used) by capital and related financing activities	(6,216,472)	(1,718,566)	(7,935,038)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	349,551	439,479	789,030	131,089
Net increase (decrease) in cash and cash equivalents	(1,837,805)	(714,486)	(2,552,291)	(272,215)
Cash and cash equivalents - Beginning	7,939,342	3,175,955	11,115,297	2,565,823
Cash and cash equivalents - Ending	$ 6,101,537	$ 2,461,469	$ 8,563,006	$ 2,293,608
Cash and Investments - Unrestricted	$ 6,101,537	$ 1,978,569	$ 8,080,106	$ 2,293,608
Cash and Investments - Restricted	-	482,900	482,900	-
	$ 6,101,537	$ 2,461,469	$ 8,563,006	$ 2,293,608

CONTINUED

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	Business-Type Activities - Enterprise Funds			Governmental Activities -
	Water Utility	Sanitary Sewer	Totals	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	$ 82,983	$ (1,894,128)	$ (1,811,145)	$ (433,237)
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities				
Depreciation	1,492,965	2,459,854	3,952,819	-
Depreciation allocated to other funds	15,006	(15,006)	-	-
Nonoperating revenues	110,505	1,248	111,753	-
(Increase) decrease in assets and deferred outflows of resources				
Accounts receivable	(64,906)	(418,321)	(483,227)	324
Lease receivable	51,366	-	51,366	-
Pension assets/liabilities	(386,255)	(380,521)	(766,776)	-
Deferred outflows - pensions	376,146	366,504	742,650	-
Deferred outflows - OPEBs	9,352	9,352	18,704	-
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable	725,318	22,724	748,042	29,609
Accrued liabilities	(23,101)	(15,600)	(38,701)	-
OPEB obligations	(28,093)	(28,093)	(56,186)	-
Deferred inflows - leases	(83,755)	-	(83,755)	-
Deferred inflows - pensions	(55,197)	(50,540)	(105,737)	-
Deferred inflows - OPEBs	6,436	6,436	12,872	-
Total adjustments	2,145,787	1,958,037	4,103,824	29,933
Net cash flows provided by (used in) operating activities	$ 2,228,770	$ 63,909	$ 2,292,679	$ (403,304)
Noncash Capital Activities				
Capital assets included in year-end accounts payable	$ 172,727	$ 29,085	$ 201,812	$ -
Cost of Utility plant installed and/or financed by external parties or the City	$ 559,138	$ 543,104	$ 1,102,242	$ -

Concluded

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2024

	Employee Benefit Trust Funds	Tax Collection Custodial Fund
ASSETS		
Cash	$ 118,705	$ 35,122,300
Investments:		
Fixed Income securities	7,859,105	8,246,854
Domestic equities	12,660,462	-
International equities	1,679,671	-
Total Cash & Investments	22,317,943	43,369,154
Accounts receivable	1,825	-
Taxes receivable	-	41,719,438
Total assets	22,319,768	85,088,592
LIABILITIES		
Accounts payable	66,143	88,594
Due to other governments	589,813	43,280,560
Total liabilities	655,956	43,369,154
DEFERRED INFLOWS OF RESOURCES		
Taxes levied for subsequent year's budget	-	41,719,438
NET POSITION		
Restricted for pensions	11,999,978	-
Restricted for OPEB	9,663,834	-
Total net position	$ 21,663,812	$ -

See accompanying Notes to Financial Statements.

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2024

	Employee Benefit Trust Funds	Tax Collection Custodial Fund
ADDITIONS		
Tax collections	$ -	$ 79,465,488
Contributions		
Employer	544,469	-
Plan participants	275,513	-
Net investment earnings (loss)	2,315,571	-
Total additions	3,135,553	-
DEDUCTIONS		
Tax distributions	-	79,465,488
Incurred claims	1,084,241	-
Prescription drug claims	151,615	-
Claims fees	80,422	-
Stop loss premiums less claims received	86,825	-
Total deductions	1,403,103	-
Change in net position	1,732,450	-
Net Position Beginning of year	19,931,362	-
Net Position End of year	$ 21,663,812	$ -

See accompanying Notes to Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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. 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 2024, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities 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.

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.

Development fund – This special revenue fund is used to account for impact fees restricted for use to capital improvements. Significant revenue source is special assessment and impact fees used for capital improvements.

Capital improvement 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 City's tax levy.

TIF Districts Fund – This capital project 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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/amortization) 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

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, Opioid Settlement, 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, Street Improvement, Utility Improvement.

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.

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.

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/amortization on capital assets. Revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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 FUND BALANCE

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE (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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE (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, 2024, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE (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 – 2024 tax roll:

Lien date and levy date	December 2024
Tax bills mailed	December 2024
Payment in full, or	January 31, 2025
First installment due	January 31, 2025
Second installment due	March 31, 2025
Third installment due	May 31, 2025
Personal property taxes in full	January 31, 2025
Final tax settlement with County	August 20, 2025
Tax deed by County – 2024	
Delinquent real estate taxes	October 2027

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 classified as nonspendable fund balance in the general fund, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 prepaid items are recorded as expenditures/expenses during the periods benefited.

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 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.

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following: Net Pension Liability (Asset), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR FUND BALANCE (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, as well as lease and subscription right-of-use assets, 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 greater than one year 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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Capital Assets (continued)

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation/amortization reflected in the statement of net position. Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation/amortization. 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

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, charges for services on tax roll, lease receivables, TID minimum assessment guarantees, and special assessments 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 TID minimum assessment guarantees are recognized as revenue in the current period. This leaves property tax receivable, charges for services on tax roll, and leases receivables 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Compensated Absences

Under terms of employment, employees may earn compensatory time and are granted sick leave, severance pay and vacations in varying amounts. The liability for compensated absences reported in the government-wide statement consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave. 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 compensatory time, severance pay and vacation pay will be made at rates in effect when the benefits are used. Accumulated 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.

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 $2,100,000 at December 31, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

11. Net Position and Fund Balance Classification

Government-Wide Statements – Net Position

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

a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation/amortization, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Net Position and Fund Balance Classifications (continued)

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	$ 138,954,868	$ 107,820,769	$ (8,423,600)	$ 238,352,037
Unrestricted	(3,111,789)	8,157,971	8,423,600	13,469,782
Total Net Position	$ 135,843,079	$ 115,978,740	$ -	$ 251,821,819

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.

Fund Statements – Fund Balance

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 (committed 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 ley 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.

E. IMPLEMENTATION OF NEW ACCOUNTING GUIDANCE

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections- an amendment of GASB Statement No. 62*, in 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The City adopted the requirements of this Statement effective January 1, 2024, and has applied the provisions of this Statement to the beginning of the earliest period presented. The adoption of this Statement resulted in an adjustment to the City's previously reported fund balance for the capital improvement fund and nonmajor governmental funds in the amount of $6,520,437.

The City adopted GASB Statement No. 101, *Compensated Absences*, in 2024. This Statement updated the recognition and measurement guidance for compensated absences, as well as amended the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. The City adopted the requirements of this Statement effective January 1, 2024, and has applied the provisions of this Statement to the beginning of the earliest period presented. The adoption of this Statement had no impact on the City's previously reported fund balance or net position.

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. The budgetary statements also report the amount of remaining balance of encumbrances that represent a future use of financial resources. Encumbrances are not included as actual expenditures on the budgetary statements.

A budget has been adopted for the General, Debt Service, TIF Districts, Opioid Settlement, Grant Fund, Library Operating, Library Auxiliary, Solid Waste Collection, Civic Celebrations, St. Martin's Fair, Donations, Tourism Commission, Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Utility Development, Development, Sanitary Sewer and Water Utility 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.

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.

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 $1,000,000 per financial institution. However, although the fund had reserves available at December 31, 2024, 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 $30,000,000. 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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

Cash and investments as shown on the December 31, 2024 statement of net position are subject to the following risks:

Financial Instruments	Carrying Value	Bank & Investment Balances	Associated Risks
Local Government Investment Pool	$ 3,773,112	$ 3,773,112	Credit, interest rate
Money market accounts	78,105,741	78,105,741	Custodial credit
Certificate of deposits	2,205,000	2,205,000	Custodial credit, interest rate
Equity funds	14,340,133	14,340,133	Custodial credit
Fixed income funds	7,859,105	7,859,105	Credit and interest rate
Cash and demand deposits	38,416,062	26,721,890	Custodial credit
Petty cash	9,111	9,111	None
Total cash and investments	$ 144,708,264	$ 133,014,092	

Reconciliation to the financial statements is shown below:

Per statement of net position	
Government-wide financial statements	
Unrestricted cash and investments	$ 78,538,267
Restricted cash and investments	482,900
Per statement of fiduciary net position - fiduciary funds	
Custodial fund	43,369,154
Employee Benefit Trusts Funds	22,317,943
	$ 144,708,264

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, 2024, none of the City's total bank balances were uninsured and uncollateralized and therefore exposed to custodial credit risk. The City has a policy to maintain balances in excess of FDIC limits with collateralization agreements to cover the City's deposits.

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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

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.

As of December 31, 2024, fixed income funds totaling $7,859,105 and Local Government Investment Pool totaling $3,773,112 are not rated.

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, 2024 none of the City's investments held a position of greater than 5% of the portfolio. The City's concentration of credit risk policy limits issuers or asset classes not to exceed 10% of market value of the portfolio, with the exception of U.S. issued securities.

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 City's 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, 2024, the City's investments exposed to interest rate risk were as follows:

Investment Type	Carrying Value	Investment Maturity in Years			
		Less than 1	2 - 3	4 - 5	6 - 10
Fixed income funds	$ 7,859,105	$ 253,395	$ 2,660,761	$ 347,626	$ 4,597,323
Certificate of deposits	2,205,000	2,205,000	-	-	-
LGIP	3,773,112	3,773,112	-	-	-
	$ 13,837,217	$ 6,231,507	$ 2,660,761	$ 347,626	$ 4,597,323

Fair Value Measurements 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.

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, 2024			
	Level 1	Level 2	Level 3	Total
Equity funds	$ 14,340,133	$ -	$ -	$ 14,340,133
Fixed income funds	7,859,105	-	-	7,859,105
	$ 22,199,238	$ -	$ -	$ 22,199,238

B. RECEIVABLES

Receivables consist of accounts, taxes, interest, due from other governments, leases, and special assessments. Receivables are reported net of uncollectible amounts. The reserve for bad debts, principally for personal property taxes and ambulance revenue, was $705,461 at December 31, 2024. 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	$ -	$ 27,902,057	$ 27,902,057
Leases receivable	-	1,334,619	1,334,619
TID minimum assessment guarantees	643,968	-	643,968
Special assessments not yet due	159,589	-	159,589
Total deferred inflows of resources for governmental funds	$ 803,557	$ 29,236,676	$ 30,040,233

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 in the sanitary sewer fund are as follows:

Year Ending	Business-Type Activities	
December 31	Principal	Interest
2025	$ 1,440,181	$ 249,575
2026	1,475,638	213,681
2027	1,511,968	176,904
2028	1,549,193	139,221
2029	1,587,334	100,610
2030-2031	3,292,869	81,563
Total	$ 10,857,183	$ 961,554

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, 2024 is $482,900.

Assets resulting from pension and other post-employment benefits are restricted for providing those benefits. Restricted pension assets reported in the governmental activities and business-type activities at December 31, 2024 is 82,780 and 48,868, respectively. Restricted OPEB assets in the governmental activities and business-type activities at December 31, 2024 is 1,094,184 and 54,728, respectively

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

Governmental activities capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, not depreciated/amortized				
Land	$ 30,334,572	$ 73,693	$ -	$ 30,408,265
Construction in progress	2,432,671	6,340,662	1,746,882	7,026,451
Total assets, not depreciated/amortized	32,767,243	6,414,355	1,746,882	37,434,716
Capital assets, depreciated/amortized				
Buildings & improvements	30,684,618	876,087	128,592	31,432,113
Machinery & equipment	23,160,380	1,785,281	376,746	24,568,915
Right-of-use assets - vehicles	-	190,389	-	190,389
Infrastructure	138,254,330	4,807,220	381,680	142,679,870
Total assets, depreciated/amortized	192,099,328	7,658,977	887,018	198,871,287
Less: Accumulated depreciation/amortization for:				
Buildings & improvements	14,641,896	834,247	55,486	15,420,657
Machinery & equipment	14,514,537	1,170,521	276,194	15,408,864
Right-of-use assets - vehicles	-	8,450	-	8,450
Infrastructure	42,139,274	2,481,935	381,680	44,239,529
Total accumulated depreciation/amortization	71,295,707	4,495,153	713,360	75,077,500
Total depreciable/amortizable assets, net of accumulated depreciation/amortization	120,803,621	3,163,824	173,658	123,793,787
Governmental activities capital assets, net accumulated depreciation/amortization	$ 153,570,864	$ 9,578,179	$ 1,920,540	$ 161,228,503

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS (continued)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	$ 308,059
Public safety	702,234
Public works	3,044,883
Health & human services	226
Culture & recreation	437,762
Conservation & development	1,989
Total governmental activities depreciation/ amortization	$ 4,495,153

Business-type activities capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets, not depreciated				
Land	$ 933,020	$ -	$ 32,700	$ 900,320
Construction in progress	315,763	5,754,641	1,011,092	5,059,312
Total assets, not depreciated	1,248,783	5,754,641	1,043,792	5,959,632
Capital assets, depreciated				
Buildings & improvements	6,603,582	-	-	6,603,582
Machinery & equipment	6,038,312	272,980	86,370	6,224,922
Infrastructure	166,782,395	2,127,927	-	168,910,322
Total assets, depreciated	179,424,289	2,400,907	86,370	181,738,826
Less: Accumulated depreciation for:				
Buildings & improvements	2,900,813	368,076	-	3,268,889
Machinery & equipment	4,651,435	341,508	86,370	4,906,573
Infrastructure	52,202,989	3,243,235	-	55,446,224
Total accumulated depreciation	59,755,237	3,952,819	86,370	63,621,686
Total depreciable assets, net of accumulated depreciation	119,669,052	(1,551,912)	-	118,117,140
Business-type activities capital assets, net accumulated depreciation	$ 120,917,835	$ 4,202,729	$ 1,043,792	$ 124,076,772

Depreciation/amortization expense was charged to functions as follows:

Business-type Activities	
Water Utility	$ 1,492,965
Sanitary Sewer Utility	2,459,854
	$ 3,952,819

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

F. LEASE DISCLOSURES

Lessor Lease Agreements

The City, acting as lessor, leases communication sites under long-term, non-cancelable lease agreements. The leases expire at various dates through September 2064. During the year ended December 31, 2024, the City recognized $167,509 and $80,662 in lease revenue and interest revenue, respectively, pursuant to these contracts. The City has used estimated incremental borrowing rates of 2.5% - 4.0% in calculating the lease receivables and deferred inflows of resources as the lease agreements do not include explicit interest rates.

Total future minimum lease payments to be received under lease agreements are as follows:

Year	Principal	Interest	Total
2025	$ 73,029	$ 77,235	$ 150,264
2026	78,789	74,020	152,809
2027	84,920	70,562	155,482
2028	91,444	66,844	158,288
2029	44,855	65,305	110,160
2030 - 2034	19,110	317,850	336,960
2035 - 2039	92,848	311,504	404,352
2040 - 2044	190,633	294,590	485,223
2045 - 2049	318,510	263,757	582,267
2050 - 2054	483,900	214,821	698,721
2055 - 2059	695,892	142,573	838,465
2060 - 2064	731,963	42,006	773,969
	$ 2,905,893	$ 1,941,067	$ 4,846,960

The City has allocated the revenues, receivables, and deferred inflows of resources evenly between the General Fund / Governmental Activities and the Water Utility Fund / Business-type Activities.

Lessee Lease Agreements

The City has entered into non-cancelable lease agreements for the City’s fleet of vehicles. The lease agreements expire at various dates through 2029. The City reports $190,389 of capitalized right-to-use assets with accumulated depreciation/amortization of $8,450 in governmental activities’ capital assets as of the year ended December 31, 2024. The future minimum obligations on the minimum lease payments, using an estimated incremental borrowing rate of 6%, as of December 31, 2024 are as follows on the following page:

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

F. LEASE DISCLOSURES (CONTINUED)

Lessee Lease Agreements (continued)

Year Ending December 31	Governmental Activities Lease Liability Principal	Governmental Activities Lease Liability Interest
2025	$ 40,043	$ 9,958
2026	42,513	7,489
2027	45,135	4,867
2028	44,934	2,083
2029	11,504	319
	$ 184,129	$ 24,716

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.

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, the general fund advanced $155,700 to the Water Utility on a 10-year note to aid the Water Utility portion of the payment. The outstanding balance on the advance is $34,650 at December 31, 2024. Additionally, the TIF District #6, TIF District #8 (Overlay Park) and TIF District #9 have an advance in the amount of $796,376, $911,433 and $50,000, respectively, from the general fund for amounts paid by the general fund on behalf of the TIF Districts. This interfund balance is anticipated to be paid through future tax increments. The balances at December 31, 2024 were:

Payable Fund	Receivable Fund: General Fund	Due within One Year
TIF Districts	$ 1,757,809	$ -
Water Utility	34,650	19,100
	$ 1,792,459	$ 19,100

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, 2024 were as follows:

	Transfer Out					
Transfer In	General Fund	Development Fund	Nonmajor Governmental Funds	Water Utility	Sanitary Sewer	Fund Totals
General Fund	$ -	$ -	$ -	$ 950,541	$ 2,790	$ 953,331
Debt Service Fund	-	234,308	-	-	-	234,308
Capital Improvement	-	532,088	259,070	-	-	791,158
Nonmajor Governmental Funds	71,000	-	68,000	-	-	139,000
Water Utility	-	2,750,887	-	-	-	2,750,887
	$ 71,000	$ 3,517,283	$ 327,070	$ 950,541	$ 2,790	$ 4,868,684

A reconciliation of fund statement transfers to government wide transfers for the year ended December 31, 2024 is as follows:

	Governmental Funds / Activities	Enterprise Funds
Transfers in, per fund statements	$ 2,117,797	$ 2,750,887
Transfers out, per fund statements	(3,915,353)	(953,331)
Capital contributed from Sanitary Sewer fund to Governmental Activities	1,163,413	(1,163,413)
Governmental-wide transfers	$ (634,143)	$ 634,143

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS

Long-term liabilities for the year ended December 31, 2024 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year
Governmental Activities					
General obligation debt	$ 53,460,000	$ 1,880,000	$ 3,415,000	$ 51,925,000	$ 3,350,000
Premium	745,717	115,471	114,153	747,035	-
Financed purchase	-	2,129,586	-	2,129,586	105,119
Lease liability	-	190,389	6,260	184,129	40,043
Subtotal	54,205,717	4,315,446	3,535,413	54,985,750	3,495,162
Compensated absences					
Accrued vacation pay	522,636	1,195,230	1,191,585	526,281	526,281
Accrued severance pay	1,583,681	2,313	103,751	1,482,243	73,200
Accrued compensatory time	234,583	496,819	419,366	312,036	312,036
Total compensated absences	2,340,900	1,694,362	1,714,702	2,320,560	911,517
Net OPEB obligation*	20,171	-	20,171	-	-
Governmental activities long-term obligations	$ 56,566,788	$ 6,009,808	$ 5,270,286	$ 57,306,310	$ 4,406,679

*Net OPEB obligation is a net OPEB asset as of December 31, 2024.

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	$ 6,580,000	$ -	$ 330,000	$ 6,250,000	$ 265,000
General obligation debt from direct borrowings	12,262,759	-	1,405,575	10,857,184	1,440,181
Premium	180,620	-	15,378	165,242	-
Discount	(4,653)	-	(768)	(3,885)	-
Subtotal	19,018,726	-	1,750,185	17,268,541	1,705,181
Compensated absences					
Accrued vacation pay	40,946	53,788	58,328	36,406	36,406
Accrued severance pay	80,498	8,577	36,449	52,626	8,612
Accrued compensatory time	20,870	12,482	26,272	7,080	7,080
Total compensated absences	142,314	74,847	121,049	96,112	52,098
Net OPEB obligation*	1,458	-	1,458	-	-
Business-type activities long-term obligations	$ 19,162,498	$ 74,847	$ 1,872,692	$ 17,364,653	$ 1,757,279

*Net OPEB obligation is a net OPEB asset as of December 31, 2024.

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, 2024 are as follows:

Governmental Activities Issuance	Date of Issue	Interest Rate	Maturity Dates	Interest Payable	Original Amount		Balance at 12/31/2024
General obligation notes - 2017B	12/21/2017	2.5 - 3.0%	3/1/19 - 27	3/1 & 9/1	$ 1,630,000	4	$ 765,000
General obligation bonds - 2019A	2/20/2019	3.0 - 3.5%	3/1/20 - 32	3/1 & 9/1	13,685,000	6	8,620,000
General obligation bonds - 2019B	2/20/2019	3.0 - 4.0%	3/1/22 - 34	3/1 & 9/1	6,365,000	7	5,720,000
General obligation bonds - 2019C	12/4/2019	1.75 - 3.05%	3/1/22 - 37	3/1 & 9/1	12,360,000	8	11,510,000
General obligation notes - 2019D	12/4/2019	2.0 - 3.0%	3/1/20 - 27	3/1 & 9/1	2,285,000	4	1,085,000
General obligation bonds - 2020A	12/10/2020	1.6 - 2.05%	3/1/20 - 37	3/1 & 9/1	9,545,000	5	9,345,000
General obligation bonds - 2020B	12/10/2020	1.0 - 2.0%	3/1/20 - 34	3/1 & 9/1	3,045,000	9	2,870,000
General obligation notes - 2021A	11/17/2021	2.0%	3/1/22 - 30	3/1 & 9/1	2,040,000	10	1,740,000
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
General obligation bonds - 2023A	11/28/2023	4.0 - 5.0%	3/1/23 - 43	3/1 & 9/1	2,980,000	12	2,815,000
General obligation bonds - 2023B	11/28/2023	5.0%	3/1/23 - 33	3/1 & 9/1	2,350,000	13	2,070,000
General obligation bonds - 2024A	8/7/2024	5.0%	3/1/26 - 44	3/1 & 9/1	1,880,000	1	1,880,000
Total Governmental Activities							$ 51,925,000

Business-type Activities Issuance	Date of Issue	Interest Rate	Maturity Dates	Interest Payable	Original Amount		Balance at 12/31/2024
Clean Water Loan*	1/25/2012	2.46%	5/1/14 - 31	5/1 & 11/1	$ 27,562,754	2	$ 10,857,184
General obligation bonds - 2019A	12/18/2014	2.0 - 3.125%	3/1/15 - 34	3/1 & 9/1	1,290,000	3	720,000
General obligation bonds - 2021B	12/2/2021	2.0 - 3.0%	3/1/22 - 41	3/1 & 9/1	4,160,000	11	2,705,000
General obligation bonds - 2023A	11/28/2023	4.0 - 5.0%	3/1/23 - 43	3/1 & 9/1	2,995,000	12	2,825,000
Total Business-type Activities							$ 17,107,184

*Direct Borrowing

1 - Issued for TID #9 project plan costs
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 NAN's 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
12 - Issued for water system projects and housing of machinery and equipment
13 - Issued for capital improvements, parks projects, street improvements, and land acquisition

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

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

Year Ending	Governmental Activities		Business-Type Activities Non-Direct Borrowings	
December 31	Principal	Interest	Principal	Interest
2025	$ 3,350,000	$ 1,409,586	$ 265,000	$ 206,975
2026	3,800,000	1,298,304	280,000	196,850
2027	4,250,000	1,182,098	290,000	186,250
2028	3,960,000	1,061,858	310,000	175,100
2029	6,915,000	910,690	315,000	163,475
2030- 2034	19,695,000	2,662,746	1,795,000	643,663
2035- 2039	7,900,000	763,557	1,770,000	354,219
2040- 2044	2,055,000	150,813	1,225,000	80,312
	$ 51,925,000	$ 9,439,652	$ 6,250,000	$ 2,006,844

Year Ending	Business-Type Activities Direct Borrowings	
December 31	Principal	Interest
2025	$ 1,440,181	$ 249,575
2026	1,475,638	213,682
2027	1,511,968	176,904
2028	1,549,193	139,221
2029	1,587,334	100,611
2030- 2031	3,292,870	81,563
	$ 10,857,184	$ 961,556

The City's statutory debt limit and margin of indebtedness at December 31, 2024 are as follows:

2024 Equalized value	$ 6,486,517,200
Wisconsin limit	5.00%
Statutory debt limit	$ 324,325,860
Total general obligation debt	$ 69,032,184
Margin of indebtedness	$ 255,293,676

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

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 2024. The MRO bears interest at 5.5% payable on March 1 annually. The balance of the MRO was $3,500,000 at December 31, 2024.

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. $816,000 in payments were made in 2024. The MRO bears no interest. The balance of the MRO was $12,912,000 at December 31, 2024. The MRO is payable from tax increment collected until 2040.

In 2024, the City issued an MRO as part of a development agreement. The amount of the obligation was $1,025,000 and is payable to the developer solely from tax increments collected from a development in TID #8. No payment was made in 2024. The MRO bears no interest. The balance of the MRO was $1,025,000 at December 31, 2024.

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.

<u>Clean Water Fund Loan Programs</u>

The City’s outstanding general obligation debt from direct borrowings related to business type activities of $10,857,184 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.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

Financed Purchase

The City has entered into a non-cancellable financed purchase agreement with Banc of America Public Capital Corp on September 30, 2024 to finance a portion of the acquisition of equipment to implement energy efficiency, safety security, and renewable energy measures at various City buildings and infrastructure in the amount of $2,129,586. At of December 31, 2024, the City reports $2,420,510 in construction in progress related to this financed purchase. The future minimum required payments related to the financed purchase at December 31, 2024 are as follows:

Year Ending December 31	Governmental Activities Financed Purchase Principal	Governmental Activities Financed Purchase Interest
2025	$ 105,119	$ 35,462
2026	33,862	80,371
2027	206,135	79,027
2028	66,264	70,843
2029	60,919	68,213
2030- 2034	407,396	299,545
2035- 2039	600,440	202,624
2040- 2044	649,451	72,033
	$ 2,129,586	$ 908,118

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, 2024 include the following:

Governmental Activities		
Net investment in capital assets		
Land	$	30,408,265
Construction in process		7,026,451
Other capital assets, net of accumulated depreciation		123,793,787
Less: Related long-term debt outstanding		(22,273,635)
Net investment in capital assets	$	138,954,868

Business-type Activities		
Net investment in capital assets		
Land	$	900,320
Construction in process		5,059,312
Other capital assets, net of accumulated depreciation		118,117,140
Less: Related long-term debt outstanding		(16,256,003)
Net investment in capital assets	$	107,820,769

Governmental Fund Balances

Reported on the fund financial statements at December 31, 2024 include the following:

Nonspendable		
General fund - advances	$	1,792,459
General fund - prepaid items and inventories		134,175
Nonmajor governmental funds - prepaid items and inventories		3,393
Total nonspendable	$	1,930,027

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

I. NET POSITION/FUND BALANCES (continued)

Governmental Fund Balances (continued)

Restricted		
Debt service	$	701,028
Utility improvements		3,211,718
Development		14,369,597
TIF Districts		9,381,759
Grants and donations		222,409
Opioid Settlement		207,739
Health services		284,889
Library services		437,449
Solid waste		595,133
Recreational services		29,210
Tourism commission		595,657
Total restricted	$	30,036,588
Assigned		
General fund - purchase orders:		
General government	$	92,671
Public safety		41,052
Public works		29,179
Culture and recreation		171
Capital projects:		
Capital outlay		5,891,218
Total assigned	$	6,054,291
Unassigned		
General fund	$	12,949,535
TIF Districts (deficit)		(2,560,407)
Nonmajor governmental funds (deficit)		(94,453)
Total unassigned	$	10,294,675
Total fund balance	$	48,315,581

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

I. NET POSITION/FUND BALANCES (continued)

Restatement of Beginning Fund Balance – Changes to or within Financial Reporting Entity

The capital improvement fund previously met the criteria to be reported as a nonmajor governmental fund. However, effective January 1, 2024, the fund no longer met the criteria to be reported as a nonmajor fund and is reported as a major governmental fund for the fiscal year ended December 31, 2024. The effect of that change to or within the financial reporting entity is as follows:

- Capital improvement fund, presented as a major fund as of December 31, 2024, previously reported fund balance of $0 as of January 1, 2024, increased to $6,520,437, as adjusted.

- Nonmajor governmental funds, previously reported fund balance of $16,906,332 as of January 1, 2024, decreased to $10,385,895, as adjusted.

NOTE 4 - OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

The City reports pension-related balances at December 31, 2024, as summarized below:

	Net Pension Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense (Benefit)
Wisconsin Retirement System (WRS)	$ (1,996,017)	$ 17,940,746	$ 10,791,572	$ 1,382,548
City of Franklin Defined Benefit Retirement Income Plan	131,648	838,435	324,690	(143,866)
	$ (1,864,369)	$ 18,779,181	$ 11,116,262	$ 1,238,682

Wisconsin Retirement System

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/about-etf/reports-and-studies/financial-reports-and-statements.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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.

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

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.

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 (%)
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
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

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 City's reporting period, the WRS recognized $2,026,560 contributions from the employer.

Contribution rates as of December 31, 2024 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

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

At December 31, 2024, the City reported a liability (asset) of $1,996,017, for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2023. 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, 2023, the City's proportion was 0.13424867%, which was an increase of 0.00195165%, from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the City recognized pension expense (benefit) of $1,382,548 related to WRS Pension, including duty disability payments.

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)

At December 31, 2024, 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	$ 8,047,923	$ 10,659,521
Changes in assumptions	870,006	-
Net differences between projected and actual earnings on plan investments	6,955,795	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,462	132,051
Contributions made subsequent to the measurement date	2,026,560	-
Total	$ 17,940,746	$ 10,791,572

The $2,026,560 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, 2025 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)
2025	$ 1,032,505
2026	1,072,553
2027	4,355,336
2028	(1,337,780)

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. The Total Pension Liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2022
Measurement Date of Net Pension Liability (Asset)	December 31, 2023
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases: Inflation Seniority/Merit	 3.0% 0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2023 is based upon a roll-forward of the liability calculated from the December 31, 2022 actuarial valuation.

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)

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 [1]
As of December 31, 2023

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % [2]
Public Equity	40	7.3	4.5
Public Fixed Income	27	5.8	3.0
Inflation Sensitive Assets	19	4.4	1.7
Real Estate	8	5.8	3.0
Private Equity/Debt	18	9.6	6.7
Leverage [3]	(12)	3.7	1.0
Total Core Fund	100	7.4	4.6
Variable Fund Asset Class			
U.S. Equities	70	6.8	4.0
International Equities	30	7.6	4.8
Total Variable Fund	100	7.3	4.5

1. Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations.
2. New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.7%
3. The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range up to 20%.

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 6.80% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 3.77%. (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, 2023. 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 6.80% expected rate of return implies that a dividend of approximately 1.70% 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 expected long-term 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 6.80%, 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 (5.80%) or one-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
City's Proportionate Share of the Net Pension Liability (Asset)	$ 19,292,471	$ 1,996,017	$ (10,107,043)

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.

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 50306-9394.

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	15
Terminated vested participants	8
Retirees	31
Total participants	54

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 $132,000 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, 2024, the City reported a liability (asset) of ($131,648) for its net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023. 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, 2023	$ 11,972,856	$ 10,590,800	$ 1,382,056
Changes for the year:			
Service cost	95,889	-	95,889
Interest	731,496	-	731,496
Difference between expected and actual experience	(689,511)	-	(689,511)
Assumption changes or inputs	-	-	-
Contributions - employer	-	256,000	(256,000)
Net investment income	-	1,420,503	(1,420,503)
Administrative expenses	-	(24,925)	24,925
Benefit payments	(680,617)	(680,617)	-
Balance at December 31, 2024	$ 11,430,113	$ 11,561,761	$ (131,648)
Plan fiduciary net position as a percentage of the total Pension liability			101.15%

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, 2024, 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	$ -	$ 324,690
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	706,435	-
Contributions made subsequent to the measurement date	132,000	-
Total	$ 838,435	$ 324,690

The $132,000 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, 2025. 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)
2025	$ (188,558)
2026	290,286
2027	434,401
2028	(154,384)

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, 2023 actuarial valuation was determined use the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Asset/Liability	December 31, 2023
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Market Value
Long-term Expected Rate of Return:	6.25%
Discount Rate:	6.25%
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-2021 mortality improvement scale

Actuarial assumptions are based upon an experience study conducted in 2019 using historical experience. The total pension liability for December 31, 2024 is based upon the liability calculated from the December 31, 2023 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 Expected Real Rate of Return	Long-term Expected Geometric Rate of Return	Target Allocation
US Equity - Large Cap	7.80%	6.35%	37.34%
US Equity - Mid Cap	8.35%	6.35%	4.49%
US Equity - Small Cap	8.70%	6.35%	2.25%
Non-US Equity	8.00%	6.35%	13.90%
U.S Private Real Estate	6.85%	6.20%	7.23%
High Yield Bond	6.30%	5.85%	2.85%
Core Bond	4.40%	4.30%	31.94%
			100.00%

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 6.25% was used to measure the total pension liability, which did not change from the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.25% and a long-term bond rate of 3.63%. 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 6.25%, 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 (5.25%) or one-percentage-point higher (7.25%) than the current rate:

	1% Decrease to Discount Rate (5.25%)	Current Discount Rate (6.25%)	1% Increase to Discount Rate (7.25%)
City's Proportionate Share of the Net Pension Liability (Asset)	$ 1,048,450	$ (131,648)	$ (1,136,417)

For the year ended December 31, 2024, the City recognized pension expense (benefit) of ($143,866) related to the City of Franklin Defined Benefit Retirement Income Plan.

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 2024, total contributions of $46,904 or 10% of covered payroll were made. The City contributed $23,452 and employees contributed $23,452. 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, 2024, the following employees were covered by the benefit terms:

Active employees	207
Inactive employees entitled to, by not yet receiving benefits	-
Retirees	31
Total participants	238

NOTE 4 - OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

Plan participant payments – Plan participant payment 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	75% of Premium at Retirement	62	20
Police	75% of Premium at Retirement	53	15
Dispatch	75% of 2005 Premium	62	20
Fire	75% of Premium at Retirement	53	15
DPW	75% of Premium at Retirement	60	15

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	Long-term Expected Geometric Rate of Return
US Cash	1.16%	0.94%	0.92%
US Core Fixed Income	34.29%	2.36%	2.21%
US Equity	64.55%	5.41%	3.70%
	100.00%		

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 2024 was 16.46%. 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, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2024.

NOTE 4 - OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The total OPEB liability in the January 1, 2024 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 inflation	
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation	
Healthcare cost trend rates	2024	6.50%
	2025	5.70%
	2026	4.80%
	2027	4.70%
	2028	4.50%
	2029	4.40%
	2030	4.30%
	2031	4.10%
	2032	4.00%
	2033-2048	3.80%
	2049-2065	3.90%
	2066-2068	3.80%
	2069-2072	3.70%
	2073+	3.60%

Mortality rates were based on a blend of the Death-in-Service and Retired Lives mortality rates are based on the 2020 WRS Experience Tables and projected with mortality improvements using 100% of the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2018 – December 31, 2020.

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.

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

	Liability (a)	Net Position (b)	Liability (Asset) (a) - (b)
Balance at December 31, 2023	$ 8,391,230	$ 8,480,590	$ (89,360)
Changes for the year:			
Service cost	312,967	-	312,967
Interest	542,369	-	542,369
Effect of plan changes	-	-	-
Economic/demographic gains or losses	-	-	-
Assumption changes or inputs	-	-	-
Contributions - employer	-	402,675	(402,675)
Contributions - employees	-	206,628	(206,628)
Net investment income	-	1,385,023	(1,385,023)
Administrative expenses	-	(4,500)	4,500
Benefit payments	(731,644)	(731,644)	-
Estimated balance at December 31, 2024	8,514,922	9,738,772	(1,223,850)
Difference between estimated and actual Plan fiduciary Net Position	-	(74,938)	74,938
Actual Balance at December 31, 2024	$ 8,514,922	$ 9,663,834	$ (1,148,912)
Plan fiduciary net position as a percentage of the total OPEB liability			113.49%

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:

	Discount Rate (5.50%)	Discount Rate (6.50%)	Discount Rate (7.50%)
City's Net OPEB Liability (Asset)	$ (494,035)	$ (1,148,912)	$ (1,749,833)

	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates	Healthcare Cost Trend Rates
City's Net OPEB Liability (Asset)	$ (1,424,610)	$ (1,148,912)	$ (928,186)

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, 2024, the City recognized OPEB expense (benefit) of $132,672.

At December 31, 2024, 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	$ 73,870	$ 226,500
Changes in assumptions	627,655	751,116
Net differences between projected and actual earnings on plan investments	-	448,109
Total	$ 701,525	$ 1,425,725

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)
2025	$ (130,477)
2026	15,514
2027	(354,405)
2028	(230,513)
2029	(62,943)
Thereafter	38,624

The City does not report a payable for any outstanding amount of contributions to the City OPEB Plan as of December 31, 2024.

D. CONTINGENCIES AND COMMITMENTS

The City at times is party to claims and legal proceedings. Although the outcome of such matters in 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.

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, 2023 and 2024 are as follows:

Fiscal Year	Balance Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Balance End of Year
2024	$ 210,000	$ 3,903,788	$ 3,903,788	$ 210,000
2023	210,000	4,010,712	4,010,712	210,000

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – WISONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS

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 o 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%
12/31/2021	0.128364660%	(10,346,427)	15,132,859	-68.37%	106.02%
12/31/2022	0.132297020%	7,008,704	15,882,594	44.13%	95.72%
12/31/2023	0.134248670%	1,996,017	16,898,974	11.81%	98.85%

SCHEDULE OF EMPLOYER CONTRIBUTIONS – WISONSIN RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

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	1,505,635	1,505,635	-	15,132,859	9.95%
12/31/2022	1,576,154	1,576,154	-	15,882,594	9.92%
12/31/2023	1,829,488	1,829,488	-	16,898,974	10.83%
12/31/2024	2,026,560	2,026,560	-	17,544,126	11.55%

CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF THE NET PENSION LIABILITY (ASSET) AND RELATED RATIOS – CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
LAST TEN MEASUREMENT PERIODS

	Measurement Period Ending December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service Cost	$ 165,130	$ 180,074	$ 154,889	$ 182,107	$ 161,806	$ 157,837	$ 142,398	$ 146,433	$ 125,133	$ 95,889
Interest on the Total Pension Liability	531,850	603,514	606,747	651,297	675,093	662,710	676,516	712,116	676,545	731,496
Benefit Changes	-	-	-	-	(656,529)	-	-	-	-	-
Difference between Expected and Actual Experience	527,384	(460,357)	425,998	(154,963)	149,778	(466,918)	378,725	(836,058)	612,779	(689,511)
Assumption Changes	213,402	12,332	709,323	(203,418)	1,303,694	(615,012)	788,964	-	(295,216)	-
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)	(513,694)	(556,738)	(623,320)	(680,617)
Net Change in Total Pension Liability	1,246,391	95,702	1,600,492	104,877	1,199,034	(730,592)	1,472,909	(534,247)	495,921	(542,743)
Total Pension Liability - Beginning	7,022,369	8,268,760	8,364,462	9,964,954	10,069,831	11,268,865	10,538,273	12,011,182	11,476,935	11,972,856
Total Pension Liability - Ending	$ 8,268,760	$ 8,364,462	$ 9,964,954	$ 10,069,831	$ 11,268,865	$ 10,538,273	$ 12,011,182	$ 11,476,935	$ 11,972,856	$ 11,430,113
Plan Fiduciary Net Position										
Employer Contributions	$ 293,632	$ 339,927	$ 302,518	$ 1,133,559	$ 251,009	$ 256,000	$ 581,000	$ 255,792	$ 192,000	$ 256,000
Pension Plan Net Investment Income	377,842	(41,577)	409,272	1,372,321	(363,980)	1,724,318	1,448,664	1,434,668	(2,165,325)	1,420,503
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)	(513,694)	(556,738)	(623,320)	(680,617)
Pension Plan Administrative Expense	(27,941)	(22,802)	(20,307)	(31,410)	(28,890)	(25,806)	(19,130)	(15,656)	(23,630)	(24,925)
Other	-	-	-	-	(4,564)	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	452,158	35,687	395,018	2,104,324	(581,233)	1,485,303	1,496,840	1,118,066	(2,620,275)	970,961
Plan Fiduciary Net Position - Beginning	6,704,912	7,157,070	7,192,757	7,587,775	9,692,099	9,110,866	10,596,169	12,093,009	13,211,075	10,590,800
Plan Fiduciary Net Position - Ending	$ 7,157,070	$ 7,192,757	$ 7,587,775	$ 9,692,099	$ 9,110,866	$ 10,596,169	$ 12,093,009	$ 13,211,075	$ 10,590,800	$ 11,561,761
Net Pension Liability (Asset) Ending	$ 1,111,690	$ 1,171,705	$ 2,377,179	$ 377,732	$ 2,157,999	$ (57,896)	$ (81,827)	$ (1,734,140)	$ 1,382,056	$ (131,648)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87%	86%	76%	96%	81%	101%	101%	115%	88%	101%
Covered Payroll	$ 1,792,628	$ 1,876,995	$ 1,853,074	$ 1,792,628	$ 1,776,639	$ 1,731,027	$ 1,620,333	$ 1,496,670	$ 1,250,847	$ 1,167,207
Net Pension Liability (Asset) as a Percentage of Covered Payroll	62%	62%	128%	21%	121%	-3%	-5%	-116%	110%	-11%

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
LAST TEN FISCAL YEARS

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	255,792	-	1,496,670	17%
2022	159,303	192,000	(32,697)	1,250,847	15%
2023	131,828	256,000	(124,172)	1,167,207	22%
2024	137,090	132,000	5,090	1,100,790	12%

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
LAST TEN MEASUREMENT PERIODS

	Fiscal Year Ending December 31,							
	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service Cost	$ 223,719	$ 238,261	$ 210,159	$ 223,819	$ 238,367	$ 248,638	$ 299,788	$ 312,967
Interest on the Total OPEB Liability	489,875	509,975	516,342	557,865	563,984	487,002	537,835	542,369
Difference between Expected and Actual Experience	-	-	132,200	-	(195,804)	-	3,424	-
Plan Changes	-	-	-	-	-	-	107,771	-
Assumption Changes	-	-	208,654	-	(1,186,931)	786,509	(113,999)	-
Benefit Payments	(418,905)	(622,193)	(442,196)	(469,392)	(472,857)	(760,097)	(823,408)	(731,644)
Net Change in Total OPEB Liability	294,689	126,043	625,159	312,292	(1,053,241)	762,052	11,411	123,692
Total OPEB Liability - Beginning	7,312,825	7,607,514	7,733,557	8,358,716	8,671,008	7,617,767	8,379,819	8,391,230
Total OPEB Liability - Ending	$ 7,607,514	$ 7,733,557	$ 8,358,716	$ 8,671,008	$ 7,617,767	$ 8,379,819	$ 8,391,230	$ 8,514,922
Plan Fiduciary Net Position								
Employer Contributions	$ 422,684	$ 444,364	$ 377,172	$ 719,788	$ 374,367	$ 372,652	$ 433,336	$ 402,675
Employee Contributions	91,969	128,294	215,296	146,308	147,403	170,357	177,208	206,628
OPEB Plan Net Investment Income	673,624	(294,824)	1,159,084	421,249	1,237,939	(1,266,753)	1,105,929	1,385,023
Benefit Payments	(500,350)	(622,193)	(442,196)	(469,392)	(472,857)	(760,097)	(823,408)	(731,644)
OPEB Plan Administrative Expense	-	-	-	-	(8,000)	-	(2,400)	(4,500)
Deferred Inflows	-	-	-	438,201	(23,651)	(34,950)	(52,388)	36,051
Net Change in Plan Fiduciary Net Position	687,927	(344,359)	1,309,356	1,256,154	1,255,201	(1,518,791)	838,277	1,294,233
Plan Fiduciary Net Position - Beginning	4,885,836	5,573,763	5,229,404	6,538,760	7,794,914	9,050,115	7,531,324	8,369,601
Plan Fiduciary Net Position - Ending	$ 5,573,763	$ 5,229,404	$ 6,538,760	$ 7,794,914	$ 9,050,115	$ 7,531,324	$ 8,369,601	$ 9,663,834
Net OPEB Liability (Asset) Ending	$ 2,033,751	$ 2,504,153	$ 1,819,956	$ 876,094	$ (1,432,348)	$ 848,495	$ 21,629	$ (1,148,912)
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	73%	68%	78%	90%	119%	90%	100%	113%
Covered Payroll	$ 13,879,896	$ 14,188,222	$ 14,300,000	$ 14,300,000	$15,411,322	$15,411,322	$17,979,720	$17,979,720
Net OPEB Liability as a Percentage of Covered Payroll	15%	18%	13%	6%	-9%	6%	0%	-6%

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

CITY OF FRANKLIN, WISCONSIN
SCHEDULE OF CONTRIBUTIONS – OPEB PLAN
LAST TEN FISCAL YEARS

	Fiscal Year Ending December 31,							
	2017	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
Actuarially Determined Contribution	$ 422,684	$ 441,859	$ 377,172	$ 394,788	$ 324,614	$ 149,256	$ 389,403	$ 325,450
Actual Contribution	422,684	444,364	377,172	719,788	374,367	372,652	433,336	402,675
Contribution Deficiency (Excess)	$ -	$ (2,505)	$ -	$ (325,000)	$ (49,753)	$ (223,396)	$ (43,933)	$ (77,225)
Covered Payroll	$ 13,879,896	$ 14,188,222	$ 14,300,000	$ 14,300,000	$15,411,322	$15,411,322	$17,979,720	$17,979,720
Actual Contribution as a Percentage of Covered Payroll	3%	3%	3%	5%	2%	2%	2%	2%

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

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 in assumptions. Based on a three-year experience study conducted in 2021 covering January 1 2018 through December 31, 2020, the ETF Board adopted assumptions changes that were used to measure the total pension liability beginning with the year-ended December 31, 2021, including the following:

1. Lowering the long-term expected rate of return from 7.0% to 6.8%
2. Lowering the discount rate from 7.0% to 6.8%
3. Lowering the price inflation rate from 2.5% to 2.4%
4. Lowering the post-retirement adjustments from 1.9% to 1.7%
5. Mortality assumptions were changed to reflect updated trends by transitions from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

Based on the three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

1. Lowering the long-term expected rate of return from 7.2% to 7.0%
2. Lowering the discount rate from 7.2% to 7.0%
3. Lowering the wage inflation rate from 3.2% to 3.0%
4. Lowering the price inflation rate from 2.7% to 2.5%
5. Lowering the post-retirement adjustments from 2.1% to 1.9%
6. Mortality assumptions were changed to reflect updated trends by transitions from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

NOTE 2 - WISCONSIN RETIREMENT SYSTEM (continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2023	2022	2021	2020	2019
Valuation Date:	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.4%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	6.8%	7.0%	7.0%	7.0%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.0%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.7%	1.9%	1.9%	1.9%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2021 valuation pursuant to an experience study of the period 2018-2020.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	2020 WRS Experience Tables. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2021 fully generational improvement scale from a base year of 2010.	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

NOTE 2 - WISCONSIN RETIREMENT SYSTEM (continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

	2018	2017	2016	2015	2014
Valuation Date:	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011.
Mortality:	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.

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

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. During the last here were no changes of benefit terms during the last ten measurement periods presented, as disclosed in Note 4.A to the financial statements.

Changes of assumptions. The following is a summary of key assumption changes for the last ten measurement periods:

- 2023 – No changes to assumptions in previous period
- 2022 – Discount rate updated to 6.25%; Mortality: MP-2021 Table updated to MP-2019 Table
- 2021 – Mortality: MP-2019 Table updated to MP-2021 Table
- 2020 – Discount rate updated to 6.00%; Mortality updated to 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
- 2019 – Discount rate updated to 6.50%; Mortality updated to 2020 IRS Table
- 2018 – Discount rate updated to 5.93%; Inflation updated to 2.25%; Seniority/Merit updated to 4.00%; Mortality updated to 2019 IRS Table
- 2017 – Discount rate updated to 6.75%; Mortality updated to 2017 IRS Table
- 2016 – Discount rate updated to 6.54%; Inflation updated to 2.00%; Mortality updated to 2016 IRS Table
- 2015 – No changes to assumptions in previous period
- 2014 – Discount rate: 7.3%; Inflation: 2.3%; Seniority/Merit: 3.0%; Actuarial Cost Method: Entry Age; Asset Valuation Method: Market Value; Mortality: 2014 IRS Prescribed Mortality – Optional Combined Table for Small Plans

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. The years of service for benefit eligibility for the Firefighter group decreased from 20 years to 15 years with the newest contract in 2023. This increased the liability by approximately $108,000 in 2023. No other significant changes to benefit terms occurred during the last ten measurements periods presented as disclosed in Note 4.C to the financial statements.

Changes of assumptions. During the last ten measurement periods, there were no significant changes in assumptions as disclosed in Note 4.C to the financial statements

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.

Opioid Settlement fund – This fund accounts for funds received and restricted for human services from opioid settlements. These funds are to be used to support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies.

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.

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.

CITY OF FRANKLIN, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Special Revenue Funds									
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Collection Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Opioid Settlement Fund	Grant Fund	Total Special Revenue Funds
ASSETS										
Cash and investments	$ 1,727,987	$ 160,579	$ 2,619,724	$ -	$ 222,409	$ 29,606	$ 571,556	$ 207,739	$ 2,694,833	$ 8,234,433
Receivables										
Accounts receivable	-	-	37,396	-	-	-	128,238	-	52,786	218,420
Due from other governments	59,306	-	-	-	-	-	-	-	-	59,306
Prepaid items	-	-	-	-	-	3,393	-	-	-	3,393
Total assets	$ 1,787,293	$ 160,579	$ 2,657,120	$ -	$ 222,409	$ 32,999	$ 699,794	$ 207,739	$ 2,747,619	$ 8,515,552
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	$ 25,950	$ 2,923	$ 192,143	$ 94,453	$ -	$ 396	$ 104,137	$ -	$ 22,406	$ 442,408
Accrued liabilities	13,850	-	6,517	-	-	-	-	-	566	20,933
Unearned revenue	-	-	1,863,327	-	-	-	-	-	2,439,758	4,303,085
Total liabilities	39,800	2,923	2,061,987	94,453	-	396	104,137	-	2,462,730	4,766,426
DEFERRED INFLOWS OF RESOURCES										
Subsequent year tax levy / unearned	1,467,700	-	-	-	-	-	-	-	-	1,467,700
FUND BALANCES										
Nonspendable:										
Inventories and prepaid items	-	-	-	-	-	3,393	-	-	-	3,393
Restricted:										
Grants and Donations	-	-	-	-	222,409	-	-	-	-	222,409
Opioid Settlement	-	-	-	-	-	-	-	207,739	-	207,739
Health services	-	-	-	-	-	-	-	-	284,889	284,889
Library services	279,793	157,656	-	-	-	-	-	-	-	437,449
Solid waste	-	-	595,133	-	-	-	-	-	-	595,133
Recreational services	-	-	-	-	-	29,210	-	-	-	29,210
Tourist commission	-	-	-	-	-	-	595,657	-	-	595,657
Unassigned (deficit)	-	-	-	(94,453)	-	-	-	-	-	(94,453)
Total fund balances (deficit)	279,793	157,656	595,133	(94,453)	222,409	32,603	595,657	207,739	284,889	2,281,426
Total liabilities, deferred inflows and fund balances (deficit)	$ 1,787,293	$ 160,579	$ 2,657,120	$ -	$ 222,409	$ 32,999	$ 699,794	$ 207,739	$ 2,747,619	$ 8,515,552

(Continued)

CITY OF FRANKLIN, WISCONSIN
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	Capital Projects Funds						Total
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund*	Street Improvement Fund	Utility Improvement Fund	Total Capital Projects Funds	Nonmajor Governmental Funds
ASSETS							
Cash and investments	$ 1,921,310	$ 2,522,038	$ -	$ 3,493,960	$ 3,211,717	$ 11,149,025	$ 19,383,458
Receivables							
Accounts receivable	153,488	52,300	-	57,800	-	263,588	482,008
Special assessments receivable	-	-	-	-	154,656	154,656	154,656
Due from other governments	-	-	-	-	-	-	59,306
Prepaid items	-	-	-	-	-	-	3,393
Total assets	$ 2,074,798	$ 2,574,338	$ -	$ 3,551,760	$ 3,366,373	$ 11,567,269	$ 20,082,821
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ 208,686	$ 447,101	$ -	$ 1,353,891	$ -	$ 2,009,678	$ 2,452,086
Accrued liabilities	-	-	-	-	-	-	20,933
Unearned revenue	-	-	-	-	-	-	4,303,085
Total liabilities	208,686	447,101	-	1,353,891	-	2,009,678	6,776,104
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	-	-	154,655	154,655	154,655
Subsequent year tax levy / unearned	-	-	-	300,000	-	300,000	1,767,700
Total Unavailable and Unearned revenue	-	-	-	300,000	154,655	454,655	1,922,355
FUND BALANCES (DEFICIT)							
Nonspendable:							
Inventories and prepaid items	-	-	-	-	-	-	3,393
Restricted:							
Utility improvements	-	-	-	-	3,211,718	3,211,718	3,211,718
Grants and Donations	-	-	-	-	-	-	222,409
Opioid Settlement	-	-	-	-	-	-	207,739
Health services	-	-	-	-	-	-	284,889
Library services	-	-	-	-	-	-	437,449
Solid waste	-	-	-	-	-	-	595,133
Recreational services	-	-	-	-	-	-	29,210
Tourist commission	-	-	-	-	-	-	595,657
Assigned:							
Capital projects	1,866,112	2,127,237	-	1,897,869	-	5,891,218	5,891,218
Unassigned (deficit)	-	-	-	-	-	-	(94,453)
Total fund balances (deficit)	1,866,112	2,127,237	-	1,897,869	3,211,718	9,102,936	11,384,362
Total liabilities, deferred inflows and fund balances (deficit)	$ 2,074,798	$ 2,574,338	$ -	$ 3,551,760	$ 3,366,373	$ 11,567,269	$ 20,082,821

** Formerly nomajor fund*

(Concluded)

CITY OF FRANKLIN, WISCONSIN
COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Special Revenue Funds									
	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St Martin's Fair Fund	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Opioid Settlement Fund	Grant Fund	Total Special Revenue Funds
REVENUE										
Taxes	$ 1,442,700	$ -	$ -	$ -	$ -	$ -	$ 412,022	$ -	$ -	$ 1,854,722
Intergovernmental revenue	59,306	-	68,718	-	-	-	-	-	826,770	954,794
Licenses and permits	-	-	-	25,825	-	42,852	-	-	-	68,677
Public charges for services	20,000	11,346	2,319,613	-	-	77,851	-	-	-	2,428,810
Investment earnings	51,066	6,451	77,958	-	-	-	10,136	-	-	145,611
Miscellaneous revenue	-	46,243	10,956	1,750	41,064	23,733	-	115,436	1,430	240,612
Total revenue	1,573,072	64,040	2,477,245	27,575	41,064	144,436	422,158	115,436	828,200	5,693,226
EXPENDITURES										
Current:										
Public safety	-	-	-	-	23,324	-	-	-	44,585	67,909
Public works	-	-	2,312,470	-	-	-	-	-	-	2,312,470
Health and human services	-	-	-	-	2,785	-	-	-	475,751	478,536
Culture and recreation	1,517,372	45,941	-	72,761	-	195,781	-	-	-	1,831,855
Conservation and development	-	-	-	-	-	-	298,837	-	-	298,837
Capital outlay	158,795	12,906	-	-	5,407	-	45	-	647	177,800
Total expenditures	1,676,167	58,847	2,312,470	72,761	31,516	195,781	298,882	-	520,983	5,167,407
Excess (deficiency) of revenue over expenditures	(103,095)	5,193	164,775	(45,186)	9,548	(51,345)	123,276	115,436	307,217	525,819
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	41,000	-	30,000	-	-	-	71,000
Transfers out	-	-	-	-	-	-	-	-	(266,070)	(266,070)
Total other financing sources (uses)	-	-	-	41,000	-	30,000	-	-	(266,070)	(195,070)
Net change in fund balances	(103,095)	5,193	164,775	(4,186)	9,548	(21,345)	123,276	115,436	41,147	330,749
Fund balances (deficit) - beginning	382,888	152,463	430,358	(90,267)	212,861	53,948	472,381	92,303	243,742	1,950,677
Fund balances (deficit) - ending	$ 279,793	$ 157,656	$ 595,133	$ (94,453)	$ 222,409	$ 32,603	$ 595,657	$ 207,739	$ 284,889	$ 2,281,426

(Continued)

CITY OF FRANKLIN, WISCONSIN
COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	Capital Projects Funds						Total
	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund*	Street Improvement Fund	Utility Improvement Fund	Total Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUE							
Taxes	$ -	$ -	$ -	$ 291,700	$ -	$ 291,700	$ 2,146,422
Intergovernmental revenue	192,998	-	-	1,421,467	-	1,614,465	2,569,259
Licenses and permits	-	-	-	-	-	-	68,677
Public charges for services	1,164,992	639,830	-	644,200	-	2,449,022	4,877,832
Special assessments	-	-	-	-	142,281	142,281	142,281
Investment earnings (loss)	51,405	59,685	-	76,818	145,095	333,003	478,614
Miscellaneous revenue	58,461	-	-	-	-	58,461	299,073
Total revenue	1,467,856	699,515	-	2,434,185	287,376	4,888,932	10,582,158
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	67,909
Public works	-	-	-	-	-	-	2,312,470
Health and human services	-	-	-	-	-	-	478,536
Culture and recreation	-	-	-	-	-	-	1,831,855
Conservation and development	-	-	-	-	-	-	298,837
Capital outlay	1,488,201	1,109,660	-	1,838,270	-	4,436,131	4,613,931
Debt service							
Principal	6,260	-	-	-	-	6,260	6,260
Interest and fiscal charges	1,274	-	-	-	-	1,274	1,274
Total expenditures	1,495,735	1,109,660	-	1,838,270	-	4,443,665	9,611,072
Excess (deficiency) of revenue over expenditures	(27,879)	(410,145)	-	595,915	287,376	445,267	971,086
OTHER FINANCING SOURCES (USES)							
Sale of capital assets	11,887	13,175	-	-	-	25,062	25,062
Transfers in	68,000	-	-	-	-	68,000	139,000
Transfers out	-	-	-	(61,000)	-	(61,000)	(327,070)
Lease obligations	190,389	-	-	-	-	190,389	190,389
Total other financing sources (uses)	270,276	13,175	-	(61,000)	-	222,451	27,381
Net change in fund balances	242,397	(396,970)	-	534,915	287,376	667,718	998,467
Fund balances (deficit) - beginning, as previously reported	1,623,715	2,524,207	6,520,437	1,362,954	2,924,342	14,955,655	16,906,332
Adjustment - Change within financial entity (nonmajor to major fund)	-	-	(6,520,437)	-	-	(6,520,437)	(6,520,437)
Fund balances (deficit) - beginning, adjusted	1,623,715	2,524,207	-	1,362,954	2,924,342	8,435,218	10,385,895
Fund balances (deficit) - ending	$ 1,866,112	$ 2,127,237	$ -	$ 1,897,869	$ 3,211,718	$ 9,102,936	$ 11,384,362

** Formerly nomajor fund*

(Concluded)

CITY OF FRANKLIN, WISCONSIN
TIF DISTRICTS FUND – COMBINING BALANCE SHEET
DECEMBER 31, 2024

	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Business Park Overlay	76th and Ryan District #9	Total
ASSETS							
Cash and investments	$ -	$ 1,608,287	$ 591,117	$ 7,641,162	$ 359,057	$ 1,913,481	$ 12,113,104
Receivables							
Accounts receivable	-	792,838	306,560	-	61,110	-	1,160,508
Total assets	$ -	$ 2,401,125	$ 897,677	$ 7,641,162	$ 420,167	$ 1,913,481	$ 13,273,612
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ 1,089	$ 14,069	$ -	$ 16,541	$ 27	$ 31,726
Advances from other funds	-	-	796,376	-	911,433	50,000	1,757,809
Total liabilities	-	1,089	810,445	-	927,974	50,027	1,789,535
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	398,596	245,372	-	-	-	643,968
Subsequent year tax levy	-	1,355,372	440,692	768,925	1,453,768	-	4,018,757
Total deferred inflows of resources	-	1,753,968	686,064	768,925	1,453,768	-	4,662,725
FUND BALANCES (DEFICIT)							
Restricted	-	646,068	-	6,872,237	-	1,863,454	9,381,759
Unassigned	-	-	(598,832)	-	(1,961,575)	-	(2,560,407)
Total fund balances (deficit)	-	646,068	(598,832)	6,872,237	(1,961,575)	1,863,454	6,821,352
Total liabilities, deferred inflows and fund balances	$ -	$ 2,401,125	$ 897,677	$ 7,641,162	$ 420,167	$ 1,913,481	$ 13,273,612

CITY OF FRANKLIN, WISCONSIN
TIF DISTRICTS FUND – COMBINING SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2024

	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Velo Village District #7	Business Park Overlay	76th and Ryan District #9	Total
REVENUE							
Taxes	$ -	$ 1,213,317	$ 1,054,254	$ 727,429	$ 755,803	$ -	$ 3,750,803
Intergovernmental revenue	-	12,883	-	-	-	-	12,883
Investment earnings (loss)	(3,522)	44,876	6,395	247,801	4,647	36,501	336,698
Miscellaneous revenue	-	1,327,559	-	-	61,110	-	1,388,669
Total revenue	(3,522)	2,598,635	1,060,649	975,230	821,560	36,501	5,489,053
EXPENDITURES							
Current:							
General government	-	83,916	10,778	8,785	24,776	12,926	141,181
Public Works	-	29,500	-	-	47,328	29,500	106,328
Conservation and development	-	6,515	650	816,108	29,501	26,504	879,278
Capital outlay	-	-	-	-	702,252	-	702,252
Debt service							
Principal	-	1,550,000	370,000	100,000	-	-	2,020,000
Interest and fiscal charges	-	703,952	243,352	126,081	76,300	99,588	1,249,273
Total expenditures	-	2,373,883	624,780	1,050,974	880,157	168,518	5,098,312
Excess (deficiency) of revenue over expenditures	(3,522)	224,752	435,869	(75,744)	(58,597)	(132,017)	390,741
OTHER FINANCING SOURCES (USES)							
General obligation debt issued	-	-	-	-	-	1,880,000	1,880,000
Premium on debt issued	-	-	-	-	-	115,471	115,471
Total other financing sources and uses	-	-	-	-	-	1,995,471	1,995,471
Net changes in fund balances	(3,522)	224,752	435,869	(75,744)	(58,597)	1,863,454	2,386,212
Fund balances (deficit) - beginning	3,522	421,316	(1,034,701)	6,947,981	(1,902,978)	-	4,435,140
Fund balances (deficit) - ending	$ -	$ 646,068	$ (598,832)	$ 6,872,237	$ (1,961,575)	$ 1,863,454	$ 6,821,352

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION – EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2024

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
Assets			
Cash	$ -	$ 118,705	$ 118,705
Investments:			
Fixed Income Securities	4,320,648	3,538,457	7,859,105
Domestic Equities	5,999,659	6,660,803	12,660,462
International Equities	1,679,671	-	1,679,671
Total Investments	11,999,978	10,199,260	22,199,238
Accounts Receivable	-	1,825	1,825
Total assets	$ 11,999,978	$ 10,319,790	$ 22,319,768
Liabilities			
Accounts payable	$ -	$ 66,143	$ 66,143
Due to other governments	-	589,813	589,813
Total liabilities	$ -	$ 655,956	$ 655,956
Net Position			
Restricted for employee benefits	11,999,978	9,663,834	21,663,812
Total liabilities and net position	$ 11,999,978	$ 10,319,790	$ 22,319,768

CITY OF FRANKLIN, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – EMPLOYEE BENEFIT TRUST FUNDS
DECEMBER 31, 2024

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
Additions			
Contributions			
Employer	$ 132,000	$ 412,469	$ 544,469
Plan participants	-	275,513	275,513
Net investment earnings (losses)	1,044,348	1,271,223	2,315,571
Total additions	1,176,348	1,959,205	3,135,553
Deductions			
Incurred claims	703,435	380,806	1,084,241
Prescription drug claims	-	151,615	151,615
Claims fees	34,696	45,726	80,422
Stop loss premiums less claims receivec	-	86,825	86,825
Total deductions	738,131	664,972	1,403,103
Changes in net position	438,217	1,294,233	1,732,450
Net Position, Beginning of Year	11,561,761	8,369,601	19,931,362
Net Position, End of Year	$ 11,999,978	$ 9,663,834	$ 21,663,812