

Comprehensive Annual Financial Report

City of Franklin, Wisconsin

For the Year Ended December 31, 2009



Franklin

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF FRANKLIN

FOR THE YEAR ENDED DECEMBER 31, 2009

**PREPARED BY THE
DEPARTMENT OF FINANCE**

**DIRECTOR OF FINANCE & TREASURER
CALVIN A. PATTERSON**

CITY OF FRANKLIN

TABLE OF CONTENTS December 31, 2009

INTRODUCTORY SECTION

| | <u>Page</u> |
|---------------------------------|-------------|
| Transmittal Letter | 1 |
| Organization Chart | 7 |
| Names of Principal Officials | 8 |
| GFOA Certificate of Achievement | 9 |

FINANCIAL SECTION

| | |
|--------------------------------------|----|
| Independent Auditors' Report | 10 |
| Management's Discussion and Analysis | 12 |

Basic Financial Statements

Exhibit

Government-wide Financial Statements:

| | | |
|-------------------------|---|----|
| Statement of Net Assets | A | 25 |
| Statement of Activities | B | 26 |

Fund Financial Statements:

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|---|----|
| Balance Sheet – Governmental Funds | C | 27 |
| Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds | D | 28 |
| Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | E | 29 |
| General Fund – Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (on a Budgetary Basis) | F | 30 |
| Statement of Net Assets – Proprietary Funds | G | 31 |
| Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds | H | 33 |
| Statement of Cash Flows – Proprietary Funds | I | 34 |
| Statement of Fiduciary Net Assets – Fiduciary Funds | J | 36 |
| Statement of Changes in Fiduciary Net Assets – Fiduciary Funds | K | 37 |

| | |
|-------------------------------|----|
| Notes to Financial Statements | 38 |
|-------------------------------|----|

| | |
|----------------------------------------------------------|----|
| Required Supplementary Information | 74 |
| Schedule of funding progress – Public Works Pension Plan | |
| – Post Employment Benefits Trust | |

CITY OF FRANKLIN
TABLE OF CONTENTS
December 31, 2007

FINANCIAL SECTION (CONTINUED)

Combining and Individual Fund Financial Statements and Schedules:

| | <u>Schedule</u> | <u>Page</u> |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------|
| Combining Balance Sheet – Nonmajor Government Funds | 1 | 75 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Government Funds | 2 | 77 |
| Schedule of Revenue – Budget and Actual (on a Budgetary Basis) – General Fund | 3 | 79 |
| Schedule of Expenditures – Budget and Actual (on a Budgetary Basis) – General Fund | 4 | 81 |
| Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund | 5 | 82 |
| Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – Library Operating Fund | 6 | 83 |
| Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (on a budgetary basis) – Capital Projects Funds | 7 | 84 |
| Combining Statement of Changes in Assets and Liabilities – Agency Funds | 8 | 86 |
| TIF Districts Fund – Combining Balance Sheet | 9 | 87 |
| TIF Districts Fund – Schedule of TIF Districts Revenue, Expenditures And Changes in Fund Balances | 10 | 88 |
| Capital Assets Used in the operation of Governmental Funds: | | |
| Schedule by Source | 11 | 89 |
| Schedule by Function and Activity | 11.1 | 90 |
| Schedule of Changes by Function and Activity | 11.2 | 91 |

CITY OF FRANKLIN

TABLE OF CONTENTS
December 31, 2008

STATISTICAL SECTION

| | <u>Table</u> | <u>Page</u> |
|-----------------------------------------------------------------------------------|--------------|-------------|
| Net Assets by Component – Last Seven Years | 1 | 92 |
| Change in Net Assets – Last Seven Years | 2 | 93 |
| Fund Balances, Governmental Funds – Last Ten Years | 3 | 95 |
| Changes in Fund Balances, Governmental Funds – Last Ten Years | 4 | 96 |
| Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years | 5 | 97 |
| Estimated Actual Property Values and Construction Data – Last Ten Years | 6 | 98 |
| Direct and Overlapping Property Tax Rates – Last Ten Years | 7 | 99 |
| Principal Property Tax Payers – Current Year and Nine Years Ago | 8 | 100 |
| Property Tax Levies and Collections – Last Ten Years | 9 | 101 |
| Property Tax Levies by Tax Jurisdiction – Last Ten Years | 10 | 102 |
| Ratio of Net General Bonded Debt Outstanding – Last Ten Years | 11 | 103 |
| Schedule of Direct and Overlapping Debt | 12 | 104 |
| Computation of Legal Debt Margin – Last Ten Years | 13 | 105 |
| Demographic and Economic Statistics – Last Ten Years | 14 | 106 |
| Principal Employers – Current Year and Nine Years ago | 15 | 107 |
| Full-time Equivalent City Government Employees by Function – Last Ten Years | 16 | 108 |
| Operating Indicators by Function/Program – Last Ten Years | 17 | 109 |
| Capital Asset Statistics by Function/Program – Last Ten Years | 18 | 110 |

INTRODUCTORY SECTION

April 16, 2010

**Honorable Mayor, Common Council members
and Citizens of Franklin:**

Introduction

The Comprehensive Annual Financial Report of the City of Franklin, Wisconsin for the fiscal year ended December 31, 2009, is hereby submitted. State law requires that all general purpose local governments with a population over 25,000 publish within six months of the end of the fiscal year a complete set of financial statements presented in conformity with general accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

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

The City's financial statements have been audited by Clifton Gunderson LLP, a firm of licensed public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2009, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

City Profile

The City of Franklin, incorporated in 1956, is located in the southwestern corner of Milwaukee County. The City is 34.5 square miles in size and has a population of 33,700. Over the last ten years the City has experienced an average annual population increase of 2.0% per year. The city is a residential community with a growing commercial and industrial base. It is considered to be one of the more desirable communities in the Milwaukee metropolitan area in which to live and work. The City provides a typical range of municipal services for a suburban community including police and fire protection; emergency medical/paramedic, library, health and sanitary services; building inspection and zoning control; street, sanitary, storm sewer and water construction and maintenance. The City is authorized to levy property tax on real and personal property located within its boundaries.

The City operates under the mayor/council form of government. Policy making and legislative authority are vested in a governing council consisting of the mayor and six council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring a city attorney. The City's mayor is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The council is elected, by district, on a non-partisan basis. The Mayor and Council members serve staggered three-year terms. The City is organized into departments, headed by fourteen officials appointed by the Mayor or Director of Administration and confirmed by the Common Council. Numerous boards, commissions and committees allow for citizen involvement in government by providing a forum for policy input to the Council and guidance to the departments.

The City provides a full range of services, including police, fire protection and emergency medical services; street construction, maintenance of highways, streets and other infrastructure; recreational and cultural activities and sanitation services. Library service is provided through a separate Library Board that functions like a department of the City and engages the Library Director. Water service is provided through a separate Water Utility that functions like a department of the City. These two areas therefore have been included as an integral part of the City's financial statements. The City also is financially accountable for a legally separate Community Development Authority (Authority). The Authority was established to finance and construct a City Business Park located within the City of Franklin Tax Incremental Financing District No. 2. The Authority's activities are reported within the City's financial statements. Additional information on the Authority can be found in Note 1 in the notes to the financial statements.

The budgetary process serves as the foundation of the City's financial planning and control system. The preparation of a forecast for the existing programs for the following year is prepared during June and July. Departmental requests for personnel changes and new capital outlay expenditures are made by the middle of August. The Mayor then reviews the forecast including recommended personnel and capital outlay expenditures and determines by mid August the personnel and capital outlay expenditures that will be included in the initial departmental requested budgets. The departments take this information and submit their requested budgets by the end of August. The budgets are reviewed and the Mayor submits his recommended budget by the end of September. The Council through its Finance Committee reviews the recommended budget and submits a proposed budget to the Council by mid October. The Council is required to hold a public hearing on the proposed budget in early November, and then adopts a final budget in mid November. The adopted budget is prepared by fund, function (e.g. Public Safety), and department (e.g.

Police). Transfers of appropriations between funds, functions or department require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each fund with an adopted budget. The General Fund comparison is presented in Exhibit F as part of the basic financial statements for the government funds and in Schedules 3 & 4 of the supplementary information. For governmental funds, other than the General Fund, with adopted budgets this comparison is presented in the supplementary information section of this report.

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

Economic Condition and Outlook

In line with economic slowdowns nationally and regionally, the pace of growth in Franklin in 2009 continued to be down significantly both in the residential and the non-residential sectors. The 25 units of new residential construction was down 48.1% from 2008 and 92.5% below the 331 units averaged during the previous ten years. The value of non-residential construction dropped 49.9% from 2008 and was 68.7% below the average value realized during the previous ten years. Prospects in 2010 for residential, commercial and industrial development is anticipated to approximate 2009 levels.

Estimated actual property values have grown at an average annual rate of 7.8% since 1999. The new growth net of TIF Districts was \$38.2 million in 2009 \$49.8 million in 2008 and \$80.9 million in 2007. The growth in 2010 is expected to be in the \$20 million dollar range reflecting the slowdowns during the last three years. Growth after 2010 is expected to return to levels higher than the past few years. The history of higher growth has allowed the City to maintain a relatively low municipal tax rate while still funding the increased cost-of services required as a result of the City's growth.

Residential Growth

Over the past ten years, residential valuation has grown at an average annual rate of 8.3%. In 2009, permits for 25 new equivalent residential units were issued. The decrease from the prior year reflects the continued area housing slowdown in residential construction. Lingering effects of the slowdown will keep growth from new construction in 2010, at about the same level as 2009. Longer range the City remains attractive to builders and potential residents.

Commercial and Industrial Growth

Over the past ten years, commercial and industrial valuation has increased at an average annual rate of 11.9%. In 2009, 35 building permits were issued for commercial and industrial projects. The value of those projects decreased by 49.9% from the 2008 level.

The City's Business Park has 19 acres (6%) unsold with another 47 acres (14%) sold but not yet developed. The total incremental value of the Business Park, which comprises the City's TIF District No. 2, exceeded \$169 million in equalized value at January 1, 2009. This value and the projected increases in values should generate sufficient tax increment to repay the existing TIF District debt by 2011, the last scheduled principal repayment date. Based on preliminary projections, when the TIF District No. 2 is closed (currently expected

to be in 2012), over \$180 million of additional value is expected to be added to the property tax rolls.

In 2005 the City established two new TIF Districts (#3 & #4) on the eastern side of the City. The two districts have experienced a good start with increments of \$85 and \$20 Million, respectively.

Anticipated residential growth will continue to place demands on the commercial sector for goods and services that, in turn, is expected to continue the trend of commercial growth. Expansion of the commercial and industrial tax base is a goal of the City with respect to the overall tax rate, as 73.8% of the City's property value is currently residential down from 74.9% the prior year. Future tax relief will need to come from industrial and commercial tax base expansion.

Organizational and Service Growth

The year 2009 was a year of revenue shortfall for the City approximating \$1 Million. Development revenue continued to decline due to the economic slowdown, ambulance revenue and interest revenue made some significant adjustments necessary. A hiring freeze was reestablished in the early part of the year resulting in a number of vacant positions not being filled resulted in a reduced level of expenditures.

Planning efforts culminated this year in the revision of the comprehensive master plan. The low level of activity was reflected in reduced City construction and park development projects. The Health Department continued its outreach to the local schools and continued offering immunizations at businesses in the Business and Industrial Parks, including Hepatitis B vaccines. The H1N1 issue was addressed to provide protection for residents.

2009 was not a City-wide property re-assessment year. The last re-assessment was done in 2006 with a revaluation scheduled for 2010. Performing revaluations on a regular basis is in line with the Common Council's policy decision to schedule a revaluation every three years to keep property values in line with current market values. The State determined that the local assessments were 96.7% of fair value. The estimated actual value of City properties exceeds \$3.8 billion.

The challenge for the operating departments in 2009 was to maintain the service levels at a time of declining revenues to the City and a growth of 1.1% in new properties. Limited tax growth did not provide resources to maintain services in the light of other revenue declines and employment cutbacks and budget stringencies were necessary.

Internal Controls

The City's internal control structure is subject to ongoing evaluation by management. The City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws, regulations and good financial policies. The results of the City's audit for the fiscal year ended December 31, 2009 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws or regulations. As a recipient of federal and state financial assistance, if the level of grant expenditures exceeds an established level, currently \$500,000, a single audit of grants is required. The City was not required to have a single audit of grants for 2009.

Budgeting Controls

The City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Common Council. Activities of the General Fund, Library Fund, Sanitary Sewer Fund, Debt Service Fund, Capital Outlay Fund, Capital Improvement Fund, Equipment Replacement Fund and Street Improvement Fund are included in the annual appropriated budget. The legal level for budgetary control is at the function level (e.g. public safety) within individual funds. The legal level of control is defined as the level at which expenditures cannot legally exceed the appropriated amount without a resolution approved by Common Council. Any unencumbered appropriations lapse at year end.

Long range financial planning is in place especially for the Capital funds and debt service funds to insure that resources are in place to meet committed projects and insure that there is adequate funding for projects prior to their approval and that adequate funding is in place for debt that has been or will be incurred with an appropriate plan for repayment.

Financial Policies

The City maintains policies on fund balance level, debt policy, investment policies, budget forecasting policy and a capitalization policy. These policies together with conservative management has resulted in a number of actions that has served the City well. For example six positions (three layoffs) were eliminated during the process of developing the 2009 budget which aided the budget in 2009 by reducing the cost pressure on the organization. The fund balance policy influenced the decision to take advantage of the low asphalt pricing and double the amount of projects to be done in 2009 which has reduced the pressure of road resurfacing for 2010 and 2011. The debt policy that influenced the decision to call and repay debt when the investment policy led to increased liquidity at a time of historic low investment rates.

Cash Management

Short term cash is pooled and invested in demand deposits, savings deposits and the State of Wisconsin Local Government Investment Pool. Cash reserves are invested by an investment manager in commercial paper, U.S. Treasury notes, Government Agency instruments, corporate notes and U.S. Treasury money market funds until needed for operations. Interest income from these programs are allocated to the various funds based on their respective balances of the pooled investments. The lower rate environment provided challenges to safely obtain the highest rate possible knowing that overall interest in any event would be significantly below the prior year.

Risk Management

The City is exposed to a wide variety of risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care for its employees. Third-party insurance is maintained for workers' compensation, property, liability and many other potential losses. The City offers full time and some part time employees a group health and dental plan, which is self-insured by the City. The risk of this plan is reduced through the purchase of an excess loss health insurance policy with a deductible of \$50,000 per covered participant.

Pension

The City provides pension benefits to its employees. The public works, sewer and water and maintenance employees are covered by a single employer defined benefit pension plan. The Police and Fire employees are covered by the Wisconsin Retirement System pension program. The remainder of eligible employees are covered by a defined contribution pension plan.

Other Post employment benefits

In addition to pensions, the City also provides postretirement health care benefits for certain retirees and their dependants. As of the end of the current fiscal year there were 18 retired employees receiving some type of postretirement health care benefits. Effective January 1, 2008 the City implemented Government Accounting Standards Board (GASB) Statement No. 45, Accounting for post employment benefits. This new standard requires the City to account for post retirement health costs over the working lives of the employees. The City of Franklin has also elected to fund the annual required contribution under the standard and has established a trust for the investment of those funds until needed to pay benefits.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2008. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. This was the sixteenth consecutive year that the City has received this award.

In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements. We will be submitting the CAFR to the GFOA to determine its eligibility for a 2009 Certificate.

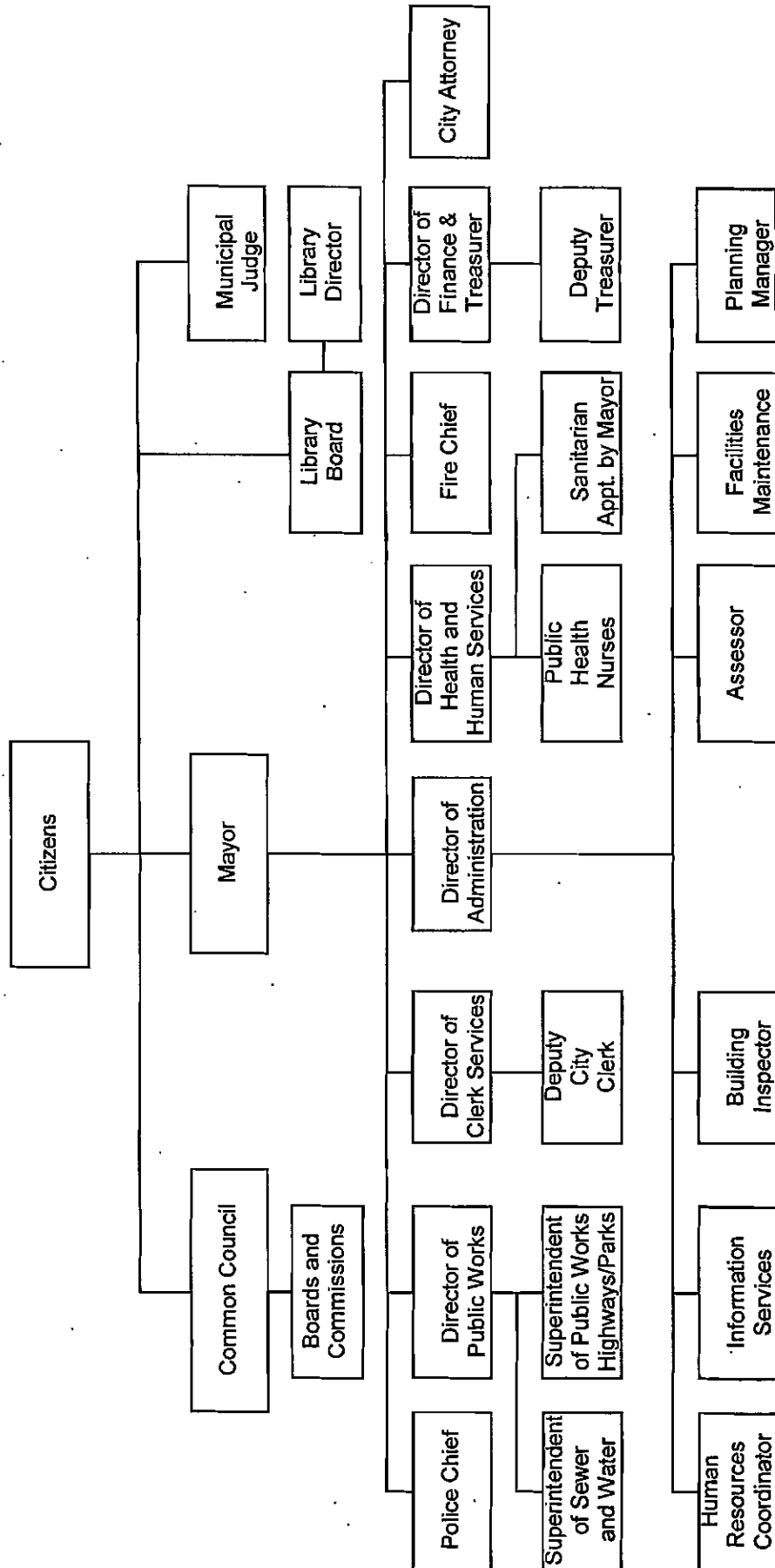
Acknowledgments

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

Respectfully submitted,

Calvin A. Patterson
Director of Finance & Treasurer

**City of Franklin
Organization Chart
Chart 1**



**CITY OF FRANKLIN
LIST OF PRINCIPAL OFFICIALS**

Elected Officials

| <u>Title</u> | <u>Name</u> |
|-----------------|-----------------|
| Mayor | Tom Taylor |
| Aldermen: | |
| District No. 1 | Steve Olson |
| District No. 2 | Tim Solomon |
| District No. 3 | Kristen Wilhelm |
| District No. 4 | Steve F. Taylor |
| District No. 5 | Lyle Sohns |
| District No. 6 | Ken Skowronski |
| Municipal Judge | Fred Klimetz |

Non-elected Officials

| | |
|-------------------------------------|------------------|
| Assessor | Mark Link |
| Building Inspector | Fred Baumgart |
| City Attorney | Jesse Wesolowski |
| City Clerk | Sandi Wesolowski |
| City Engineer/Public Works Director | John Bennett |
| Director of Administration | Mark Luberd |
| Director of Finance & Treasurer | Cal Patterson |
| Director of Health & Human Services | Bill Wucherer |
| Fire Chief | Jim Martins |
| Human Resources Coordinator | Dana Zahn |
| Library Director | Barbara Roark |
| Planning Manager | Joel Dietl |
| Police Chief | Rick Oliva |
| Superintendent of Public Works | Jerry Schaefer |
| Superintendent of Sewer & Water | Roy Kainz |

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Franklin
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Independent Auditor's Report

Common Council
City of Franklin
Franklin, Wisconsin

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 City of Franklin as of and for the year ended December 31, 2009 which collectively comprise City of Franklin's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Franklin's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information for the enterprise funds has been derived from the City of Franklin's 2008 financial statements which were audited by other auditors and, in their report dated April 16, 2009, they expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 City of Franklin as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Franklin's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Clifton Gunderson LLP

Milwaukee, Wisconsin
April 16, 2010

Management's Discussion and Analysis (Unaudited)

As management of the City of Franklin (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2009, by \$183,704,208 (**net assets**). Of this amount, \$4,900,398 (**unrestricted net assets**) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by a net amount of \$5,670,518. Investment in capital assets, net of related debt increased by \$12,432,436, while unrestricted net assets decreased by \$2,317,663 and restricted net assets decreased by \$4,444,255. The changes in the three categories were related. The restricted decrease was due to the planned use of debt service reserves to meet the higher scheduled repayments. The unrestricted decrease was related to the decision to use unrestricted reserves to prepay debt that otherwise would be due in 2010 and 2011. The reduction in debt was the primary reason that the investment in capital assets, net of related debt increased significantly.
- The City's governmental funds reported, as of December 31, 2009, combined ending fund balances of \$16,881,942, a decrease of \$8,917,269 from the prior year. There was a (**unreserved fund balance**) in total of \$736,290 due primarily to the fund deficit in the TIF Districts Fund which represents the approximate amount of interfund advances remaining. The receipt of future tax increments will address that issue. Unreserved fund balances in other funds amounted to \$6,471,030 or approximately 40 percent of the total fund balance that is available for spending at the government's discretion.
- The unreserved fund balance as of December 31, 2009 for the general fund was \$5,078,711 or approximately 21 percent of total anticipated 2010 general fund expenditures.
- The City's Governmental activities debt decreased by \$10,915,000 during 2009. Scheduled repayments of \$6,515,000 were augmented by \$4,400,000 in debt repayments from discretionary funds due to the low reinvestment rate on investments.

Overview of the Financial Statements

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

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

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

The government-wide financial statements can be found on Exhibits A & B of this report.

Fund financial statements

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

Governmental funds

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General, Debt Service and TIF Districts

Funds, that are considered to be major funds. Data from the remaining twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements later in this report.

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

The City adopts an annual appropriated budget for its General Fund, Debt Service Fund, Library Operating Fund, Capital Outlay Fund, Equipment Replacement Fund, Street Improvement Fund, Capital Improvement Fund, Sanitary Sewer Fund and the Franklin Water Utility. A budgetary comparison statement has been provided for all governmental funds demonstrating compliance with their budgets.

Proprietary funds

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

The proprietary fund financial statements can be found on Exhibits G, H & I of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs. The fiduciary funds maintained by the City are the Property Tax Agency Fund, that records the tax roll and tax collections for the City and other taxing jurisdictions, an other agency funds to record that activity and a post employment benefits trust to hold funds until needed to pay designated health benefits for current and future retirees.

The basic fiduciary fund financial statements can be found on Exhibit J & K of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements is found on pages 38 – 73 of this report.

Other information

In addition to the basic financial statements, notes and accompanying notes, this report also presents certain **required supplementary information** concerning the City of Franklin's progress in funding its pension obligations to its public works employees and its retiree health obligations to eligible full time employees. Required supplementary information can be found on page 74 of this report.

The combining and individual fund financial statements and schedules section presents combining statements in connection with non-major governmental funds, a detailed budgetary comparison schedule for the General Fund to demonstrate compliance with the

budget complementing the statement included in the basic governmental fund financial statements, and other information related to the individual funds are presented immediately following the required supplementary information. Schedules 1 to 11.2 can be found on pages 75 – 91 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$183,704,208 and \$178,033,690 at the end of 2009 and 2008, respectively.

CITY OF FRANKLIN NET ASSETS December 31, 2009 and 2008

| | Governmental Activities | | Business-type Activities | | Total | |
|-------------------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Current and other assets | \$ 52,453,291 | \$ 59,842,143 | \$ 4,261,888 | \$ 3,672,234 | \$ 56,715,179 | \$ 63,514,377 |
| Capital assets | 115,276,159 | 112,989,942 | 90,828,559 | 90,842,486 | 206,104,718 | 203,832,428 |
| Total assets | <u>167,729,450</u> | <u>172,832,085</u> | <u>95,090,447</u> | <u>94,514,720</u> | <u>262,819,897</u> | <u>267,346,805</u> |
| Long-term liabilities | 40,734,583 | 50,845,466 | 80,078 | 80,634 | 40,814,661 | 50,926,100 |
| Current liabilities | 37,222,328 | 37,336,035 | 1,078,700 | 1,050,980 | 38,301,028 | 38,387,015 |
| Total liabilities | <u>77,956,911</u> | <u>88,181,501</u> | <u>1,158,778</u> | <u>1,131,614</u> | <u>79,115,689</u> | <u>89,313,115</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 86,456,038 | 74,009,675 | 90,828,559 | 90,842,486 | 177,284,597 | 164,852,161 |
| Restricted | 1,291,825 | 5,732,084 | 227,388 | 231,384 | 1,519,213 | 5,963,468 |
| Unrestricted | <u>2,024,676</u> | <u>4,908,825</u> | <u>2,875,722</u> | <u>2,309,236</u> | <u>4,900,398</u> | <u>7,218,061</u> |
| Total net assets | <u>\$ 89,772,539</u> | <u>\$ 84,650,584</u> | <u>\$ 93,931,669</u> | <u>\$ 93,383,106</u> | <u>\$ 183,704,208</u> | <u>\$ 178,033,690</u> |

The largest portion of the City's net assets (approximately 96 and 93 percent, in 2009 and 2008, respectively) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these net assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Investment in capital assets accounted for \$177,284,597 and \$164,852,161 in 2009 and 2008, respectively of the year end net assets. The changes in capital assets were as follows:

| | Net Capital Asset | | Change in Capital | Net |
|------|----------------------|----------------|----------------------|----------------|
| | Additions | Depreciation | Related Debt | Increase |
| 2009 | \$ 6,515,153 | \$ (4,242,863) | \$ 10,160,146 | \$ 12,432,436 |
| 2008 | \$ 9,180,579 | \$ (4,111,758) | \$ (6,315,052) | \$ (1,246,231) |

The major City projects contributing to this increase was in 2009 the reconstruction of Drexel Avenue from 27th Street to 31st Street, the reconstruction of Fire Station #3 and increased road resurfacing due to the low price of asphalt. In addition the debt repayments resulted in a significant decrease in capital related debt. In 2008 the reconstruction of Drexel Avenue from Highway 36 to Highway 100 and the installation of a 24" transmission main from 68th to 51st along Puetz Road. Infrastructure contributed by developers as part of developer's agreements contributed approximately \$351,000 in 2009 and \$864,000 in 2008 to the capitalized infrastructure through capital grants and contributions of governmental activities and \$568,000 in 2009 and \$734,000 in 2008 to capitalized infrastructure through capital grants and contributions for business-type activities.

An additional portion of the City's net assets (0.8 percent and 3.3 percent in 2009 and 2008, respectively) represent resources that are subject to external restrictions on how they may be used. There were \$1,519,213 and \$5,963,468, respectively in those net assets that were restricted to specific purposes with the remaining balance in unrestricted net assets of \$4,900,398 and \$7,218,061, in 2009 and 2008 respectively may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year the City was able to report positive balances in the unrestricted net assets of the government as a whole as well as for its separate business-type activities. The governmental activities unrestricted net assets did show a deficit in 2009 primarily due to the City's decision to use available resources to prepay debt service otherwise due in the next two years and funded by future tax levies. In this way higher cost interest obligations are repaid early at a time when cash reserves are otherwise earning substantially less.

There was a 2009 decrease of \$4,444,255 in restricted net assets reported in connection with government-wide activities. The decrease was primarily due to the reduction in available debt service funds (\$1,915,000), additional interfund advances (\$2,645,000), and lesser changes in other restricted funds.

There was a 2008 increase of \$558,189 in restricted net assets reported in connection with government-wide activities. The increase was primarily due to the increase in available debt service funds (\$407,000), and growth in available Development funds (\$440,000) offset by the use of utility improvement funds to pay for Puetz Road 24" transmission main (\$368,000).

There was a 2009 decrease of \$2,317,663 in unrestricted net assets reported in connection with government-wide activities. The major reasons for the decrease was the use of funds for debt service purposes (\$2,645,000) and the reduction in the general fund (\$440,403) due to using net assets to ease the transition to fully funding the OPEB obligations and in countering the shortfall in budgetary revenue of about \$1,000,000.

There was a 2008 increase of \$6,008,580 in unrestricted net assets reported in government-wide activities. The major reason for the increase was the decrease in the advances to other funds that resulted in increased unrestricted net assets.

Government-wide activities

The details of changes in net assets follow:

**City of Franklin Changes in Net Assets
For the Year Ending December 31, 2009 and 2007**

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Revenue | | | | | | |
| Program revenue: | | | | | | |
| Charges for services | \$ 3,317,477 | \$ 3,753,496 | \$ 7,448,519 | \$ 6,925,236 | \$ 10,765,996 | \$ 10,678,732 |
| Operating grants & contributions | 2,080,213 | 2,285,275 | - | - | 2,080,213 | 2,285,275 |
| Capital grants & contributions | 1,190,090 | 1,735,333 | 337,667 | 734,367 | 1,527,757 | 2,469,700 |
| General revenue: | | | | | | |
| Property taxes | 24,966,591 | 24,219,961 | - | - | 24,966,591 | 24,219,961 |
| Other taxes | 666,767 | 472,575 | - | - | 666,767 | 472,575 |
| Intergovernmental | 1,380,418 | 1,320,286 | - | - | 1,380,418 | 1,320,286 |
| investment earnings | 1,401,560 | 1,862,688 | 46,738 | 67,617 | 1,448,298 | 1,930,305 |
| Other | 43,566 | 14,451 | 57,627 | 267,819 | 101,193 | 282,270 |
| Total revenue | 35,046,682 | 35,664,065 | 7,890,551 | 7,995,039 | 42,937,233 | 43,659,104 |
| Expenses: | | | | | | |
| General government | 2,948,713 | 3,028,903 | - | - | 2,948,713 | 3,028,903 |
| Public safety | 15,526,031 | 15,598,643 | - | - | 15,526,031 | 15,598,643 |
| Public works | 6,034,720 | 6,900,407 | - | - | 6,034,720 | 6,900,407 |
| Health & Human services | 708,084 | 663,262 | - | - | 708,084 | 663,262 |
| Culture & Recreation | 1,780,896 | 1,803,155 | - | - | 1,780,896 | 1,803,155 |
| Conservation & development | 572,342 | 718,032 | - | - | 572,342 | 718,032 |
| Interest on long-term debt | 2,253,215 | 2,654,969 | - | - | 2,253,215 | 2,654,969 |
| Water | - | - | 4,216,453 | 3,928,578 | 4,216,453 | 3,928,578 |
| Sewer | - | - | 3,226,261 | 3,069,523 | 3,226,261 | 3,069,523 |
| Total expenses | 29,824,001 | 31,367,371 | 7,442,714 | 6,998,101 | 37,266,715 | 38,365,472 |
| Increase in net assets before transfers | 5,222,681 | 4,296,694 | 447,837 | 996,938 | 5,670,518 | 5,293,632 |
| Transfers | (100,726) | 424,212 | 100,726 | (424,212) | - | - |
| Increase in net assets | 5,121,955 | 4,720,906 | 548,563 | 572,726 | 5,670,518 | 5,293,632 |
| Net assets - beginning | 84,650,584 | 79,929,678 | 93,383,106 | 92,810,380 | 178,033,690 | 172,740,058 |
| Net assets - ending | \$ 89,772,539 | \$ 84,650,584 | \$ 93,931,669 | \$ 93,383,106 | \$ 183,704,208 | \$ 178,033,690 |

Governmental activities in 2009 increased the City's net assets by \$5,121,955 accounting for 91 percent of the total growth in the net assets of the City. Elements of this increase follow:

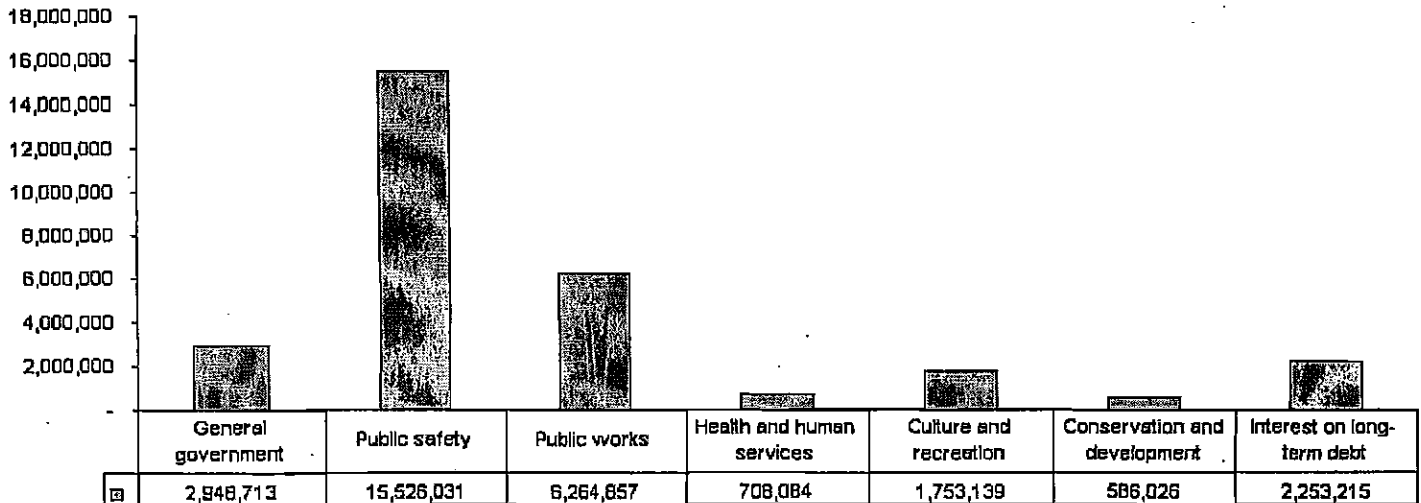
- Decrease due to General Fund activity of \$457,019
- Increase due to the decrease in Long term Debt of \$1,737,327
- Increase in governmental activities capital assets net of depreciation of \$2,286,217
- Increase due to the increase from TIF District activities of \$2,744,498
- Net increase from internal service activities of \$678,445
- Net increase from special assessment activities of \$21,409
- Decrease due to Capital Improvement activities of \$991,330
- Decrease due to Street Improvement activities of \$704,633
- Net decrease from other funds activities of \$192,959

Governmental activities in 2008 increased the City's net assets by \$4,720,906 accounting for 89 percent of the total growth in the net assets of the City. Elements of this increase follow:

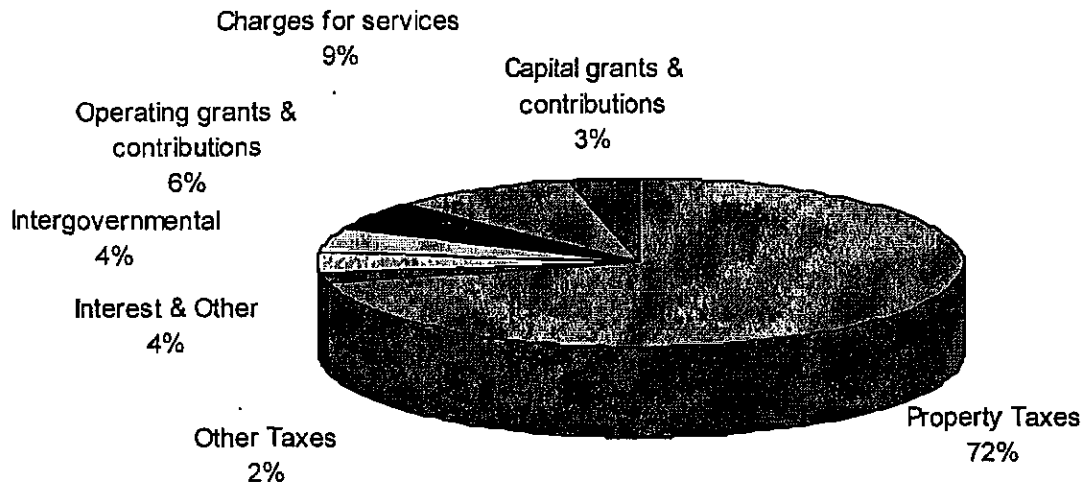
- Decrease due to General Fund activity of \$608,554
- Net decrease in Debt service activities of \$876,545

- Increase in governmental activities capital assets net of depreciation of \$4,469,188
- Net increase from internal service activities of \$910,553
- Net decrease from special assessment activities of \$628,933
- Net increase from TIF Districts activities of \$1,371,002
- Net increase from other funds activities of \$84,195

Expenses by Function - Governmental Activities



Revenue by Source - Governmental Activities



Business-type activities

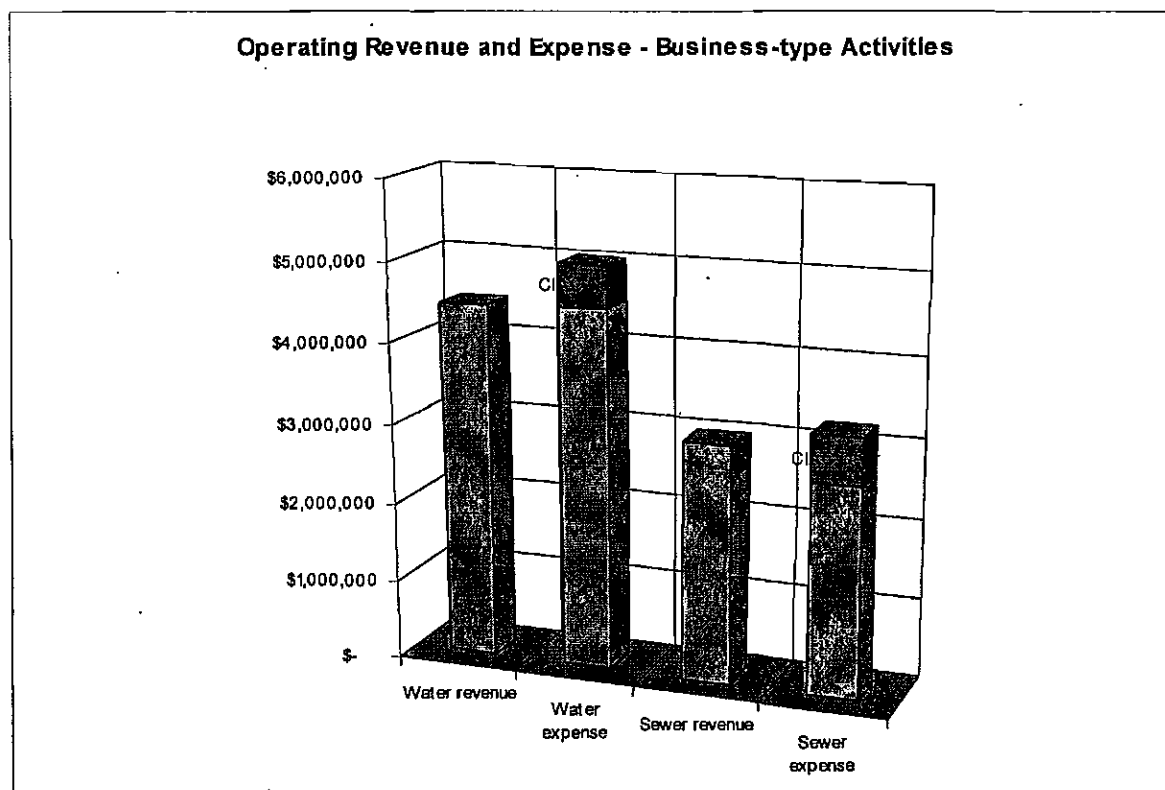
In 2009, business-type activities increased the City's net assets by \$548,563 or .6 percent from the prior year. The key elements of this increase follow:

- The increase from operating activities (the change in net assets excluding capital contributions and its related depreciation expense) was \$298,673. The goal of the business activities is to provide these services at a break even basis to minimize the cost to the users. The sewer revenue remains below the level necessary to meet this goal.
- Contributions of water infrastructure - \$1,336,229 consisting of three developer projects and three City projects
- Contributions of sewer infrastructure - \$25,444 consisting of one developer projects
- Depreciation expense related to contributed assets - \$1,111,783

In 2008, business-type activities increased the City's net assets by \$572,726 or .6 percent from the prior year. The key elements of this increase follow:

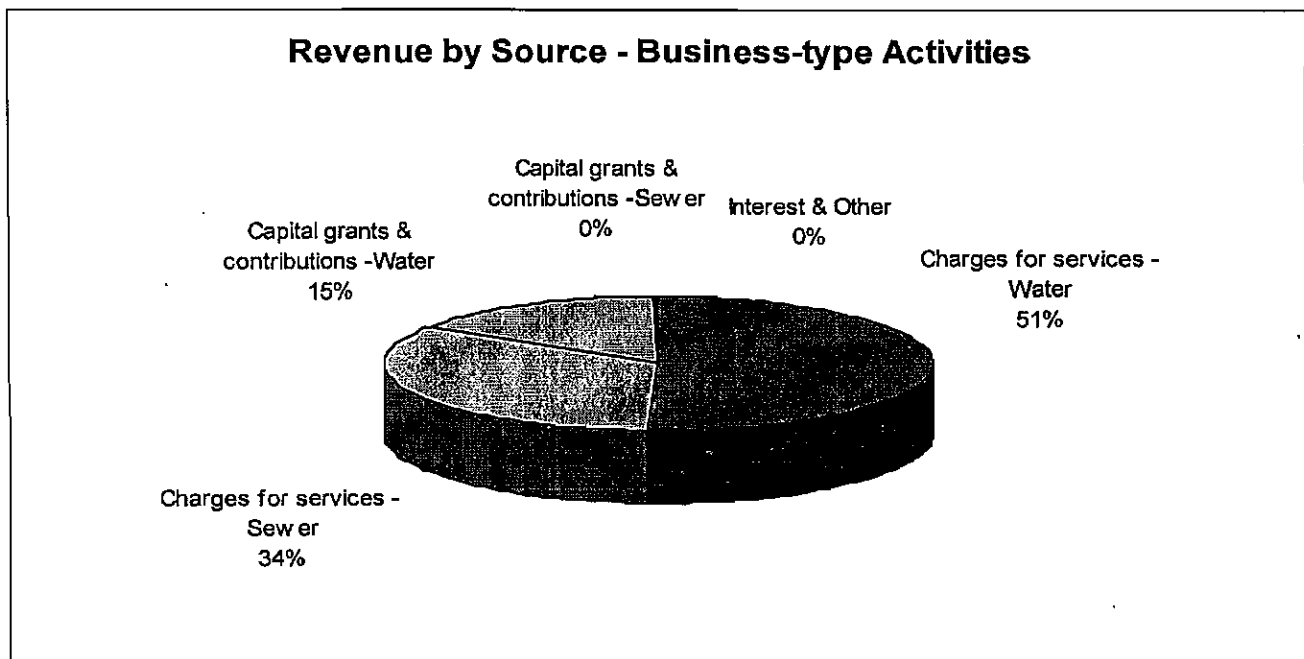
- The increase from operating activities (the change in net assets excluding capital contributions and its related depreciation expense) was \$500,584. The goal of the business activities is to provide these services at a break even basis to minimize the cost to the users. The sewer revenue is currently below the level necessary to meet this goal.
- Contributions of water infrastructure - \$689,955 consisting of four developer projects and one City project
- Contributions of sewer infrastructure - \$477,220 consisting of three developer projects and one City project
- Depreciation expense related to contributed assets - \$1,095,033

The following graph compares the 2009 charges for services to the operating expenses for water and sewer activities.



Water and Sewer expenses can exceed revenue due to the current policy of including only depreciation from City spending on capital assets in the rate formula. The large amount of new infrastructure that has been installed in recent years is the reason for this policy. When maintenance and replacement costs begin to increase this policy may need to be reevaluated.

As shown on the following chart, the Business-type revenue includes capital grants and contributions, investment earnings and miscellaneous income in addition to charges for services (operating revenue).



Financial Analysis of the Government's Funds

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

Governmental funds.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,881,942, a decrease of \$8,917,269 in comparison with the prior year. At year end there was unreserved fund balance in total of \$736,290. Of this total unreserved fund balance, the following amounts were committed to specific types of activities; i.e., \$5,078,711 for general fund activities, \$165,348 for special revenue fund activities, \$1,226,971 for capital project activities and offset by a \$5,734,740 deficit in the TIF Districts activities. The TIF Districts deficit is due to the favorable type of interim financing selected and will be addressed by a permanent source of financing at an appropriate time.

The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay debt service (\$8,845,900), 2) for advances to other funds (\$5,463,000) 3) for development purposes (\$406,562), 4) for library purposes (\$442,509), 5) uncompleted contracts (\$517,000), 6) encumbrances (\$3,000) and 7) for emergency medical services, prepaid expenses, inventories, utility improvement, donations and grants (\$467,681).

The **General Fund** is the chief operating fund of the City. As of December 31, 2009, the total fund balance of the general fund was \$5,104,638 of which \$5,078,711 was unreserved. This unreserved fund balance represents approximately 21% of 2010 general fund expenditures.

The total fund balance of the general fund decreased by \$440,403 in fiscal year 2009. The 2009 annual program budget for the City's general fund identified an appropriation of \$1,309,000 in fund balance to reduce the impact of taxes levied and to balance the budget. Actual expenses were less than budgeted expenses by 7.4 percent or \$1,875,654 and actual revenue was less than budget revenue in the general fund by \$1,008,057 or 4.2 percent. This resulted in the fund balance declining by \$440,403. The underexpenditures were mainly from vacancy in authorized positions and unused contingency. The revenue decline was due from less interest, ambulance revenue and permit revenue due to the economic slowdown.

The **Debt Service Fund** has a total fund balance of \$2,078,900, \$60,900 of which is reserved for the payment of debt service and \$2,018,000 is reserved for advances made to the TIF Districts fund. The fund balance decrease of \$6,260,340 came from a planned reduction in fund balance to pay part of the debt service obligation for the year (\$2.5 million) and the calling of 2010 and 2011 debt to better utilize available liquid assets (\$4.4 million).

The **TIF Districts Fund** has an unreserved fund deficit of \$5,734,740 and a reserved fund balance of \$9,152,000 for a net fund balance of \$3,417,260. The fund deficit is due to borrowing and investing those funds in infrastructure. The fund balance is due to an \$8.8 million note receivable issued under a development agreement and some contractual obligations.

The **Nonmajor Government Funds** have a total fund balance of \$6,281,144. The fund balance decrease came mainly from the reduction in the Capital improvement fund (\$991,330) as resources were paid out to complete projects in process and in the Street improvement fund (\$704,633) where the City took advantage of low asphalt prices and doubled the miles of road resurfaced.

The City's **Proprietary Fund** provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Utility at the end of the year amounted to \$1,756,993, an increase of \$182,544 from December 31, 2008. The growth in total net assets was \$716,384.

Unrestricted net assets of the Sanitary Sewer Fund at the end of the year amounted to \$1,118,729, an increase of \$383,942 from December 31, 2008. In spite of the increase total net assets decreased by \$167,821.

The enterprise funds financial statements can be found on Exhibits G, H and I of this report.

General Fund Budgetary Highlights

Budgetary differences were relatively minor. The major issue was the economy and the resulting decline in operating revenue that resulted in actual revenue being \$1,008,057 below budgeted revenue. This was primarily due to three areas development related (building permits, engineering review fees, zoning and filing fees) down \$402,000, interest revenue down \$357,000 and ambulance revenue down \$309,000. The ambulance revenue was mainly due to an optimistic budget forecast.

Actual expenditures were less than budgeted expenditures by \$1,875,654. This amount was across all functions and impacted by a hiring freeze due to economic conditions. The Information services, Police, Dispatch, Fire, Engineering, Highway, Parks and Planning departments accounted for the largest portion of the under expenditures. The unused contingency budget was \$647,000. There were overexpenditures in municipal court, legal, refuse collection, and animal control budgets.

With significant economy related revenue decreases, budget under expenditures were unable to offset the revenue decline and the planned reduction in the general fund balance resulting in an actual reduction of \$440,403.

Capital assets.

The City's investment in capital assets for its governmental and business type activities as of December 31, 2009, amounts to \$206,104,718 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

City's Investment in Capital Assets

| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|----------------------------|------------------|-----------------------------|----------------|----------------|------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Land | \$ 24,664,244 | \$ 24,648,453 | \$ 429,884 | \$ 426,384 | \$ 25,094,128 | \$ 25,074,837 |
| Buildings and Improvements | 23,924,476 | 23,069,585 | 2,322,250 | 2,322,250 | 26,246,726 | 25,391,835 |
| Improvements other than buildings | 85,791,859 | 81,281,205 | 106,500,217 | 105,178,334 | 192,292,076 | 186,459,539 |
| Machinery and and equipment | 14,934,355 | 14,223,837 | 2,535,712 | 1,975,076 | 17,470,067 | 16,198,913 |
| Construction in process | <u>151,662</u> | <u>1,624,809</u> | <u>56,229</u> | <u>611,614</u> | <u>207,891</u> | <u>2,236,423</u> |
| Total capital assets | 149,466,596 | 144,847,889 | 111,844,292 | 110,513,658 | 261,310,888 | 255,361,547 |
| Less Accumulated depreciation | (34,190,437) | (31,857,947) | (21,015,733) | (19,671,172) | (55,206,170) | (51,529,119) |
| Capital assets net of Depreciation | \$ 115,276,159 | \$ 112,989,942 | \$ 90,828,559 | \$ 90,842,486 | \$ 206,104,718 | \$ 203,832,428 |

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was a total of \$2,272,290 or a 1.1 percent increase.

For further details on capital asset activity, refer to Note 1(D)5 and Note 4(D) of the Notes to Financial Statements and Schedules 11 – 11.2.

Long-term debt

At December 31, 2009, the City had general obligation note and bond issues outstanding totaling \$45,165,000. State statutes limit the amount of general obligation debt a governmental entity may issue up to 5 percent of its total equalized valuation. The current debt limitation for the City is \$195,632,130. The City's current outstanding general obligation debt is 23% of the statutory debt limit. In the last 15 years the City has not exceeded 34 percent of the statutory debt limit.

In early 2009 the City called and prepaid \$4,400,000 of tax exempt general obligation notes scheduled for repayment in 2010 and 2011 by temporarily using available City resources. The purpose was to reduce the City's carrying cost at a time when reinvestment rates are at historical low levels. The City resources will be returned as the tax levies are received designed to repay the original obligation.

The City's present rating from Moody's for its general obligation debt is "Aa2".

The Franklin Water Utility has no debt outstanding. The Board of Water Commissioners intention is to generally avoid debt by maintaining and building cash and investments and from time to time making improvements to its rate structure. The utility's plan is to make future infrastructure improvements including water main replacement and new water service from current reserves and from City collected impact fees.

City of Franklin's Outstanding Debt (All purposes)

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------|----------------------------|---------------|-----------------------------|------|---------------|---------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| General obligation notes | \$ 35,285,000 | \$ 46,050,000 | \$ - | \$ - | \$ 35,285,000 | \$ 46,050,000 |
| bonds | 9,880,000 | 10,030,000 | - | - | 9,880,000 | 10,030,000 |
| Total | \$ 45,165,000 | \$ 56,080,000 | \$ - | \$ - | \$ 45,165,000 | \$ 56,080,000 |

Additional information of the City's long-term debt can be found in note 4(F), Schedule 5 and Tables 10 – 12 in the statistical section of the report.

Other Changes of Significance

Defined Benefit Pension Plan Administration

During 2008 a new administration contract was implemented for the Public Works Employee Pension Plan. The result of the change in the assumption was the reduction in the annual required contribution. In 2009 the investment assumptions were changed to allow for a five year smoothing of investment returns partially as a result of the losses incurred in the portfolio's investments. This change has increased the annual cost of this pension program.

Post Employment Health Care Benefits

The City of Franklin provides retiree health care benefits to certain retiree groups from the date of retirement until age 65. Prior to 2008 the City's portion of health care cost was recognized as expenditure in the period premiums were paid. Funding for those costs was

provided out of the current operating budget of the City. This was referred to as financing on a pay as you go basis.

The Government Accounting Standards Board (GASB) issued Statement #45 effective for the City of Franklin on January 1, 2008 that said that the expense of these benefits has to be recognized over the working lives of the employees. The City studied the issues surrounding GASB Statement #45 over the previous four years. The Common Council concluded that the City of Franklin should not only recognize the expense on its financial statements but should fund those amounts out of its general revenue starting in 2008 with the establishment of a section 115 trust. The actuarial computed annual required contribution under GASB #45 for 2009 was \$587,216 and for 2008 was \$703,713. A combination of tax levy and use of fund balance was used to implement full funding over a three year period.

More detailed information can be found in footnote 5C.

Economic Factors, Tax Rates and Next Year's Budgets

- The unemployment rate as of December 31, 2009 for the City was 7.0%, Milwaukee County which includes the City, is 9.3 percent. This compares with an unemployment rate of 8.3 percent for the State of Wisconsin.
- The local tax rate change for operations for the current and prior two years were 1.5%, 3.18%, and 1.93%, respectively.
- The tax levy increase for the current and prior two years were, \$587,000, \$1,054,000 and \$935,000, respectively.
- The 2010 budgets require a local tax rate that increases 0.3% which together with growth will result in a tax levy increase of \$284,000 or 1.4 percent.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance & Treasurer, 9229 West Loomis Road, Franklin, WI 53132.

General information or more detailed financial and budget information relating to the City of Franklin can be found at the City's website, www.franklinwi.gov - Finance Department tab.

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FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

CITY OF FRANKLIN
Statement of Net Assets
December 31, 2009

| | Governmental Activities | Business-type Activities | Total |
|------------------------------------------------------|----------------------------|-----------------------------|-----------------------|
| ASSETS | | | |
| Cash and investments | \$ 11,720,940 | \$ 1,906,695 | \$ 13,627,635 |
| Receivables | | | |
| Accounts receivable | 738,921 | 1,894,496 | 2,633,417 |
| Interest receivable | 57,102 | - | 57,102 |
| Taxes receivable | 28,357,443 | 298,860 | 28,656,303 |
| Note receivable | 8,785,000 | - | 8,785,000 |
| Special assessments receivable | 2,277,777 | - | 2,277,777 |
| Internal balances | 65,551 | (65,551) | - |
| Due from other governments | 185,548 | - | 185,548 |
| Prepaid items | 67,679 | - | 67,679 |
| Inventories | 15,359 | - | 15,359 |
| Restricted cash and investments | - | 227,388 | 227,388 |
| Capital assets (net of accumulated depreciation) | | | |
| Land | 24,664,244 | 429,884 | 25,094,128 |
| Buildings and improvements | 17,549,052 | 1,521,280 | 19,070,332 |
| Machinery and equipment | 6,178,757 | 1,164,431 | 7,343,188 |
| Improvements other than buildings | 66,732,444 | 87,656,735 | 154,389,179 |
| Construction in progress | 151,662 | 56,229 | 207,891 |
| Deferred charges | 181,969 | - | 181,969 |
| Total assets | 167,729,448 | 95,090,447 | 262,819,895 |
| LIABILITIES | | | |
| Accounts payable | 1,521,530 | 1,023,804 | 2,545,334 |
| Accrued liabilities | 686,727 | 12,620 | 699,347 |
| Due to other governments | 80,117 | - | 80,117 |
| Accrued interest | 597,536 | - | 597,536 |
| Special deposits | 186,590 | 2,000 | 188,590 |
| Unearned revenue | 28,357,925 | - | 28,357,925 |
| Noncurrent liabilities | | | |
| Due within one year | 5,791,901 | 40,276 | 5,832,177 |
| Due in more than one year | 40,734,583 | 80,078 | 40,814,661 |
| Total liabilities | 77,956,909 | 1,158,778 | 79,115,687 |
| NET ASSETS | | | |
| Investment in capital assets, net of related debt | 86,456,038 | 90,828,559 | 177,284,597 |
| Restricted for | | | |
| Library | 458,216 | - | 458,216 |
| Utility improvements | 147,317 | - | 147,317 |
| Development | 406,562 | - | 406,562 |
| Other purposes | 279,730 | 227,388 | 507,118 |
| Unrestricted | 2,024,676 | 2,875,722 | 4,900,398 |
| Total net assets | \$ 89,772,539 | \$ 93,931,669 | \$ 183,704,208 |

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Activities
Year Ended December 31, 2009

| Functions/Programs | Program Revenue | | | Net (Expense) Revenue and Changes in Net Assets | | | |
|---------------------------------------------------------------|-----------------|----------------------|------------------------------------|-------------------------------------------------|-------------------------|--------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | | |
| General government | \$ 2,948,713 | \$ 305,232 | \$ 2,660 | \$ - | \$ (2,640,821) | \$ - | \$ (2,640,821) |
| Public safety | 15,526,031 | 2,068,413 | 327,255 | - | (13,130,363) | - | (13,130,363) |
| Public works | 6,034,720 | 660,670 | 1,484,780 | 1,151,673 | (2,737,597) | - | (2,737,597) |
| Health and human services | 708,084 | 69,855 | 111,945 | - | (526,284) | - | (526,284) |
| Culture and recreation | 1,780,896 | 146,256 | 153,573 | 38,417 | (1,442,650) | - | (1,442,650) |
| Conservation and development | 572,342 | 67,051 | - | - | (505,291) | - | (505,291) |
| Interest on long term debt | 2,253,215 | - | - | - | (2,253,215) | - | (2,253,215) |
| Total governmental activities | 29,824,001 | 3,317,477 | 2,080,213 | 1,190,090 | (23,236,221) | - | (23,236,221) |
| Business-type activities: | | | | | | | |
| Water | 4,216,453 | 4,454,495 | - | 312,223 | - | 550,265 | 550,265 |
| Sewer | 3,226,261 | 2,994,024 | - | 25,444 | - | (206,793) | (206,793) |
| Total business-type activities | 7,442,714 | 7,448,519 | - | 337,667 | - | 343,472 | 343,472 |
| Total government | \$ 37,266,715 | \$ 10,765,996 | \$ 2,080,213 | \$ 1,527,757 | (23,236,221) | 343,472 | (22,892,749) |
| General revenue: | | | | | | | |
| Property taxes levied for general purposes | | | | | 18,237,375 | - | 18,237,375 |
| Property taxes levied for debt service | | | | | 1,900,000 | - | 1,900,000 |
| Property taxes levied for TIF Districts | | | | | 4,829,216 | - | 4,829,216 |
| Other taxes | | | | | 666,767 | - | 666,767 |
| Intergovernmental revenue not restricted to specific programs | | | | | 1,380,418 | - | 1,380,418 |
| Investment earnings | | | | | 1,401,560 | 46,738 | 1,448,298 |
| Miscellaneous revenue | | | | | 43,566 | 57,627 | 101,193 |
| Transfers | | | | | (100,726) | 100,726 | - |
| Total general revenue and transfers | | | | | 28,358,176 | 205,091 | 28,563,267 |
| Change in net assets | | | | | 5,121,955 | 548,563 | 5,670,518 |
| Net assets - beginning | | | | | 84,650,584 | 93,383,106 | 178,033,690 |
| Net assets - ending | | | | | \$ 89,772,539 | \$ 93,931,669 | \$ 183,704,208 |

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Balance Sheet
Governmental Funds
December 31, 2009

| | General | Debt Service | TIF Districts | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------|---------------------|----------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 5,861,473 | \$ 60,900 | \$ 811,878 | \$ 3,169,685 | \$ 9,903,936 |
| Receivables | | | | | |
| Accounts receivable | 534,234 | - | - | 101,056 | 635,290 |
| Interest receivable | - | - | 57,102 | - | 57,102 |
| Taxes receivable | 16,149,805 | 2,172,215 | 7,457,956 | 2,577,467 | 28,357,443 |
| Note receivable | - | - | 8,785,000 | - | 8,785,000 |
| Special assessments receivable | - | 781,874 | - | 1,495,903 | 2,277,777 |
| Due from other funds | 65,551 | - | - | - | 65,551 |
| Due from other governments | 105,798 | - | 8,644 | 71,106 | 185,548 |
| Prepaid items | 9,568 | - | - | 15,707 | 25,275 |
| Inventories | 15,359 | - | - | - | 15,359 |
| Long term advances | - | 2,018,000 | - | 3,445,000 | 5,463,000 |
| TOTAL ASSETS | \$ 22,741,788 | \$ 5,032,989 | \$ 17,120,580 | \$ 10,875,924 | \$ 55,771,281 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 849,547 | \$ - | \$ 110,262 | \$ 518,474 | \$ 1,478,283 |
| Accrued liabilities | 370,609 | - | 15,000 | 2,936 | 388,545 |
| Due to other governments | 80,117 | - | - | - | 80,117 |
| Special deposits | 186,590 | - | - | - | 186,590 |
| Deferred revenue | 16,150,287 | 2,954,089 | 7,515,058 | 4,073,370 | 30,692,804 |
| Long term advances | - | - | 6,063,000 | - | 6,063,000 |
| Total Liabilities | <u>17,637,150</u> | <u>2,954,089</u> | <u>13,703,320</u> | <u>4,594,780</u> | <u>38,889,339</u> |
| FUND BALANCES | | | | | |
| Reserved for: | | | | | |
| Inventories and prepaid items | 24,927 | - | - | 15,707 | 40,634 |
| Advances to other funds | - | 2,018,000 | - | 3,445,000 | 5,463,000 |
| Encumbrances | 1,000 | - | - | 2,000 | 3,000 |
| Contractual obligations | - | - | 367,000 | 150,000 | 517,000 |
| Debt service | - | 60,900 | 8,785,000 | - | 8,845,900 |
| Library services | - | - | - | 442,509 | 442,509 |
| Emergency medical services | - | - | - | 10,598 | 10,598 |
| Utility improvements | - | - | - | 147,317 | 147,317 |
| Development | - | - | - | 406,562 | 406,562 |
| Donations & grants | - | - | - | 269,132 | 269,132 |
| Unreserved balance (deficit) reported in: | | | | | |
| General Fund | 5,078,711 | - | - | - | 5,078,711 |
| Special Revenue Funds | - | - | - | 165,348 | 165,348 |
| Capital Project Funds | - | - | (5,734,740) | 1,226,971 | (4,507,769) |
| Total fund balances | <u>5,104,638</u> | <u>2,078,900</u> | <u>3,417,260</u> | <u>6,281,144</u> | <u>16,881,942</u> |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 22,741,788 | \$ 5,032,989 | \$ 17,120,580 | \$ 10,875,924 | \$ 55,771,281 |
| Total fund balances of governmental funds | | | | | \$ 16,881,942 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | | | |
| Capital assets used in government funds are not financial resources and are not reported in the funds. | | | | | 115,276,159 |
| Internal service net assets | | | | | 2,331,792 |
| Other long-term assets that are not available to pay for current period expenditures and are deferred in the funds. | | | | | 2,334,879 |
| Long-term liabilities, including long-term debt, are not due and payable in the current period and are not reported in the funds. | | | | | (47,052,233) |
| Net assets of governmental activities | | | | | \$ 89,772,539 |

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2009

| | General | Debt Service | TIF Districts | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------------------------------|---------------------|---------------------|---------------------|-----------------------------------|--------------------------------|
| REVENUE | | | | | |
| Taxes | \$ 16,131,019 | \$ 1,900,000 | \$ 4,900,339 | \$ 2,702,000 | \$ 25,633,358 |
| Intergovernmental revenue | 2,538,782 | - | 415,066 | 345,800 | 3,299,648 |
| Licenses and permits | 609,278 | - | - | - | 609,278 |
| Fines, forfeitures and penalties | 385,427 | - | - | - | 385,427 |
| Public charges for services | 1,565,779 | - | - | 34,534 | 1,600,313 |
| Special assessments | - | 263,000 | - | 554,736 | 817,736 |
| Intergovernmental charges for services | 291,584 | - | - | - | 291,584 |
| Investment earnings | 398,410 | 327,181 | 224,946 | 326,063 | 1,276,600 |
| Miscellaneous revenue | 164,384 | - | 1,000 | 470,040 | 635,424 |
| Total Revenue | <u>22,084,663</u> | <u>2,490,181</u> | <u>5,541,351</u> | <u>4,433,173</u> | <u>34,549,368</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 2,780,111 | - | - | 333 | 2,780,444 |
| Public safety | 15,017,640 | - | - | 25,988 | 15,043,628 |
| Public works | 4,504,611 | - | - | - | 4,504,611 |
| Health and human services | 619,555 | - | - | 82,266 | 701,821 |
| Culture, recreation and education | 156,087 | - | - | 1,299,615 | 1,455,702 |
| Conservation and development | 344,442 | - | 143,519 | 88,243 | 576,204 |
| Capital outlay | - | - | 881,725 | 5,179,900 | 6,061,625 |
| Debt service | | | | | |
| Principal | - | 7,800,000 | 3,115,000 | - | 10,915,000 |
| Interest | - | 973,711 | 1,377,171 | - | 2,350,882 |
| Total Expenditures | <u>23,422,446</u> | <u>8,773,711</u> | <u>5,517,415</u> | <u>6,676,345</u> | <u>44,389,917</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (1,337,783) | (6,283,530) | 23,936 | (2,243,172) | (9,840,549) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 923,280 | 23,190 | - | 1,282,566 | 2,229,036 |
| Transfers out | (25,900) | - | (351,540) | (928,316) | (1,305,756) |
| Net change in fund balances | (440,403) | (6,260,340) | (327,604) | (1,888,922) | (8,917,269) |
| Fund balances - beginning | <u>5,545,041</u> | <u>8,339,240</u> | <u>3,744,864</u> | <u>8,170,066</u> | <u>25,799,211</u> |
| Fund balances - ending | <u>\$ 5,104,638</u> | <u>\$ 2,078,900</u> | <u>\$ 3,417,260</u> | <u>\$ 6,281,144</u> | <u>\$ 16,881,942</u> |

CITY OF FRANKLIN
Reconciliation of the Statement of Revenue
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
Year Ended December 31, 2009

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Net change in fund balances - total governmental funds | \$ (8,917,269) |
| Amounts reported for governmental activities in the statement of activities (page 26) 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. This is the amount by which capital outlays (\$4,701,133) exceeded depreciation (\$2,765,863) in the current period. | 1,935,270 |
| Contributed capital assets are reported as revenues in the statement of activities. | 350,947 |
| 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 assets. This amount is the net effect of differences in the treatment of long term debt. | 10,915,000 |
| Government funds report the effects of issuance costs, premiums, discounts and similar items 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. | (61,263) |
| 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 | 142,314 |
| Revenue in the statement of activities not providing current financial resources are not reported as revenue in the funds | 585,182 |
| Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities | (506,671) |
| Internal service fund change in net assets | <u>678,445</u> |
| Net change in net assets of governmental activities | <u>\$ 5,121,955</u> |

CITY OF FRANKLIN
General Fund
Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary basis)
Year Ended December 31, 2009

| | Original Budget | Final Budget | Actual | Variance with final budget - Favorable (Unfavorable) |
|--------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------------------------------------------------|
| REVENUE | | | | |
| Taxes | \$ 17,096,000 | \$ 17,096,000 | \$ 17,054,299 | \$ (41,701) |
| Intergovernmental revenue | 2,391,000 | 2,391,000 | 2,538,782 | 147,782 |
| Licenses and permits | 816,400 | 816,400 | 609,278 | (207,122) |
| Fines, forfeitures and penalties | 400,000 | 400,000 | 385,427 | (14,573) |
| Public charges for services | 2,185,000 | 2,185,000 | 1,565,779 | (619,221) |
| Intergovernmental charges for services | 266,000 | 266,000 | 291,584 | 25,584 |
| Investment earnings | 755,000 | 755,000 | 398,410 | (356,590) |
| Miscellaneous revenue | 106,600 | 106,600 | 164,384 | 57,784 |
| Total Revenue | <u>24,016,000</u> | <u>24,016,000</u> | <u>23,007,943</u> | <u>(1,008,057)</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 3,579,666 | 3,561,666 | 2,780,111 | 781,555 |
| Public safety | 15,762,020 | 15,762,020 | 15,017,640 | 744,380 |
| Public works | 4,670,054 | 4,688,054 | 4,505,611 | 182,443 |
| Health and human services | 636,860 | 636,860 | 619,555 | 17,305 |
| Culture and recreation | 229,325 | 229,325 | 181,987 | 47,338 |
| Conservation and development | 447,075 | 447,075 | 344,442 | 102,633 |
| Total Expenditures | <u>25,325,000</u> | <u>25,325,000</u> | <u>23,449,346</u> | <u>1,875,654</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | (1,309,000) | (1,309,000) | (441,403) | 867,597 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Net change in fund balance - budgetary basis | (1,309,000) | (1,309,000) | (441,403) | 867,597 |
| Adjustments to generally accepted accounting principles basis | | | | |
| 2009 encumbrances | 1,000 | 1,000 | 1,000 | - |
| 2008 encumbrances | - | - | - | - |
| Net change in fund balance - generally accepted accounting principles basis | (1,308,000) | (1,308,000) | (440,403) | 867,597 |
| Fund Balances - beginning | <u>5,545,041</u> | <u>5,545,041</u> | <u>5,545,041</u> | <u>-</u> |
| Fund Balances - ending | <u>\$ 4,237,041</u> | <u>\$ 4,237,041</u> | <u>\$ 5,104,638</u> | <u>\$ 867,597</u> |

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Net Assets
Proprietary Funds
December 31, 2009

(with comparative information for December 31, 2008)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities - Internal Service Funds |
|------------------------------------------------------------|---------------------------------------------|--------------------------------|-----------------------------------|---------------------------------|---------------------------|------------------|-----------------------------------------------------------|
| | Water Utility Current Year | Water Utility Prior Year | Sanitary Sewer Current Year | Sanitary Sewer Prior Year | Current Year Totals | | |
| ASSETS | | | | | | | |
| Current assets | | | | | | | |
| Cash and investments | \$ 1,254,300 | \$ 1,179,017 | \$ 652,395 | \$ 379,502 | \$ 1,906,695 | \$ 1,817,004 | |
| Receivables | | | | | | | |
| Accounts receivable | 1,080,661 | 966,604 | 813,835 | 713,260 | 1,894,496 | 103,631 | |
| Taxes receivable | 152,597 | 115,531 | 146,263 | 103,310 | 298,860 | - | |
| Due from other funds | - | - | 45,183 | 46,256 | 45,183 | - | |
| Prepaid expenses | - | - | - | - | - | 42,404 | |
| Long term advances | - | - | - | - | - | 600,000 | |
| Total current assets | 2,487,558 | 2,261,152 | 1,657,676 | 1,242,328 | 4,145,234 | 1,963,039 | |
| Noncurrent assets | | | | | | | |
| Restricted cash and investments | - | - | 227,388 | 231,384 | 227,388 | - | |
| Total restricted assets | - | - | 227,388 | 231,384 | 227,388 | - | |
| Capital assets | | | | | | | |
| Land | 117,215 | 115,465 | 312,669 | 310,919 | 429,884 | - | |
| Buildings and improvements | 730,075 | 730,075 | 1,592,175 | 1,592,175 | 2,322,250 | - | |
| Improvements other than buildings | 53,324,210 | 52,030,542 | 53,176,007 | 53,147,792 | 106,500,217 | - | |
| Machinery and equipment | 1,901,710 | 1,354,765 | 634,002 | 620,311 | 2,535,712 | - | |
| Construction in progress | 29,029 | 585,614 | 27,200 | 26,000 | 56,229 | - | |
| Less accumulated depreciation | (10,611,680) | (9,859,742) | (10,404,053) | (9,811,430) | (21,015,733) | - | |
| Total capital assets (net of accumulated depreciation) | 45,490,559 | 44,956,719 | 45,338,000 | 45,885,767 | 90,828,559 | - | |
| Total noncurrent assets | 45,490,559 | 44,956,719 | 45,565,388 | 46,117,151 | 91,055,947 | - | |
| Total assets | 47,978,117 | 47,217,871 | 47,223,064 | 47,359,479 | 95,201,181 | 1,963,039 | |

Continued

CITY OF FRANKLIN
Statement of Net Assets
Proprietary Funds
December 31, 2009
(with comparative information for December 31, 2008)

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|-----------------------------------------|---------------------------------------------|--------------------------------|-----------------------------------|---------------------------------|-----------------------------------------------------------|
| | Water Utility Current Year | Water Utility Prior Year | Sanitary Sewer Current Year | Sanitary Sewer Prior Year | Current Year Totals |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable | 554,650 | 560,749 | 469,154 | 410,124 | 1,023,804 |
| Accrued liabilities | 3,004 | - | 9,616 | 36,345 | 12,620 |
| Due to other funds | 110,734 | 62,630 | - | - | 110,734 |
| Special deposits | 2,000 | 2,252 | - | - | 2,000 |
| Current portion of compensated absences | 20,138 | 20,755 | 20,138 | 20,755 | 40,276 |
| Total current liabilities | 690,526 | 646,386 | 498,908 | 467,224 | 1,189,434 |
| Noncurrent liabilities | | | | | |
| Accrued compensated absences | 40,039 | 40,317 | 40,039 | 40,317 | 80,078 |
| Total noncurrent liabilities | 40,039 | 40,317 | 40,039 | 40,317 | 80,078 |
| Total liabilities | 730,565 | 686,703 | 538,947 | 507,541 | 1,269,512 |
| NET ASSETS | | | | | |
| Invested in capital assets | 45,490,559 | 44,956,719 | 45,338,000 | 45,885,767 | 90,828,559 |
| Restricted for | | | | | |
| Sewer equipment replacement | - | - | 227,388 | 231,384 | 227,388 |
| Unrestricted | 1,756,993 | 1,574,449 | 1,118,729 | 734,787 | 2,875,722 |
| Total net assets | <u>\$ 47,247,552</u> | <u>\$ 46,531,168</u> | <u>\$ 46,684,117</u> | <u>\$ 46,851,938</u> | <u>\$ 93,931,669</u> |
| | | | | | <u>\$ 2,331,792</u> |

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Revenue, Expenses and Changes in Fund Net Assets
Proprietary Funds
Year Ended December 31, 2009
(with comparative information for the year ended December 31, 2008)

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|----------------------------------------------------------|---------------------------------------------|--------------------------|-----------------------------|---------------------------|----------------------|--------------------------------------------------|
| | Water Utility Current Year | Water Utility Prior Year | Sanitary Sewer Current Year | Sanitary Sewer Prior Year | Current Year Totals | |
| OPERATING REVENUE | | | | | | |
| Metered sales | \$ 2,118,410 | \$ 2,035,675 | \$ 1,663,438 | \$ 1,568,915 | \$ 3,781,848 | \$ - |
| Residential | 1,108,264 | 961,520 | 819,430 | 678,153 | 1,927,694 | - |
| Commercial | 189,916 | 229,014 | 246,502 | 238,452 | 436,418 | - |
| Industrial | 304,113 | 270,696 | 225,314 | 191,351 | 529,427 | - |
| Public authority | 3,720,703 | 3,496,905 | 2,954,684 | 2,676,871 | 6,675,387 | - |
| Total metered sales | - | - | - | - | - | 3,659,707 |
| Group health & dental charges | (5,192) | 2,782 | - | - | (5,192) | - |
| Unmetered sales | 579,230 | 568,819 | - | - | 579,230 | - |
| Public fire protection service | 114,745 | 111,439 | - | - | 114,745 | - |
| Private fire protection service | 45,009 | 38,708 | 39,340 | 29,712 | 84,349 | 7,917 |
| Forfeited discounts, penalties and other | 4,454,495 | 4,218,653 | 2,994,024 | 2,706,583 | 7,448,519 | 3,667,624 |
| Total operating revenue | | | | | | |
| OPERATING EXPENSES | | | | | | |
| Cost of sales and services | 2,802,961 | 2,591,573 | 2,337,337 | 2,191,809 | 5,140,298 | 3,057,035 |
| Depreciation | 833,300 | 804,341 | 643,700 | 636,958 | 1,477,000 | - |
| Administration | 482,321 | 532,664 | 245,224 | 225,113 | 727,545 | - |
| Total operating expenses | 4,118,582 | 3,928,578 | 3,226,261 | 3,053,880 | 7,344,843 | 3,057,035 |
| Operating income (loss) | 335,913 | 290,075 | (232,237) | (347,297) | 103,676 | 610,589 |
| NON-OPERATING REVENUE (EXPENSES) | | | | | | |
| Investment earnings | 22,697 | 46,469 | 24,041 | 21,148 | 46,738 | 67,856 |
| Sundry | 40,082 | 266,099 | 17,545 | 1,720 | 57,627 | - |
| Loss on property abandoned | (97,871) | - | - | (15,643) | (97,871) | - |
| Total non-operating revenue (expenses) | (35,092) | 312,568 | 41,586 | 7,225 | 6,494 | 67,856 |
| Income (loss) before capital contributions and transfers | 300,821 | 602,643 | (190,651) | (340,072) | 110,170 | 678,445 |
| Capital contributions | 1,336,229 | 689,955 | 25,444 | 477,220 | 1,361,673 | - |
| Transfers in | (920,666) | (854,682) | (2,614) | (2,338) | (923,280) | - |
| Transfers out | 716,384 | 437,916 | (167,821) | 134,810 | 548,563 | 678,445 |
| Change in net assets | 46,531,168 | 46,093,252 | 46,851,938 | 46,717,128 | 93,383,106 | 1,653,347 |
| Net assets - beginning | | | | | | |
| Net assets - ending | \$ 47,247,552 | \$ 46,531,168 | \$ 46,684,117 | \$ 46,851,938 | \$ 93,931,669 | \$ 2,331,792 |

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2009
(with comparative information for the year ended December 31, 2008)

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|-----------------------------------------------------------------|---------------------------------------------|--------------------------|-----------------------------|---------------------------|---------------------|--------------------------------------------------|
| | Water Utility Current Year | Water Utility Prior Year | Sanitary Sewer Current Year | Sanitary Sewer Prior Year | Current Year Totals | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers and users | \$ 4,105,422 | \$ 4,180,327 | \$ 2,865,132 | \$ 2,501,157 | \$ 6,970,554 | \$ 3,678,702 |
| Receipts for interfund services provided | 247,528 | 240,928 | 2,910 | 2,895 | 250,438 | - |
| Payments to suppliers | (2,629,967) | (2,432,463) | (1,961,350) | (1,827,589) | (4,591,317) | (3,121,948) |
| Payments to employees | (511,553) | (515,140) | (498,329) | (464,145) | (1,009,882) | - |
| Payments for interfund services used | (99,900) | (97,200) | (99,900) | (97,200) | (199,800) | - |
| Net cash flows provided by operating activities | 1,111,530 | 1,376,452 | 308,463 | 115,118 | 1,419,993 | 556,854 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfer out - paid for tax equivalent | (920,666) | (854,682) | (2,614) | (2,338) | (923,280) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition of capital assets | (138,278) | (696,597) | (60,993) | (177,160) | (199,271) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Advances to other funds | 22,697 | 46,469 | 24,041 | 21,148 | 46,738 | (600,000) |
| Investment earnings | - | - | - | - | - | 67,856 |
| Net increase (decrease) in cash and cash equivalents | 75,283 | (128,358) | 268,897 | (43,232) | 344,180 | 24,710 |
| Cash and cash equivalents - Beginning | 1,179,017 | 1,307,375 | 610,886 | 654,118 | 1,789,903 | 1,792,294 |
| Cash and cash equivalents - Ending | \$ 1,254,300 | \$ 1,179,017 | \$ 879,783 | \$ 610,886 | \$ 2,134,083 | \$ 1,817,004 |
| Cash and Investments - Unrestricted | \$ 1,254,300 | \$ 1,179,017 | \$ 652,395 | \$ 379,502 | \$ 1,906,695 | \$ 1,817,004 |
| Cash and Investments - Restricted | - | - | 227,388 | 231,384 | 227,388 | - |
| | \$ 1,254,300 | \$ 1,179,017 | \$ 879,783 | \$ 610,886 | \$ 2,134,083 | \$ 1,817,004 |

Continued

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Cash Flows
Proprietary Funds

Year Ended December 31, 2009

(with comparative information for the year ended December 31, 2008)

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - | |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------|--------------------------------|-----------------------------------|---------------------------------|---------------------------|---------------------------|
| | Water Utility Current Year | Water Utility Prior Year | Sanitary Sewer Current Year | Sanitary Sewer Prior Year | Current Year Totals | Internal Service Funds |
| Reconciliation of operating income (loss) to net cash provided by operating activities | | | | | | |
| Operating income (loss) | \$ 335,913 | \$ 290,075 | \$ (232,237) | \$ (347,297) | \$ 103,676 | \$ 610,589 |
| Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities | | | | | | |
| Depreciation | 833,300 | 804,341 | 643,700 | 636,958 | 1,477,000 | - |
| Depreciation allocated to other funds | 9,496 | 9,046 | (9,496) | (9,046) | - | - |
| Other nonoperating income | 40,082 | 266,099 | 17,545 | 1,720 | 57,627 | - |
| Loss on property abandoned | - | - | - | (12,600) | - | - |
| Net book value of property abandoned | - | - | - | (3,043) | - | - |
| (Increase) decrease in assets | | | | | | |
| Accounts receivable | (114,057) | (52,811) | (100,575) | (162,735) | (214,632) | 11,078 |
| Taxes receivable | (37,066) | (19,732) | (42,953) | (41,516) | (80,019) | - |
| Prepaid expense | - | - | - | - | - | (3,325) |
| Due from other funds | - | - | 1,073 | (684) | 1,073 | - |
| Increase (decrease) in liabilities | | | | | | |
| Accounts payable | (6,099) | 93,242 | 59,030 | 65,347 | 52,931 | 14,178 |
| Accrued liabilities | 3,004 | (23,431) | (26,729) | (16,714) | (23,725) | (62,000) |
| Due to other governments | - | - | - | - | - | - |
| Due to other funds | 48,104 | 4,029 | - | - | 48,104 | - |
| Customer deposits | (252) | 866 | - | - | (252) | (13,666) |
| Compensated absences | (895) | 4,728 | (895) | 4,728 | (1,790) | - |
| Total Adjustments | 775,617 | 1,086,377 | 540,700 | 462,415 | 1,316,317 | (53,735) |
| Net cash flows provided by operating activities | \$ 1,111,530 | \$ 1,376,452 | \$ 308,463 | \$ 115,118 | \$ 1,419,993 | \$ 556,854 |
| Noncash Capital Activities | | | | | | |
| Cost of Utility plant installed and/or financed by external parties | \$ 1,336,229 | \$ 689,955 | \$ 25,444 | \$ 477,220 | \$ 1,361,673 | \$ - |
| See accompanying notes to the financial statements. | | | | | | |

CITY OF FRANKLIN
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2009

| ASSETS | Agency Funds | City of Franklin Post Employment Benefits Trust |
|--------------------------------------------|-------------------------|----------------------------------------------------------------|
| Cash and investments | \$ 46,981,634 | \$ 1,273,900 |
| Accounts receivable | - | 2,532 |
| Taxes receivable | 17,548,193 | - |
| Prepaid expense | - | 3,996 |
| Total assets | <u>64,529,827</u> | <u>1,280,428</u> |
| LIABILITIES | | |
| Accounts payable | 75,208 | 14,670 |
| Accrued liabilities | - | 11,000 |
| Due to other governments | 64,441,133 | - |
| Special deposits | 13,486 | - |
| Total liabilities | <u>64,529,827</u> | <u>25,670</u> |
| Total net assets | | |
| held in trust for post employment benefits | <u>\$ -</u> | <u>\$ 1,254,758</u> |

See accompanying notes to the financial statements.

CITY OF FRANKLIN
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended December 31, 2009

| | <u>City of Franklin Post Employment Benefits Trust</u> |
|-------------------------------------------------------------------|----------------------------------------------------------------|
| ADDITIONS | |
| Contributions | |
| City of Franklin | \$ 591,351 |
| Retirees | 148,073 |
| Investment earnings & appreciation | <u>238,904</u> |
| Total additions | <u>978,328</u> |
| DEDUCTIONS | |
| Incurred claims | 185,152 |
| Prescription drug claims | 94,602 |
| Claims fees | 6,586 |
| Stop loss premiums less claims received | <u>38,742</u> |
| Total deductions | <u>325,082</u> |
| Change in Net Assets | 653,246 |
| NET ASSETS HELD IN TRUST FOR POST EMPLOYMENT BENEFITS: | |
| Beginning of year | <u>601,512</u> |
| End of year | <u>\$ 1,254,758</u> |

See accompanying notes to the financial statements.

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CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying summary of the City of Franklin's 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 (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. A legally separate, tax exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. Discretely presented component units would be reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. This report does not contain any discretely presented component units.

Blended Component Unit

The Community Development Authority (Authority) was created by the City in 1992 to serve as a financing vehicle for a certain Tax Incremental Financing (TIF) 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 TIF development projects for the benefit of the City and its citizens. The Authority's operations are included in the governmental activities of the government-wide financial statements and in a TIF District capital projects fund. The Authority follows accounting policies of the City. Financial information on the Authority (TIF District #2) are contained in Schedules 9 & 10 of this report.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net assets 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 nonexchange 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, liabilities, net assets/fund equity, revenue and expenditures/expenses.

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.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary fund statements. An emphasis is placed on major funds within the governmental and proprietary categories.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. GOVERNMENT-WIDE AND 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, liabilities, revenue, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent 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 percent test is at least 5 percent 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.

Major Governmental Funds

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

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

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

Major Enterprise Funds

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

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.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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, Master Plan, Donation, Civic Celebrations and Grant.

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

Other Fund Types

Internal Service funds – account 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.

Fiduciary funds – account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and/or governmental units. The fiduciary funds include a property tax fund, an other agency fund that records the agency activity for emergency government, monitoring and siting activities funded by others and a post employment benefits trust fund for retiree group health costs.

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

Government-Wide Financial Statements

The government-wide statement of net assets 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 and liabilities 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.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Financial Statements (Continued)

Taxes receivable for the following year are recorded as receivables and deferred revenue. 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.

The business-type activities follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989.

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 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 expected to be paid with expendable available financial resources.

Property taxes are recorded the year levied as receivable and deferred revenue 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 revenue.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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 revenue.

Revenue susceptible to accrual include 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 revenue is reported on the governmental funds balance sheet. Deferred revenue arises from taxes levied in the current year that are for subsequent year's operations. For governmental funds financial statements deferred revenue arises where potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also 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 or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting. Agency fund financial statements are reported using the accrual basis of accounting and the economic resources measurement focus.

The enterprise funds follow all pronouncements of the Governmental Accounting Standards Board and have elected not to follow Financial Accounting Standards Board pronouncements issued after November 30, 1989. Proprietary funds distinguish operating revenue and expenses from non-operating 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 Sewage District.

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

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

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 generally accepted accounting principles 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, LIABILITIES AND NET ASSETS 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 AA 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 market value of the portfolio with the exception of U.S. Government Treasury, Agency and 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 2 ½ years and no individual issue with a maturity exceeding 5 years at the date of purchase.
- d. Limits investments highly sensitive to market changes through its duration and diversification policies.
- e. Prohibits the investment in foreign owned securities.
- f. Limits derivative investments to those with a final maturity of seven years or less.

In addition the City's investment policy restricts allowable investments to investments that follow state statutes that 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.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

1. Cash and Investments (continued)

- 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.
- 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 management by an outside investment manager.
- c. Requires compliance with the "prudent person" standard.
- d. 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.
- e. Primary investment objectives are safety, diversification and return.
- f. Allows investment in various asset classes.
- e. Limits investment in equities after five years to 75% of total assets to be invested. During the first five years equity investments may be up to 100% of the assets.

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

- a. Custodial credit risk – investments are held by trustee or third party custodian.
 - deposits in excess of FDIC insurance limits are maintained in the State LGIP or collateralized bank balances in amounts at least 75% of the year end cash balances.
- b. Credit risk – securities purchased need to have a 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 and the average life of the portfolio.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

1. Cash and Investments (continued)

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 quoted market prices. 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 City accounting 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, 2009, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

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, 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 assets.

Property tax calendar – 2009 tax roll:

| | |
|----------------------------------|------------------|
| Lien date and levy date | December 2009 |
| Tax bills mailed | December 2009 |
| Payment in full, or | January 31, 2010 |
| First installment due | January 31, 2010 |
| Second installment due | March 31, 2010 |
| Third installment due | May 31, 2010 |
| Personal property taxes in full | January 31, 2010 |
| Final tax settlement with County | August 20, 2010 |
| Tax deed by County – 2008 | |
| Delinquent real estate taxes | October 2012 |

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.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

2. Receivables (continued)

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 assets. Any residual balances outstanding between the governmental activities and the proprietary activities are reported in the government-wide financial statements as "internal balances".

In the governmental fund financial statements, advances to other funds are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

3. Inventories 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. Year end inventory was not significant. Proprietary fund inventories 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 considered 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.

4. Restricted Assets

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by bond agreements and other external parties. Current liabilities payable from restricted assets are so classified. The excess of restricted assets over current liabilities will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net assets.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$1,000 for general capital assets and \$10,000 for infrastructure assets with estimated useful life of two years or more. Capital assets are recorded at historical cost or estimated historical cost if actual amounts are not available. Donated capital assets are recorded at estimated fair value at the date of donation.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

5. Capital Assets (continued)

Government-Wide Statements (continued)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest from temporary investment of borrowed fund proceeds. No net interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

| | |
|----------------------------|--------------|
| Buildings and improvements | 20-50 Years |
| Machinery and Equipment | 2-30 Years |
| Water and sewer systems | 20-100 Years |
| Infrastructure | 30-90 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.

6. Other Assets

In governmental funds, debt issuance costs are recognized as expenditures in the current period. For the government-wide and proprietary fund type financial statements, debt issuance costs are deferred and amortized over the term of the debt issue.

7. Compensated Absences

Under terms of employment, employees may earn compensatory time and are granted sick leave, severance pay and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

7. Compensated Absences (continued)

All vested compensatory time, severance pay and vacation pay are accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements and are payable with expendable available resources.

Payments for vested compensatory time, severance pay and vacation pay will be made at rates in effect when the benefits are used. Accumulated vested compensatory time, severance pay and vacation pay liabilities are determined on the basis of current salary rates and include salary related payments.

8. 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 primarily 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 and proprietary fund statements, issuance costs, bond premiums and discounts are deferred and amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for both premiums/discounts and gains/losses, as applicable, is shown as an increase or decrease in the liability section of the statement of net assets.

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.

9. 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.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

9. Claims and Judgments (continued)

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. There were no significant claims or judgments at year end.

10. Equity Classifications

Government-Wide Statements

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding any unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reserved fund balance is that portion of fund balance that is not available for the subsequent year's budget due to legal restrictions or resources which are not available for current spending. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (continued)

11. Comparative data

The basic financial statements include comparative data for the prior year for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in financial position and operations of these funds. This comparative data is not at the level of detail required for a presentation in conformity with general accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2008 from which the data was derived.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain differences between the Governmental Fund Balance Sheet and the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “other long term assets that are not available to pay for current period expenditures and therefore are deferred in the funds”. The details of this difference are as follows:

| | |
|-----------------------------|--------------------|
| Special assessments | \$2,277,777 |
| Accrued interest receivable | 57,102 |
| | <u>\$2,334,879</u> |

Capital assets used in government funds are not financial resources and, therefore, are not reported in the funds.

| | |
|--------------------------------|----------------------|
| Land | \$24,664,244 |
| Buildings | 23,924,476 |
| Machinery and equipment | 14,934,355 |
| Infrastructure | 85,791,859 |
| Construction in progress | 151,662 |
| Less: Accumulated depreciation | <u>(34,190,437)</u> |
| Adjustment for capital assets | <u>\$115,276,159</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain differences between the Governmental Fund Balance Sheet and the Statement of Net Assets (continued)

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. All liabilities-both current and long-term-are reported in the statement of net assets.

| | |
|-----------------------------------------------|---------------------|
| General obligation debt | \$45,165,000 |
| Deferred amounts for premiums | 259,009 |
| Unamortized debt issue costs | (181,969) |
| Unamortized deferred refunding amounts | (459,152) |
| Compensated absences | 1,561,617 |
| Net pension obligation | 110,182 |
| Accrued interest | <u>597,536</u> |
| Combined adjustment for long-term liabilities | <u>\$47,052,233</u> |

B. Explanation of Certain differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenue, expenditures and changes in fund balances include a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government wide statement of activities. One element of that reconciliation explains that "revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds". The details of this difference are as follows:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Special assessment levies | \$528,080 |
| Accrued interest receivable | <u>57,102</u> |
| Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$585,182</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of Certain differences between the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (continued)

Another element of that reconciliation states that "Governmental funds report the effects of issuance costs, premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of the differences are as follows:

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| Amortization of issuance costs | \$(34,345) |
| Amortization of deferred refunding amounts | (95,451) |
| Amortization of premium | <u>68,533</u> |
| Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$(61,263)</u> |

Another element of that reconciliation states that "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 governmental funds". The details of this difference are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Compensated absences | \$(22,745) |
| Net pension obligations | 6,129 |
| Accrued interest payable | <u>158,930</u> |
| Net adjustments to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$142,314</u> |

Another element of that reconciliation states that "revenue in the governmental funds that provides current financial resources but have been previously recorded as revenue in the statement of activities". The details of this difference are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Special assessment collections | <u>\$506,671</u> |
| Net adjustments to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities | <u>\$506,671</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 C with the exception of encumbrances and tax equivalent from the Water Utility. Actual (budgetary basis) expenditures presented reflect actual (GAAP) expenditures adjusted for expenditures liquidated under the prior period budget and encumbrances expected to be liquidated under the current period budget. Actual (budgetary basis) revenue present the tax equivalent from the Water Utility as tax revenue while the GAAP basis statements present this item as a transfer.

A budget has been adopted for the General, Debt Service, Library, Capital Outlay, Equipment Replacement, Capital Improvement, Street Improvement, Sanitary Sewer and Water Utility funds. Budgets have not been formally adopted for other funds.

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

B. LIMITATIONS ON THE CITY'S TAX LEVY

As part of Wisconsin's Act 28 (2009), new legislation was passed that continues the limitation of the City's future tax levies. Generally, the City is limited to its prior tax levy dollar amount (excluding TIF districts), increased by the greater of the percentage change in the City's equalized value due to new construction, or 3.0%% for the 2009 levy collected in 2010. Unused tax levy may be carried forward into the following year. Changes in debt service from one year to the next are generally exempt from this limit. The levy limit is set to expire after the 2010 levy.

NOTE 4 - 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 assets 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 interest bearing accounts and unlimited for non or low interest bearing accounts.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

The City's bank accounts are also insured by the State of Wisconsin Deposit Guarantee Fund in the amount of \$400,000. However, although the fund had reserves available at December 31, 2009, 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.

Investments in the local government investment pool are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by FDIC and State of Wisconsin Deposit Guarantee Fund insurance. This coverage expired on February 15, 2009.

The City maintains a collateral arrangement with its main bank to provide collateralization in excess (about 20%) of deposits maintained at the bank. The collateral is maintained at the Federal Reserve and the City receives monthly reports of the collateral in place. The collateral balance at December 31, 2009 was \$44,242,243. Cash and investments as shown on the December 31, 2009 City of Franklin Statement of Net Assets are subject to the following risks:

| | Carrying Value | Bank & Investment Balances | Risks |
|----------------------------------|----------------------|-------------------------------|------------------------------------------------------|
| Cash and demand deposits | \$ 16,717,127 | \$ 3,900,203 | Custodial |
| Money market funds | 86,335 | 86,335 | Credit and interest rate |
| U.S. treasuries and agencies | 7,358,983 | 7,358,983 | Credit, interest rate and concentration of credit |
| Asset backed securities | 769,378 | 769,378 | Credit and interest rate |
| Corporate bonds | 2,979,401 | 2,979,401 | Credit, interest rate and concentration of credit |
| Equities | 1,198,784 | 1,198,784 | Custodial |
| Local Government Investment Pool | 33,000,549 | 33,000,549 | Credit |
| Total | <u>\$ 62,110,557</u> | <u>\$ 49,293,633</u> | |

Reconciliation to the financial statements is shown below:

Per Statement of Net Assets

Primary Government:

Unrestricted cash and investments

\$ 13,627,635

Restricted cash and investments

227,388

Per Statement of Fiduciary Net Assets - Agency Funds

46,981,634

- Post Employment Benefits Trust

1,273,900

\$ 62,110,557

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

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, 2009 of the City's total bank balances of \$3,900,203, \$2,015,923 was uninsured and uncollateralized and therefore exposed to custodial credit risk. 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. The City does not have any investments that were exposed to custodial credit risks at December 31, 2009.

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 AA at time of purchase. The City's fixed income investments subject to credit risk include treasuries, agencies, corporate asset backed securities, corporate bonds and money market funds and were rated by Moody's Investor Service.

As of December 31, 2009, 24.7% of the investments were in rated fixed income investments and subject to credit risk. The ratings were as follows: AAA at 73.4%, AA2 at 3.3%, AA3 at 1.6%, A1 at 9.2%, A2 at 3.2% and A3 at 9.3%. Fixed income investments include corporate securities (asset backed and bonds) at 8.3%, treasury and agency securities at 16.2% and money market funds at 0.2%. The Local Government Investment Pool was 72.7% of the investments and is not rated but is subject to credit risk and equities held in trust at 2.6% make up the remainder of the investments.

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, 2009 no issue other than the Local Government Investment Pool, treasury or agency securities had a position of greater than five percent of the portfolio.

Interest Rate Risk Interest rate risk is the risk that rising interest rates will have an adverse impact on the fair value of the investments in the portfolio. The longer the maturities in the portfolio the greater the risk of loss is in portfolio value.

As of December 31, 2009 the City's investments were as follows:

| Investment Type (in thousands) | Fair Value | Investment Maturity in years | | |
|----------------------------------|----------------------|------------------------------|---------------------|-------------|
| | | Less than 1 | 1 - 5 | Over 5 |
| Money market funds | \$ 86,335 | \$ 86,335 | \$ - | \$ - |
| U.S. treasuries and agencies | 7,358,983 | 436,122 | 6,922,861 | - |
| Asset backed securities | 769,378 | 225,539 | 543,839 | - |
| Corporate bonds | 2,979,401 | 1,360,898 | 1,618,503 | - |
| Local Government Investment Pool | 33,000,549 | 33,000,549 | - | - |
| Total | <u>\$ 44,194,646</u> | <u>\$ 35,109,443</u> | <u>\$ 9,085,203</u> | <u>\$ -</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

B. RECEIVABLES

Receivables consist of accounts, taxes, notes and special assessments from citizens and others. Receivables are reported net of uncollectible amounts. The reserve for bad debts, principally for personal property taxes and ambulance revenue, was \$101,808 at December 31, 2009. Other than the note receivable and special assessment receivables, all other receivables are expected to be collected within one year.

The City has a note receivable with a local business in the amount of \$8,785,000. Terms of the note call for semi-annual payments of interest at 1.95% and annual principal ranging from \$625,000 to \$670,000 until maturity on February 28, 2014; at that time the remaining balance will be due.

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Property taxes receivable for the subsequent year are not earned and can not 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 and unearned revenue reported in the financial statements were as follows:

| | Unavailable | Unearned | Total |
|-----------------------------------------------------------|---------------------|----------------------|----------------------|
| Governmental Funds: | | | |
| Property taxes receivable | \$ - | \$ 28,357,925 | \$ 28,357,925 |
| Interest receivable | 57,102 | - | 57,102 |
| Special assessments not yet due | <u>2,277,777</u> | <u>-</u> | <u>2,277,777</u> |
| Total deferred/unearned revenue for governmental funds | <u>\$ 2,334,879</u> | <u>\$ 28,357,925</u> | <u>\$ 30,692,804</u> |

C. 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 are accumulated and used for replacement of certain equipment. The balance in this account at December 31, 2009 is \$227,388.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

| | Beginning Balance | Additions | Dispositions | Ending Balance |
|----------------------------------------------------------------------------|----------------------|--------------|----------------|-------------------|
| Governmental Activities | | | | |
| Capital assets not depreciated: | | | | |
| Land | \$ 24,648,453 | \$ 15,791 | \$ - | \$ 24,664,244 |
| Construction in progress | 1,624,809 | 151,662 | (1,624,809) | 151,662 |
| Total capital assets not depreciated | 26,273,262 | 167,453 | (1,624,809) | 24,815,906 |
| Capital assets depreciated: | | | | |
| Buildings & improvements | 23,069,585 | 854,891 | - | 23,924,476 |
| Machinery & equipment | 14,223,837 | 1,143,891 | (433,373) | 14,934,355 |
| Infrastructure | 81,281,205 | 4,510,654 | - | 85,791,859 |
| Total capital assets depreciated | 118,574,627 | 6,509,436 | (433,373) | 124,650,690 |
| Less: Accumulated depreciation for: | | | | |
| Buildings & improvements | 5,839,619 | 535,805 | - | 6,375,424 |
| Machinery & equipment | 8,350,215 | 838,756 | (433,373) | 8,755,598 |
| Infrastructure | 17,668,113 | 1,391,302 | - | 19,059,415 |
| Total accumulated depreciation | 31,857,947 | 2,765,863 | (433,373) | 34,190,437 |
| Net capital assets depreciated | 86,716,680 | 3,743,573 | - | 90,460,253 |
| Governmental Activities Capital Assets, Net of Accumulated Depreciation | \$ 112,989,942 | \$ 3,911,026 | \$ (1,624,809) | \$ 115,276,159 |

Depreciation expense was charged to functions as follows:

| | |
|----------------------------------------------------|--------------|
| Governmental Activities | |
| General government | \$ 145,836 |
| Public safety | 621,490 |
| Public works | 1,668,694 |
| Health & human services | 10,349 |
| Culture & recreation | 317,460 |
| Conservation & development | 2,034 |
| Total governmental activities depreciation expense | \$ 2,765,863 |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

D. CAPITAL ASSETS (continued)

| | Beginning Balance | Additions | Dispositions | Ending Balance |
|-----------------------------------------------------------------------------|----------------------|-------------------|---------------------|----------------------|
| Business-type Activities | | | | |
| Capital Assets not depreciated: | | | | |
| Land | \$ 426,384 | \$ 3,500 | \$ - | \$ 429,884 |
| Construction in progress | 611,614 | 4,229 | (559,614) | 56,229 |
| Total capital assets not depreciated | <u>1,037,998</u> | <u>7,729</u> | <u>(559,614)</u> | <u>486,113</u> |
| Capital assets depreciated: | | | | |
| Buildings & improvements | 2,322,250 | - | - | 2,322,250 |
| Machinery & equipment | 1,975,076 | 632,511 | (71,875) | 2,535,712 |
| Infrastructure | 105,178,334 | 1,480,317 | (158,434) | 106,500,217 |
| Total capital assets depreciated | <u>109,475,660</u> | <u>2,112,828</u> | <u>(230,309)</u> | <u>111,358,179</u> |
| Less: Accumulated depreciation for: | | | | |
| Buildings & improvements | 727,298 | 73,672 | - | 800,970 |
| Machinery & equipment | 1,325,143 | 118,013 | (71,874) | 1,371,282 |
| Infrastructure | 17,618,731 | 1,285,315 | (60,565) | 18,843,481 |
| Total accumulated depreciation | <u>19,671,172</u> | <u>1,477,000</u> | <u>(132,439)</u> | <u>21,015,733</u> |
| Net capital assets depreciated | <u>89,804,488</u> | <u>635,828</u> | <u>(97,870)</u> | <u>90,342,446</u> |
| Business-type Activities Capital Assets, Net of Accumulated Depreciation | <u>\$ 90,842,486</u> | <u>\$ 643,557</u> | <u>\$ (657,484)</u> | <u>\$ 90,828,559</u> |

Depreciation expense was charged to functions as follows.

Business-Type Activities:

| | |
|-------|---------------------|
| Water | \$ 833,300 |
| Sewer | <u>643,700</u> |
| | <u>\$ 1,477,000</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The interfund receivables and payables at December 31, 2009 are as follows:

| Receivable Fund | Payable Fund | Amount |
|-------------------------------------------|---------------|-----------|
| Governmental funds: | | |
| General | Water Utility | \$ 65,551 |
| Enterprise funds: | | |
| Sanitary Sewer | Water Utility | 45,183 |
| Subtotal - Fund Financial Statements | | 110,734 |
| Less: Fund eliminations | | 45,183 |
| Total internal balances - Government-Wide | | |
| Statement of Net Assets | | \$ 65,551 |

The principal purpose of these 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.

For the statement of net assets, interfund balances owed within the governmental activities or business -- type activities are netted and eliminated.

The City of Franklin provides short and long term advances to its TIF Districts. 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 and may be replaced in the future by direct borrowing. The TIF Districts interest rate is based upon the interest rate incurred by the Debt Service Fund on it's borrowings or the reinvestment rate available to other funds. The advances will be repaid as the proportionate principal amounts in the Debt Service Fund are due or when TIF District resources are available.

| Receivable Fund | Payable Fund | Amount | Amounts not due within one year |
|--------------------------------------------|---------------|--------------|---------------------------------------|
| Governmental funds: | | | |
| Debt Service | TIF Districts | \$ 2,018,000 | \$ 1,618,000 |
| Capital Projects-Development | TIF Districts | 2,645,000 | 2,645,000 |
| Capital Projects-Equipment Replacement | TIF Districts | 800,000 | - |
| Internal Service-Self Insurance | TIF Districts | 600,000 | - |
| Less: Fund eliminations | | (6,063,000) | |
| Total long-term advances - Government-Wide | | | |
| Statement of Net Assets | | \$ - | |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

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 during the year ended December 31, 2009 were as follows:

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amount</u> |
|-----------------------------------------------------------|----------------------------------------|---------------------|
| General | Enterprise - Water Utility | \$ 920,666 |
| | Enterprise - Sanitary Sewer | 2,614 |
| Debt Service | Capital Projects - Development | 23,190 |
| Special Revenue: | | |
| Civic Celebrations | General | 25,900 |
| Grant | Donations | 723 |
| Capital Projects Funds: | | |
| Capital Improvements | Capital Projects - Utility Improvement | 412,119 |
| | Capital Projects - Development | 405,459 |
| | TIF Districts | 351,541 |
| Utility Improvement | Capital Projects - Capital Improvement | <u>86,824</u> |
| Subtotal - Fund financial statements | | 2,229,036 |
| Less: Fund eliminations | | (1,305,756) |
| Less: Government-wide eliminations | | <u>(1,024,006)</u> |
| Total transfers - Government-wide Statement of Activities | | <u>\$ (100,726)</u> |

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

F. LONG TERM OBLIGATIONS

General Obligation Debt

Long-term liabilities for the year ended December 31, 2009 were as follows:

| | Balance 12/31/08 | Additions | Deletions | Balance 12/31/09 | Amounts due within one year |
|--------------------------------|----------------------|---------------------|----------------------|----------------------|-----------------------------------|
| Governmental Activities | | | | | |
| General obligation debt | \$ 56,080,000 | \$ - | \$ 10,915,000 | \$ 45,165,000 | \$ 5,275,000 |
| Unamortized premium | 327,542 | - | 68,533 | 259,009 | 68,535 |
| Deferred refunding amounts | (554,593) | - | (95,451) | (459,142) | (83,529) |
| Sub-total | <u>55,852,949</u> | <u>-</u> | <u>10,888,082</u> | <u>44,964,867</u> | <u>5,260,006</u> |
| Compensated absences | | | | | |
| Accrued vacation pay | 375,930 | 844,575 | 838,934 | 381,571 | 381,571 |
| Accrued severance pay | 1,021,457 | 85,531 | 77,266 | 1,029,722 | - |
| Accrued compensatory time | 141,485 | 216,481 | 207,642 | 150,324 | 150,324 |
| Total compensated absences | <u>1,538,872</u> | <u>1,146,587</u> | <u>1,123,842</u> | <u>1,561,617</u> | <u>531,895</u> |
| Government activities | | | | | |
| Long-term liabilities | <u>\$ 57,391,821</u> | <u>\$ 1,146,587</u> | <u>\$ 12,011,924</u> | <u>\$ 46,526,484</u> | <u>\$ 5,791,901</u> |

All general obligation notes and bonds payable are backed by the full faith and credit of the City. The notes and bonds will be retired by future property tax levies, special assessment collections and designated landfill revenue.

The governmental activities compensated absences accrue to and are paid from the City's General Fund.

Business-type Activities

| | | | | | |
|---------------------------|-------------------|------------------|------------------|-------------------|------------------|
| Compensated absences | | | | | |
| Accrued vacation pay | \$ 37,373 | \$ 45,867 | \$ 46,082 | \$ 37,158 | \$ 37,158 |
| Accrued severance pay | 80,633 | 5,803 | 6,358 | 80,078 | - |
| Accrued compensatory time | <u>4,138</u> | <u>3,318</u> | <u>4,338</u> | <u>3,118</u> | <u>3,118</u> |
| Business-type activities | | | | | |
| Long-term liabilities | <u>\$ 122,144</u> | <u>\$ 54,988</u> | <u>\$ 56,778</u> | <u>\$ 120,354</u> | <u>\$ 40,276</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

F. LONG TERM OBLIGATIONS (continued)

Details of general obligation notes and bonds payable are as follows:

| Type | Date of Issue | Interest Rate | Principal Payable | Interest Payable | Original Amount | Balance Outstanding 12/31 |
|-------------------------------------|---------------|---------------|-------------------|------------------|-----------------|---------------------------|
| General obligation promissory notes | | | | | | |
| | 8/15/05 | 3.75-3.90 | 3/ 1/07-15 | 3/1 & 9/1 | \$ 10,000,000 | \$ 9,000,000 |
| | 1/1/06 | 3.75-3.90 | 3/ 1/09-11 | 3/1 & 9/1 | 10,000,000 | 7,700,000 |
| | 1/3/07 | 4.95 | 3/ 1/08-14 | 3/1 & 9/1 | 10,000,000 | 8,785,000 |
| | 8/26/08 | 3.00-3.50 | 3/ 1/09-14 | 3/1 & 9/1 | 10,000,000 | 9,800,000 |
| General obligation bonds | | | | | | |
| | 4/15/01 | 4.3-5.40 | 3/ 1/02-21 | 3/1 & 9/1 | 10,000,000 | 155,000 |
| General obligation refunding bonds | | | | | | |
| | 1/3/07 | 3.80 | 3/ 1/08-21 | 3/1 & 9/1 | 9,925,000 | 9,725,000 |
| | | | | | | <u>\$ 45,165,000</u> |

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

| Year | Principal | Interest | Total | Balance Outstanding 12/31 |
|----------------------|--------------|--------------|--------------|---------------------------|
| 2009 | | | | \$ 45,165,000 |
| 2010 | \$ 5,275,000 | \$ 1,688,989 | \$ 6,963,989 | 39,890,000 |
| 2011 | 7,395,000 | 1,440,330 | 8,835,330 | 32,495,000 |
| 2012 | 4,675,000 | 1,208,524 | 5,883,524 | 27,820,000 |
| 2013 | 5,640,000 | 1,014,820 | 6,654,820 | 22,180,000 |
| 2014 | 12,365,000 | 641,526 | 13,006,526 | 9,815,000 |
| 2015 - 2019 | 7,490,000 | 1,038,120 | 8,528,120 | 2,325,000 |
| 2020 - 2021 | 2,325,000 | 89,205 | 2,414,205 | - |
| <u>\$ 45,165,000</u> | | | | <u>\$ 7,121,514</u> |
| | | | | <u>\$ 52,286,514</u> |

The City's statutory debt limit and margin of indebtedness at December 31, 2009 are \$195,632,130 and \$150,467,130, respectively.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

F. LONG TERM OBLIGATIONS (continued)

In prior years the City defeased certain maturities of the April 15, 2001 general obligation bonds by placing the proceeds of new debt in irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, trust account assets and liability for the defeased debt is not included in the City's financial statements. At December 31, 2009 \$9,470,000 of debt outstanding has been defeased. The defeased debt is callable on March 1, 2011.

Conduit Debt Obligations

Ten series of Industrial Revenue Bonds originally issued with an aggregate principal amount of \$114,485,000 are outstanding with a December 31, 2009 balance of \$106,554,056.

G. NET ASSETS/FUND BALANCES

Governmental Activities

Government activities net assets reported on the government-wide statement of net assets at December 31, 2009 include the following:

| | |
|-------------------------------------------------------|----------------------|
| Invested in capital assets, net of related debt | |
| Land | \$ 24,664,244 |
| Construction in process | 151,662 |
| Other capital assets, net of accumulated depreciation | 90,460,253 |
| Less: related long term debt outstanding | <u>(28,820,121)</u> |
| Total invested in capital assets | <u>86,456,038</u> |
| Restricted for: | |
| Library | 458,216 |
| Emergency medical services | 10,598 |
| Utility improvement | 147,317 |
| Development | 406,562 |
| Donations | 132,236 |
| Grants | <u>136,896</u> |
| Total restricted | <u>1,291,825</u> |
| Unrestricted | <u>2,024,676</u> |
| Total governmental activities net assets | <u>\$ 89,772,539</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 4 - DETAILED NOTES ON ALL FUNDS (continued)

G. NET ASSETS/FUND BALANCES (continued)

Governmental Fund Balances

Reported on the fund financial statements at December 31, 2009 include the following:

Reserved - Major Funds:

| | |
|---------------------------------------------------------------|-----------|
| General Fund - Inventories, prepaid items and encumbrances | \$ 25,927 |
| Debt Service Fund - subsequent year debt service | 60,900 |
| Debt Service Fund - advances to other funds | 2,018,000 |
| TIF Districts Fund - contractual obligations and debt service | 9,152,000 |

Reserved - Non Major funds:

Special Revenue Funds:

| | |
|--------------------------------------------------|---------|
| Library services including prepaid expenses | 458,216 |
| Emergency medical services, donations and grants | 279,730 |

Capital Projects Funds:

| | |
|---------------------------------------------------------------|----------------------|
| Equipment replacement & Development - Advances to other funds | 3,445,000 |
| Capital Outlay and Equipment replacement - encumbrances | 1,000 |
| Capital Improvement - contractual obligations & encumbrances | 151,000 |
| Development | 406,562 |
| Utility Improvement | 147,317 |
| Total reserved | <u>\$ 16,145,652</u> |

Unreserved Major Fund - General Fund

| | |
|---------------------------------------------|------------------|
| Designated for working capital | \$ 3,570,000 |
| Designated for subsequent year expenditures | 400,000 |
| Undesignated | 1,108,711 |
| Total General Fund | <u>5,078,711</u> |

Unreserved Major Fund - TIF Districts Fund

| | |
|------------------------|--------------------|
| Undesignated (Deficit) | <u>(5,734,740)</u> |
|------------------------|--------------------|

Unreserved Non Major Funds:

Special Revenue funds:

| | |
|---------------------------------------------|----------------|
| Designated for master plan activities | 107,778 |
| Designated for civic celebration activities | 57,570 |
| Total Special Revenue funds | <u>165,348</u> |

Capital Projects funds:

| | |
|--------------------------------------|-------------------|
| Designated for Capital Outlay | 338,817 |
| Designated for Equipment Replacement | 774,621 |
| Undesignated for Capital Improvement | (103,154) |
| Designated for Street Improvement | 216,687 |
| Total Capital Projects funds | <u>1,226,971</u> |
| Total Unreserved funds | <u>\$ 736,290</u> |

CITY OF FRANKLIN
NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

Wisconsin Retirement System

All eligible protective City of Franklin employees participate in the Wisconsin Retirement System ("System"), a cost-sharing multiple-employer defined benefit public employee retirement system ("PERS"). All such permanent employees expected to work over 600 hours a year are eligible to participate in the System. Covered employees in the general category are required by statute to contribute 5.9% of their salary (5.0% for protective occupations with social security, and 3.2% for protective occupations without social security) to the plan.

Employers may make these contributions to the plan on behalf of the employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for employees covered by the System for the year ended December 31, 2009 was \$7,591,158 and the employer's total payroll was \$13,497,798. The total required contribution paid entirely by the employer for the year ended December 31, 2009 was \$1,495,458, or 19.7% of covered payroll. Of the total required contribution, 100 percent was contributed for the current year. Total contributions for the years ended December 31, 2008 and 2007 were \$1,404,643 and \$1,275,929, respectively which equal to the required contributions for each year.

The System provides protective employees who retire at or after age 53 with 25 years or more of service or age 54 with less than 25 years of service are entitled to receive retirement benefits. Protective employees may retire at age 50 and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service and (3) a formula factor. Final Average Earnings is the average of the protective employee's three highest year's earnings. Protective employees terminating covered employment before becoming eligible for retirement benefits may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefits. For employees beginning participation 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 are immediately vested.

The System also provides death and disability benefits for employees. Eligibility for and the amount of all benefits is determined under Chapter 40 of the Wisconsin Statutes. The System issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Public Works Employees Pension Plan

Plan Description

The City is also a participant in the City of Franklin Public Works Employees' Pension Plan, a non-contributory single employer defined benefit pension plan covering eligible public works employees. The assets of this Plan are administered by Principal Life Insurance Company. An annual financial report may be obtained by writing to the plan administrator at Principal Financial Group, P.O. Box 9693, Des Moines, IA 50306-9396.

Employees attaining the age of 60 are entitled to annual benefits of 1.98% of average compensation multiplied by the number of complete years of service subsequent to January 1, 1956. Average compensation is defined as the monthly total pay plus salary deferrals, compensation and overtime received for the three consecutive years out of the ten latest years which gives the highest average. Employees may retire early and receive reduced benefits at age 55 with at least ten years of service.

Disability benefits equivalent to expected benefits at normal retirement date are paid until normal retirement date, death or recovery. If an active employee dies, his or her beneficiary receives a lump-sum cash payment equal to the participant's accumulation at date of death or an annuity benefit deferred until participant's earliest retirement date.

If an employee terminates his or her employment with the City, the employee has the option of accepting either normal retirement benefits at normal retirement date, or a lump-sum cash payment of participant's vested accumulations. An employee becomes 50% vested after five years of service and 100% vested after ten years.

Employees do not make pension contributions. The City contributes all amounts necessary to fund the pension plan, using the aggregate actuarial cost method.

Funding Policy

The City's funding policy has been to provide yearly contributions at actuarially determined rates that, expressed as a percentage of covered payroll, are designed to accumulate sufficient assets to pay benefits when due.

During 2008, the City changed the administration contract under which the plan is administered. The impact of the change is that there are more investment options available and as a result the annual pension cost was lower. The reduction related to the interest rate assumption change occurred in the 2008 valuation with the impact of other assumption changes occurring in the 2009 actuarial valuation.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Public Works Employees Pension Plan (continued)

Annual Pension Cost

For 2009, the City's required contribution of \$207,962 was determined during a January 1, 2009 actuarial valuation using the aggregate actuarial cost method. As a result during the year ended December 31, 2009, contributions totaling \$207,962 were accrued. This resulted in the net pension obligation being reduced by \$6,129. The accrued employer contribution amount represented 13.7% of current year payroll compared to the 8.1% anticipated in the 2008 actuarial report. The primary reason for the increase was the 2008 investment return.

The aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities. The amortization period is closed and has 12 years remaining. Significant actuarial assumptions include: (a) a rate of return on the investment of present and future assets ranging of 8.0% compounded annually, (b) projected salary increases of 4.00% per year compounded annually, attributable to inflation. The assumptions do not include post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period.

Three Year Trend Information

| Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|----------------|---------------------------------|-------------------------------------|------------------------------|
| 12/31/2009 | \$ 207,962 | 100% | \$ 110,182 |
| 12/31/2008 | 99,781 | 111% | 116,311 |
| 12/31/2007 | 252,283 | 47% | 133,158 |

The following table shows the components of the City's annual pension cost for the year, the amount actually contributed to the plan and changes in the City's net pension obligation:

| | |
|--------------------------------------------|-------------------|
| Annual required contribution | \$ 207,962 |
| Interest on net pension obligation | 9,305 |
| Adjustment to annual required contribution | (15,434) |
| Annual pension expense | 201,833 |
| Contributions made | (207,962) |
| Decrease in net pension obligation | (6,129) |
| Net pension obligation - beginning of year | 116,311 |
| Net pension obligation - end of year | <u>\$ 110,182</u> |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Public Works Employees Pension Plan (continued)

Annual Pension Cost

| | (A) | (B) | Funding progress | | (E) | (F) |
|--------------------------|-----------------------|-----------------------------------------------|-------------------------------|------------------------|-----------------|-------------------------------------------------|
| Actuarial Valuation Date | Actuarial Asset Value | Actuarial Accrued Liability (AAL) - Aggregate | Unfunded AAL (UAAL) [(B)-(A)] | Funded Ratio [(A)/(B)] | Covered Payroll | UAAL as Percentage of Covered Payroll [(C)/(E)] |
| 1/1/2009 | \$ 4,358,231 | \$ 4,468,413 | \$ 110,182 | 98% | \$ 1,521,581 | 7% |

There were minor changes in actuarial assumptions during the valuation year ended January 1, 2009 reflecting the change made in the administration contract in 2008. In addition a change was made to adopt a smoothing method for recognizing gains and losses over a five year period. The multi year trend information is located in the required supplementary information immediately following the notes to the financial statements.

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 may but are not required to make contributions. 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 2009, the City made the required contribution amounting to \$405,414, or 10% of covered payroll and employees made \$6,959 in additional voluntary contributions to the plan. The City may make amendments to the Plan.

C. POST EMPLOYMENT HEALTH CARE BENEFITS

The City of Franklin administers a single employer defined benefit post employment benefit plan through a trust. The City of Franklin Post Employment Benefits Trust is accounted for on the accrual basis of accounting and presented as a fiduciary fund. Separate financial statements are not prepared for the trust. Retiree and City contributions are recognized in the period in which the contributions are due.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

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 an other post employment benefit (OPEB) obligation for those groups. These groups commonly have higher medical costs than anticipated in the blended premium rates that is referred to as an implicit rate subsidy.

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

| <u>Employee Group</u> | <u>#</u> | <u>City Amount</u> | <u>Age</u> | <u>Years Service</u> |
|-----------------------|----------|------------------------------|------------|----------------------|
| Non-represented | 37 | 75% of Premium at Retirement | 62 | 20 |
| Police | 57 | 75% of 2007 Premium | 53 | 15 |
| Dispatch | 14 | 75% of 2005 Premium | 62 | 20 |
| Fire | 43 | 75% of Premium at Retirement | 53 | 20 |
| DPW | 31 | 75% of Premium at Retirement | 60 | 15 |

The City's annual other post employment benefit (OPEB) expense is calculated based upon the annual required contribution (ARC) of the City. An actuarial calculation by an actuary was used to calculate the ARC and related information using the measurement method required by GASB Statement No. 45 for employers with 200 or more total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the trust and changes in the City's net OPEB obligation for retiree health benefits:

| | |
|--------------------------------------------|------------|
| Annual required contribution | \$ 591,351 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB expense | 591,351 |
| Contributions made | (591,351) |
| Increase in net OPEB obligation | - |
| Net OPEB obligation - beginning of year | - |
| Net OPEB obligation - end of year | \$ - |

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the trust and the net OPEB obligation for the current and prior year were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|--------------------------------------------|---------------------|
| 12/31/2009 | \$ 591,351 | 100.0% | \$ - |
| 12/31/2008 | 703,713 | 100.0% | - |

Funding progress:

| | (A) | (B) | (C) | (D) | (E) | (F) |
|----------|------------|--------------|-----------------------|-----------|---------------|---------------|
| | Actuarial | Actuarial | Unfunded | Funded | Covered | UAAL as |
| | Valuation | Asset | AAL (UAAL) | Ratio | Payroll | Percentage of |
| | Date | Value | Projected unit credit | [(A)/(B)] | | [(C)/(E)] |
| 1/1/2009 | \$ 580,028 | \$ 5,989,535 | \$ 5,409,507 | 10% | \$ 12,137,498 | 45% |

The multi year trend information is located in the required supplementary information immediately following the notes to the financial statements. The projection of future benefits for an ongoing benefit involves estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funding status of the trust and required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented immediately following the footnotes, presents multi-year trend information that shows whether the actuarial value of trust assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The above schedules of employer contributions present trend information about the amounts contributed to the trust by the City in comparison to the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a closed period of thirty years.

Projections of benefits for financial reporting purposes are based upon the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the City and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION (continued)

C. POST EMPLOYMENT HEALTH CARE BENEFITS (continued)

The trust's financial statements are prepared using the accrual basis of accounting. Retiree and City contributions are recognized in the period that contributions are due. The City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable. Investments are reported at fair value with the valuation determined by the independent custodian of the assets.

The following significant assumptions were made:

The actuarial valuation uses the projected unit credit actuarial cost method.

The ARC was calculated using the level percentage of payroll method, amortizing costs over 30 years. The remaining amortization period at December 31, 2009 was 28 years.

Based upon the expected return of the City of Franklin Post Employment Benefits Trust under the investment policy adopted for the Trust, a discount rate of 7% was used.

The actuarial value of the trust assets is determined using techniques that spread the impact of short term volatility over a five year period.

Group health charges for actives and retirees were used as the basis for calculation of the present value of total benefits to be paid.

The expected healthcare trend rate of increase in group health charges was based upon the recent experience of the City of Franklin self funded health care program. A rate of 0% for year one, 9.7% for year two, reduced to an ultimate rate of 5.2% after nineteen years, was used.

The expected long term payroll growth rate was assumed to be 3%.

Rates of retirement, mortality and termination for reasons other than retirement and death are from the "Wisconsin Retirement System 2003-2005 Experience Study".

Marital status at retirement was assumed to be 75% with a spouse or dependants.

D. CONTINGENCIES AND COMMITMENTS

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

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.

CITY OF FRANKLIN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

NOTE 5 – OTHER INFORMATION (continued)

D. CONTINGENCIES AND COMMITMENTS (continued)

The City has no material outstanding contractual commitments other than disclosed in these financial statements relating to various Public Works projects and equipment purchases at December 31, 2009.

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 owners of property that the fees were originally charged.

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. The State of Wisconsin is currently experiencing budget problems and is considering numerous alternatives including reducing aid to local governments. Any changes made by the State to funding or eligibility of local aid programs could have a significant impact on the 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 losses in excess of \$50,000 per year per individual. Liabilities are reported when it is probable that loss has occurred and the amount of the loss 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 three years ended December 31, 2009 are as follows:

| | <u>Balance Beginning of Year</u> | <u>Current Claims and Changes in Estimates</u> | <u>Claims Payments</u> | <u>Balance End of Year</u> |
|------|------------------------------------------|------------------------------------------------------------|----------------------------|------------------------------------|
| 2009 | \$ 250,000 | \$ 2,627,082 | \$ 2,689,082 | \$ 188,000 |
| 2008 | 396,000 | 2,411,910 | 2,557,910 | 250,000 |

CITY OF FRANKLIN

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) December 31, 2009

PUBLIC WORKS EMPLOYEES PENSION PLAN SCHEDULE OF FUNDING PROGRESS

| | (A) | (B) | (C) | (D) | (E) | (F) |
|--------------------------------|-----------------------------|--------------------------------------------------------|-------------------------------------|------------------------------|--------------------|----------------------------------------------------------|
| Actuarial Valuation Date | Actuarial Asset Value | Actuarial Accrued Liability (AAL) - Aggregate | Unfunded AAL (UAAL) [(B)-(A)] | Funded Ratio [(A)/(B)] | Covered Payroll | UAAL as Percentage of Covered Payroll [(C)/(E)] |
| 1/1/2009 | \$ 4,358,231 | \$ 4,468,413 | \$ 110,182 | 98% | \$ 1,521,581 | 7% |
| 1/1/2008 | 3,829,158 | 3,945,469 | 116,311 | 97% | 1,358,310 | 9% |
| 1/1/2007 | 3,530,385 | 3,663,543 | 133,158 | 96% | 1,256,564 | 11% |

CITY OF FRANKLIN POST EMPLOYMENT BENEFITS TRUST SCHEDULE OF FUNDING PROGRESS

| | (A) | (B) | (C) | (D) | (E) | (F) |
|--------------------------------|-----------------------------|------------------------------------------------------------------|-------------------------------------|------------------------------|--------------------|----------------------------------------------------------|
| Actuarial Valuation Date | Actuarial Asset Value | Actuarial Accrued Liability (AAL) Projected unit credit | Unfunded AAL (UAAL) [(B)-(A)] | Funded Ratio [(A)/(B)] | Covered Payroll | UAAL as Percentage of Covered Payroll [(C)/(E)] |
| 1/1/2009 | \$ 580,028 | \$ 5,989,535 | \$ 5,409,507 | 10% | \$ 12,137,498 | 45% |
| 1/1/2008 | - | 7,972,327 | 7,972,327 | 0% | 11,725,456 | 68% |

Note: the Trust was not yet in effect when the first actuarial valuation was completed.

The study dated January 1, 2008 was the study prepared for the adoption of GASB #45.

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 City Library.

Library Auxiliary Fund - This fund accounts for the City Library's donations, fines and forfeitures.

Master Plan Fund - This fund accounts for resources dedicated to improving the Comprehensive Master Plan for the City.

Donation Fund - This fund accounts for donations received for specific purposes.

Civic Celebrations Fund - This fund accounts for activity related to the City's Fourth of July, Fiftieth Anniversary or other celebrations.

Grant Fund – The City reports its grant activities in this fund. Grant activities include Fire Department, Police Department, Health Department, Community Development Block 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 financed 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 property taxes) for replacement of vehicles and similar equipment in lieu of using borrowed monies.

Capital Improvement Fund - This fund accounts for land acquisitions, building projects and all public works projects and are usually funded with borrowed money or funding from some other source other than the tax levy.

Street Improvement Fund - This fund accounts for the activities of the local road improvement program. Funding is provided by the tax levy and a 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 that are used for water and sewer construction projects.

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

CITY OF FRANKLIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009

| | Special Revenue Funds | | | | | |
|--------------------------------------------|------------------------------|------------------------------|------------------------|-------------------|-------------------------------|---------------------|
| | Library Operating Fund | Library Auxiliary Fund | Master Plan Fund | Donation Fund | Civic Celebrations Fund | Grant Fund |
| ASSETS | | | | | | Total |
| Cash and investments | \$ 277,445 | \$ 90,971 | \$ 157,611 | \$ 133,398 | \$ 57,620 | \$ 834,221 |
| Receivables | | | | | | |
| Accounts receivable | 101,056 | - | - | - | - | 101,056 |
| Taxes receivable | 1,150,000 | - | - | - | - | 1,150,000 |
| Special assessments receivable | - | - | - | - | - | - |
| Due from other governments | - | - | - | - | - | - |
| Prepaid items | 1,907 | 13,800 | - | - | - | 15,707 |
| Long-term advances | - | - | - | - | - | - |
| Total assets | \$ 1,530,408 | \$ 104,771 | \$ 157,611 | \$ 133,398 | \$ 57,620 | \$ 2,172,090 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 23,905 | \$ 398 | \$ 49,833 | \$ 1,162 | \$ 50 | \$ 115,860 |
| Accrued liabilities | 2,660 | - | - | - | - | 2,936 |
| Deferred revenue | 1,150,000 | - | - | - | - | 1,150,000 |
| Total liabilities | 1,176,565 | 398 | 49,833 | 1,162 | 50 | 1,268,796 |
| FUND BALANCES | | | | | | |
| Reserved for | | | | | | |
| Prepaid items | 1,907 | 13,800 | - | - | - | 15,707 |
| Advances to other funds | - | - | - | - | - | - |
| Encumbrances | - | - | - | - | - | - |
| Contractual obligations | - | - | - | - | - | - |
| Library services | 351,936 | 90,573 | - | - | - | 442,509 |
| Emergency medical services | - | - | - | - | - | 10,598 |
| Utility improvements | - | - | - | - | - | - |
| Donations & grants | - | - | - | 132,236 | - | 136,896 |
| Unreserved reported in | - | - | - | - | - | - |
| Special Revenue Funds | - | - | 107,778 | - | 57,570 | 165,348 |
| Capital Projects Funds | - | - | - | - | - | - |
| Total fund balances | 353,843 | 104,373 | 107,778 | 132,236 | 57,570 | 903,294 |
| Total liabilities and fund balances | \$ 1,530,408 | \$ 104,771 | \$ 157,611 | \$ 133,398 | \$ 57,620 | \$ 2,172,090 |

(Continued)

CITY OF FRANKLIN
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009

| | Capital Projects Funds | | | | | | Total | |
|--------------------------------------------|---------------------------|----------------------------------|--------------------------------|-------------------------------|--------------------------------|---------------------|---------------------|-----------------------------------|
| | Capital Outlay Fund | Equipment Replacement Fund | Capital Improvement Fund | Street Improvement Fund | Utility Improvement Fund | Development Fund | Total | Nonmajor Governmental Funds |
| ASSETS | | | | | | | | |
| Cash and investments | \$ 367,241 | \$ 785,752 | \$ 134,038 | \$ 272,694 | \$ 147,317 | \$ 628,422 | \$ 2,335,464 | \$ 3,169,685 |
| Receivables | | | | | | | | |
| Accounts receivable | - | - | - | - | - | - | - | 101,056 |
| Taxes receivable | 475,000 | 277,000 | - | 500,000 | 175,467 | - | 1,427,467 | 2,577,467 |
| Special assessments receivable | - | - | - | - | 1,495,903 | - | 1,495,903 | 1,495,903 |
| Due from other governments | - | - | - | - | - | - | - | 71,106 |
| Prepaid items | - | - | - | - | - | - | - | 15,707 |
| Long-term advances | - | 800,000 | - | - | - | 2,645,000 | 3,445,000 | 3,445,000 |
| Total assets | \$ 842,241 | \$ 1,862,752 | \$ 134,038 | \$ 772,694 | \$ 1,818,687 | \$ 3,273,422 | \$ 8,703,834 | \$ 10,875,924 |
| LIABILITIES AND FUND BALANCES | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 27,424 | \$ 11,131 | \$ 86,192 | \$ 56,007 | \$ - | \$ 221,860 | \$ 402,614 | \$ 518,474 |
| Accrued liabilities | - | - | - | - | - | - | - | 2,936 |
| Deferred revenue | 475,000 | 277,000 | - | 500,000 | 1,671,370 | - | 2,923,370 | 4,073,370 |
| Total liabilities | 502,424 | 288,131 | 86,192 | 556,007 | 1,671,370 | 221,860 | 3,325,984 | 4,594,780 |
| FUND BALANCES | | | | | | | | |
| Reserved for: | | | | | | | | |
| Prepaid items | - | 800,000 | - | - | - | - | - | 15,707 |
| Advances to other funds | - | - | - | - | - | 2,645,000 | 3,445,000 | 3,445,000 |
| Encumbrances | 1,000 | - | 1,000 | - | - | - | 2,000 | 2,000 |
| Contractual obligations | - | - | 150,000 | - | - | - | 150,000 | 150,000 |
| Library services | - | - | - | - | - | - | - | 442,509 |
| Emergency medical services | - | - | - | - | - | - | - | 10,598 |
| Utility improvements | - | - | - | - | 147,317 | - | 147,317 | 147,317 |
| Development | - | - | - | - | - | 406,562 | 406,562 | 406,562 |
| Donations & grants | - | - | - | - | - | - | - | 269,132 |
| Unreserved reported in | | | | | | | | |
| Special Revenue Funds | 338,817 | 774,621 | (103,154) | 216,687 | - | - | 1,226,971 | 1,226,971 |
| Capital Projects Funds | 339,817 | 1,574,621 | 47,846 | 216,687 | 147,317 | 3,051,562 | 5,377,850 | 6,281,144 |
| Total fund balances | \$ 842,241 | \$ 1,862,752 | \$ 134,038 | \$ 772,694 | \$ 1,818,687 | \$ 3,273,422 | \$ 8,703,834 | \$ 10,875,924 |
| Total liabilities and fund balances | | | | | | | | |

CITY OF FRANKLIN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2009

| | Special Revenue Funds | | | | | | Total |
|-----------------------------------------------------|------------------------------|------------------------------|------------------------|------------------|----------------------|---------------|--------------|
| | Library Operating Fund | Library Auxiliary Fund | Master Plan Fund | Donation Fund | Celebrations Fund | Grant Fund | |
| REVENUE | | | | | | | |
| Taxes | \$ 1,150,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,150,000 |
| Intergovernmental revenue | - | - | - | 8,316 | - | 269,439 | 277,755 |
| Public charges for services | - | - | - | - | - | - | - |
| Special assessments | - | - | - | - | - | - | - |
| Investment earnings | 22,639 | 581 | 5,229 | 3,575 | - | 397 | 32,421 |
| Miscellaneous revenue | 101,056 | 68,320 | - | 26,206 | 95,092 | 10,197 | 300,871 |
| Total Revenue | 1,273,695 | 68,901 | 5,229 | 38,097 | 95,092 | 280,033 | 1,761,047 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | 333 | - | - | 333 |
| Public safety | - | - | - | 16,624 | - | 9,364 | 25,988 |
| Health and human services | - | - | - | 723 | - | 81,543 | 82,266 |
| Culture and recreation | 1,135,318 | 27,757 | - | 2,363 | 122,836 | 11,341 | 1,299,615 |
| Conservation and development | - | - | 88,243 | - | - | - | 88,243 |
| Capital outlay | 83,013 | 52,720 | - | 11,859 | - | 190,364 | 337,956 |
| Total Expenditures | 1,218,331 | 80,477 | 88,243 | 31,902 | 122,836 | 292,612 | 1,834,401 |
| Excess (Deficiency) of Revenue Over Expenditures | 55,364 | (11,576) | (83,014) | 6,195 | (27,744) | (12,579) | (73,354) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | - | - | 25,900 | 723 | 26,623 |
| Transfers out | - | - | - | (723) | - | - | (723) |
| Net change in fund balances | 55,364 | (11,576) | (83,014) | 5,472 | (1,844) | (11,856) | (47,454) |
| Fund balances - beginning | 298,479 | 115,949 | 190,792 | 126,764 | 59,414 | 159,350 | 950,748 |
| Fund balances - ending | \$ 353,843 | \$ 104,373 | \$ 107,778 | \$ 132,236 | \$ 57,570 | \$ 147,494 | \$ 903,294 |

(Continued)

CITY OF FRANKLIN
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2009

| | Capital Projects Funds | | | | | | Total Nonmajor Governmental Funds |
|-----------------------------------------------------|---------------------------|----------------------------------|--------------------------------|-------------------------------|--------------------------------|---------------------|--------------------------------------------|
| | Capital Outlay Fund | Equipment Replacement Fund | Capital Improvement Fund | Street Improvement Fund | Utility Improvement Fund | Development Fund | Total |
| REVENUE | | | | | | | |
| Taxes | \$ 475,000 | \$ 277,000 | \$ - | \$ 800,000 | \$ - | \$ - | \$ 1,552,000 |
| Intergovernmental revenue | 17,683 | - | 50,362 | - | - | - | 68,045 |
| Public charges for services | - | - | 34,534 | - | - | - | 34,534 |
| Special assessments | - | - | - | - | 260,291 | 294,445 | 554,736 |
| Investment earnings | 15,357 | 51,732 | 7,546 | 41,174 | 75,774 | 102,059 | 293,642 |
| Miscellaneous revenue | 29,322 | 13,140 | - | - | 126,707 | - | 169,169 |
| Total Revenue | 537,362 | 341,872 | 92,442 | 841,174 | 462,772 | 396,504 | 2,672,126 |
| | | | | | | | \$ 2,702,000 |
| | | | | | | | 345,800 |
| | | | | | | | 34,534 |
| | | | | | | | 554,736 |
| | | | | | | | 326,063 |
| | | | | | | | 470,040 |
| | | | | | | | 4,433,173 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | 333 |
| Public safety | - | - | - | - | - | - | 25,988 |
| Health and human services | - | - | - | - | - | - | 82,266 |
| Culture and recreation | - | - | - | - | - | - | 1,271,858 |
| Conservation and development | - | - | - | - | - | - | 116,000 |
| Capital outlay | 507,737 | 619,533 | 2,166,067 | 1,545,807 | 2,800 | - | 4,841,944 |
| Total Expenditures | 507,737 | 619,533 | 2,166,067 | 1,545,807 | 2,800 | - | 4,841,944 |
| | | | | | | | 6,676,345 |
| Excess (Deficiency) of Revenue Over Expenditures | 29,625 | (277,661) | (2,073,625) | (704,633) | 459,972 | 396,504 | (2,169,818) |
| | | | | | | | (2,243,172) |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | - | - | 1,169,119 | - | 86,824 | - | 1,255,943 |
| Transfers out | - | - | (86,824) | - | (412,119) | (428,650) | (927,593) |
| | | | | | | | 1,282,566 |
| | | | | | | | (928,316) |
| Net change in fund balances | 29,625 | (277,661) | (991,330) | (704,633) | 134,677 | (32,146) | (1,888,922) |
| Fund balances - beginning | 310,192 | 1,852,282 | 1,039,176 | 921,320 | 12,640 | 3,083,708 | 7,219,318 |
| | | | | | | | 8,170,066 |
| Fund balances - ending | \$ 339,817 | \$ 1,574,621 | \$ 47,846 | \$ 216,687 | \$ 147,317 | \$ 3,051,562 | \$ 5,377,850 |
| | | | | | | | \$ 6,281,144 |

CITY OF FRANKLIN
General Fund
Schedule of Revenue - Budget and Actual (on a budgetary basis)
Year Ended December 31, 2009

| | Original and final Budget | Final Budget | Actual | Variance with final budget - Favorable (Unfavorable) |
|------------------------------------------|------------------------------------------|-------------------------|-------------------|-------------------------------------------------------------------------|
| TAXES | | | | |
| General property taxes | \$ 15,540,000 | \$ 15,540,000 | \$ 15,535,375 | \$ (4,625) |
| Water Utility - tax equivalent | 920,000 | 920,000 | 923,280 | 3,280 |
| Cable TV franchise fees | 400,000 | 400,000 | 442,591 | 42,591 |
| Mobile home assessments | 36,000 | 36,000 | 27,533 | (8,467) |
| Motel room tax | 200,000 | 200,000 | 125,520 | (74,480) |
| | <u>17,096,000</u> | <u>17,096,000</u> | <u>17,054,299</u> | <u>(41,701)</u> |
| INTERGOVERNMENTAL REVENUE | | | | |
| State shared revenue | 634,000 | 634,000 | 641,173 | 7,173 |
| State expenditure restraint revenue | 194,000 | 194,000 | 281,734 | 87,734 |
| Fire insurance - dues | 110,000 | 110,000 | 110,993 | 993 |
| Local, state and federal grants and aids | | | | |
| Computer Aid | 43,000 | 43,000 | 42,445 | (555) |
| Transportation aids | 1,310,000 | 1,310,000 | 1,346,480 | 36,480 |
| Recycling | 97,000 | 97,000 | 87,938 | (9,062) |
| Other | 3,000 | 3,000 | 28,019 | 25,019 |
| | <u>2,391,000</u> | <u>2,391,000</u> | <u>2,538,782</u> | <u>147,782</u> |
| LICENSES, FEES AND PERMITS | | | | |
| Licenses: | | | | |
| Beer and Liquor | 40,100 | 40,100 | 31,983 | (8,117) |
| Bartenders | 13,500 | 13,500 | 15,196 | 1,696 |
| Amusement and related | 10,000 | 10,000 | 11,995 | 1,995 |
| Peddlers | 29,000 | 29,000 | 34,980 | 5,980 |
| Food and related | 56,350 | 56,350 | 62,238 | 5,888 |
| Electrical contractors | 11,000 | 11,000 | 13,398 | 2,398 |
| Dog and cat | 10,000 | 10,000 | 9,010 | (990) |
| Other | 4,450 | 4,450 | 7,448 | 2,998 |
| Permits: | | | | |
| Building | 413,000 | 413,000 | 250,312 | (162,688) |
| Electrical | 101,500 | 101,500 | 55,977 | (45,523) |
| Plumbing | 80,000 | 80,000 | 69,290 | (10,710) |
| Sign | 12,000 | 12,000 | 17,690 | 5,690 |
| Park | 8,500 | 8,500 | 11,429 | 2,929 |
| Fire | 6,500 | 6,500 | 5,961 | (539) |
| Other | 20,500 | 20,500 | 12,371 | (8,129) |
| | <u>816,400</u> | <u>816,400</u> | <u>609,278</u> | <u>(207,122)</u> |
| FINES, FORFEITURES AND PENALTIES | <u>400,000</u> | <u>400,000</u> | <u>385,427</u> | <u>(14,573)</u> |

(Continued)

CITY OF FRANKLIN
General Fund
Schedule of Revenue - Budget and Actual (on a budgetary basis)
Year Ended December 31, 2009

| | Original Budget | Final Budget | Actual | Variance with final budget - Favorable (Unfavorable) |
|-----------------------------------------------|----------------------|----------------------|----------------------|---------------------------------------------------------------|
| PUBLIC CHARGES FOR SERVICES | | | | |
| General government | | | | |
| Property reports and document fees | \$ 14,100 | \$ 14,100 | \$ 8,338 | \$ (5,762) |
| Public safety | | | | |
| Police Department and related | 6,000 | 6,000 | 7,044 | 1,044 |
| Ambulance service | 1,175,000 | 1,175,000 | 866,148 | (308,852) |
| Fire Department and related | 177,000 | 177,000 | 134,657 | (42,343) |
| Weights and measures | 6,800 | 6,800 | 280 | (6,520) |
| Public works | | | | |
| Weed cutting | 25,100 | 25,100 | 14,090 | (11,010) |
| Street lighting | 3,000 | 3,000 | 1,000 | (2,000) |
| Engineering and DPW fees | 125,000 | 125,000 | 28,384 | (96,616) |
| Landfill siting fees | 20,000 | 20,000 | 17,009 | (2,991) |
| Landfill tippage fees | 423,600 | 423,600 | 384,620 | (38,980) |
| Health and human services | | | | |
| Health Clinics and other health fees | 75,000 | 75,000 | 55,848 | (19,152) |
| Conservation and development | | | | |
| Zoning, subdivision and other filing fees | 134,400 | 134,400 | 48,361 | (86,039) |
| | <u>2,185,000</u> | <u>2,185,000</u> | <u>1,565,779</u> | <u>(619,221)</u> |
| INTERGOVERNMENTAL CHARGES FOR SERVICES | <u>266,000</u> | <u>266,000</u> | <u>291,584</u> | <u>25,584</u> |
| INVESTMENT EARNINGS | <u>755,000</u> | <u>755,000</u> | <u>398,410</u> | <u>(356,590)</u> |
| MISCELLANEOUS REVENUE | | | | |
| Municipal property rental | 34,000 | 34,000 | 34,015 | 15 |
| Property sale | 3,000 | 3,000 | 7,595 | 4,595 |
| Refunds and reimbursements | 35,500 | 35,500 | 34,870 | (630) |
| Insurance dividend | 15,000 | 15,000 | 86,803 | 71,803 |
| Other revenue | 19,100 | 19,100 | 1,101 | (17,999) |
| | <u>106,600</u> | <u>106,600</u> | <u>164,384</u> | <u>57,784</u> |
| TOTAL REVENUE | <u>\$ 24,016,000</u> | <u>\$ 24,016,000</u> | <u>\$ 23,007,943</u> | <u>\$ (1,008,057)</u> |

**CITY OF FRANKLIN
General Fund**

**Schedule of Expenditures - Budget and Actual (on a budgetary basis)
Year Ended December 31, 2009**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with final budget - Favorable (Unfavorable)</u> |
|--------------------------------------|----------------------------|-------------------------|----------------------|-------------------------------------------------------------------------|
| CURRENT | | | | |
| General Government | | | | |
| Common council | \$ 97,987 | \$ 97,987 | \$ 92,239 | \$ 5,748 |
| Municipal court | 170,030 | 170,030 | 176,549 | (6,519) |
| City clerk | 307,923 | 307,923 | 296,893 | 11,030 |
| Elections | 21,263 | 21,263 | 12,512 | 8,751 |
| Information services | 407,100 | 407,100 | 382,099 | 25,001 |
| Administraton | 467,759 | 467,759 | 434,074 | 33,685 |
| Finance | 538,602 | 538,602 | 510,451 | 28,151 |
| Audit | 33,750 | 33,750 | 32,509 | 1,241 |
| Assessor | 239,839 | 239,839 | 228,682 | 11,157 |
| Legal counsel | 276,100 | 276,100 | 300,271 | (24,171) |
| Municipal buildings | 274,613 | 274,613 | 249,561 | 25,052 |
| Property and liability insurance | 67,200 | 67,200 | 58,102 | 9,098 |
| Other | 12,500 | 12,500 | 6,169 | 6,331 |
| Contingency | 665,000 | 647,000 | - | 647,000 |
| Total General Government | <u>3,579,666</u> | <u>3,561,666</u> | <u>2,780,111</u> | <u>781,555</u> |
| Public Safety | | | | |
| Police: | | | | |
| Police | 7,870,963 | 7,870,963 | 7,486,263 | 384,700 |
| Dispatchers | 1,022,006 | 1,022,006 | 937,178 | 84,828 |
| Fire | 5,859,902 | 5,859,902 | 5,633,370 | 226,532 |
| Fire protection service charge | 235,900 | 235,900 | 235,687 | 213 |
| Building inspection | 766,449 | 766,449 | 718,342 | 48,107 |
| Sealer of weights and measures | 6,800 | 6,800 | 6,800 | - |
| Total Public Safety | <u>15,762,020</u> | <u>15,762,020</u> | <u>15,017,640</u> | <u>744,380</u> |
| Public Works | | | | |
| Engineering | 582,448 | 582,448 | 525,934 | 56,514 |
| Highway | 2,434,709 | 2,452,709 | 2,334,551 | 118,158 |
| Refuse collection | 1,330,247 | 1,330,247 | 1,347,892 | (17,645) |
| Street lighting | 297,550 | 297,550 | 283,897 | 13,653 |
| Weed control | 25,100 | 25,100 | 13,337 | 11,763 |
| Total Public Works | <u>4,670,054</u> | <u>4,688,054</u> | <u>4,505,611</u> | <u>182,443</u> |
| Health and Human Services | | | | |
| Public health | 592,160 | 592,160 | 572,003 | 20,157 |
| Animal control | 44,700 | 44,700 | 47,552 | (2,852) |
| Total Health and Human Services | <u>636,860</u> | <u>636,860</u> | <u>619,555</u> | <u>17,305</u> |
| Culture and Recreation | | | | |
| St. Martin's fair | 53,534 | 53,534 | 39,969 | 13,565 |
| Civic celebrations | 25,900 | 25,900 | 25,900 | - |
| Senior activities and travel program | 15,000 | 15,000 | 11,310 | 3,690 |
| Parks | 134,891 | 134,891 | 104,808 | 30,083 |
| Total Culture and Recreation | <u>229,325</u> | <u>229,325</u> | <u>181,987</u> | <u>47,338</u> |
| Conservation and Development | | | | |
| Planning | <u>447,075</u> | <u>447,075</u> | <u>344,442</u> | <u>102,633</u> |
| TOTAL EXPENDITURES | <u>\$ 25,325,000</u> | <u>\$ 25,325,000</u> | <u>\$ 23,449,346</u> | <u>\$ 1,875,654</u> |

CITY OF FRANKLIN
Debt Service Fund
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

| | Original and final Budget | Final Budget | Actual | Variance with final budget - Favorable (Unfavorable) |
|-----------------------------------------------------|---------------------------------|---------------------|---------------------|---------------------------------------------------------------|
| REVENUE | | | | |
| Taxes | \$ 1,900,000 | \$ 1,900,000 | \$ 1,900,000 | \$ - |
| Special assessments | - | - | 263,000 | 263,000 |
| Investment earnings | 239,131 | 220,161 | 327,181 | 107,020 |
| Total Revenue | <u>2,139,131</u> | <u>2,120,161</u> | <u>2,490,181</u> | <u>370,020</u> |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal | 3,400,000 | 7,800,000 | 7,800,000 | - |
| Interest | 996,014 | 974,373 | 973,711 | 662 |
| Total Expenditures | <u>4,396,014</u> | <u>8,774,373</u> | <u>8,773,711</u> | <u>662</u> |
| Excess (Deficiency) of Revenue Over Expenditures | (2,256,883) | (6,654,212) | (6,283,530) | 370,682 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,719,883 | 2,972,212 | 23,190 | (2,949,022) |
| Transfers out | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | (537,000) | (3,682,000) | (6,260,340) | (2,578,340) |
| Fund balances - beginning | <u>8,339,240</u> | <u>8,339,240</u> | <u>8,339,240</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 7,802,240</u> | <u>\$ 4,657,240</u> | <u>\$ 2,078,900</u> | <u>\$ (2,578,340)</u> |

CITY OF FRANKLIN
Library Operating Fund
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual
Year Ended December 31, 2009

| | Original and final Budget | Actual | Variance with final budget - Favorable (Unfavorable) |
|-----------------------------|---------------------------------|-------------------|---------------------------------------------------------------|
| REVENUE | | | |
| Taxes | \$1,150,000 | \$ 1,150,000 | \$ - |
| Investment earnings | 24,000 | 22,639 | (1,361) |
| Miscellaneous revenue | 50,000 | 101,056 | 51,056 |
| Total Revenue | <u>1,224,000</u> | <u>1,273,695</u> | <u>49,695</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Culture and recreation | 1,186,210 | 1,135,318 | 50,892 |
| Capital outlay | 87,450 | 83,013 | 4,437 |
| Total Expenditures | <u>1,273,660</u> | <u>1,218,331</u> | <u>55,329</u> |
| Net change in fund balances | (49,660) | 55,364 | 105,024 |
| Fund balances - beginning | <u>298,479</u> | <u>298,479</u> | <u>-</u> |
| Fund balances - ending | <u>\$ 248,819</u> | <u>\$ 353,843</u> | <u>\$ 105,024</u> |

CITY OF FRANKLIN

Capital Projects Funds

Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual (on a budgetary basis)
Year Ended December 31, 2009

| | Capital Outlay Fund | | | Equipment Replacement Fund | | |
|---------------------------------------------------------------|---------------------|--------------|------------|------------------------------------------------------|---------------------------|--------------|
| | Original Budget | Final Budget | Actual | Variance with final budget - Favorable (Unfavorable) | Original and final Budget | Actual |
| REVENUE | | | | | | |
| Taxes | \$ 475,000 | \$ 475,000 | \$ 475,000 | \$ - | \$ 277,000 | \$ 277,000 |
| Intergovernmental revenue | - | - | 17,683 | 17,683 | - | - |
| Public charges for services - Landfill siting | - | - | - | - | - | - |
| Investment earnings | 10,000 | 10,000 | 15,357 | 5,357 | 51,000 | 51,732 |
| Miscellaneous revenue | 30,000 | 30,000 | 29,322 | (678) | 10,000 | 13,140 |
| Total Revenue | 515,000 | 515,000 | 537,362 | 22,362 | 338,000 | 341,872 |
| | | | | | | 3,872 |
| EXPENDITURES | | | | | | |
| Capital outlay | 559,686 | 566,486 | 445,737 | 120,749 | 335,000 | 270,533 |
| Total Expenditures | 559,686 | 566,486 | 445,737 | 120,749 | 335,000 | 270,533 |
| | | | | | | 64,467 |
| Excess (Deficiency) of Revenue Over Expenditures | (44,686) | (51,486) | 91,625 | 143,111 | 3,000 | 71,339 |
| | | | | | | 68,339 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | 28,900 | 28,900 | - | (28,900) | - | - |
| Transfers out | - | - | - | - | - | - |
| Net changes in fund balances | \$ (15,786) | \$ (22,586) | 91,625 | \$ 114,211 | \$ 3,000 | 71,339 |
| | | | | | | 68,339 |
| Adjustments to generally accepted accounting principles basis | | | (63,000) | | | (349,000) |
| 2008 encumbrances | | | 1,000 | | | - |
| 2009 encumbrances | | | - | | | 1,852,282 |
| Fund balances - beginning | | | 310,192 | | | |
| Fund balances - ending | | | \$ 339,817 | | | \$ 1,574,621 |

Continued

CITY OF FRANKLIN

Capital Projects Funds

Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual (on a budgetary basis)
Year Ended December 31, 2009

| | Capital Improvement Fund | | | Street Improvement Fund | | | Variance with |
|------------------------------------------------------------------|--------------------------|--------------|----------------|-------------------------|--------------|----------------|----------------|
| | Original | Final | Variance with | Original | Final | Variance with | final budget - |
| | Budget | Budget | final budget - | Budget | Budget | final budget - | Favorable |
| | | | (Unfavorable) | | | (Unfavorable) | |
| REVENUE | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 800,000 | \$ 800,000 | \$ - | - |
| Intergovernmental revenue | - | - | 50,362 | - | - | - | - |
| Public charges for services - Landfill siting | - | 35,000 | (466) | - | - | - | - |
| Investment earnings | 25,000 | 10,000 | (2,454) | 20,000 | 20,000 | 41,174 | 21,174 |
| Miscellaneous revenue | - | - | - | - | - | - | - |
| Total Revenue | 25,000 | 45,000 | 47,442 | 820,000 | 820,000 | 841,174 | 21,174 |
| EXPENDITURES | | | | | | | |
| Capital outlay | 1,820,000 | 2,222,000 | 878,933 | 1,115,000 | 1,682,000 | 1,545,807 | 136,193 |
| Total Expenditures | 1,820,000 | 2,222,000 | 878,933 | 1,115,000 | 1,682,000 | 1,545,807 | 136,193 |
| Excess (Deficiency) of Revenue Over Expenditures | (1,795,000) | (2,177,000) | 926,375 | (295,000) | (862,000) | (704,633) | 157,367 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Transfers in | 1,805,000 | 1,668,000 | (498,881) | - | - | - | - |
| Transfers out | - | - | (86,824) | - | - | - | - |
| Net changes in fund balances | \$ 10,000 | \$ (509,000) | \$ 340,670 | \$ (295,000) | \$ (862,000) | \$ (704,633) | \$ 157,367 |
| Adjustments to generally accepted accounting principles basis | | | | | | | |
| 2008 encumbrances | | (824,000) | | | | | |
| 2009 encumbrances | | 1,000 | | | | | |
| Fund balances - beginning | | 1,039,176 | | | | 921,320 | |
| Fund balances - ending | | \$ 47,846 | | | | \$ 216,687 | |

CITY OF FRANKLIN
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities - Agency Funds
Year Ended December 31, 2009

| PROPERTY TAX AGENCY FUND | 12/31/08 | Additions | Deductions | 12/31/09 |
|---------------------------------|----------------------|-----------------------|-----------------------|----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 45,506,519 | \$ 89,862,578 | \$ 88,402,246 | \$ 46,966,851 |
| Receivables | | | | |
| Taxes receivable | 17,147,677 | 64,441,133 | 64,040,617 | 17,548,193 |
| Accounts receivable | 15,117 | - | 15,117 | - |
| Total assets | \$ 62,669,313 | \$ 154,303,711 | \$ 152,457,980 | \$ 64,515,044 |
| LIABILITIES | | | | |
| Accounts payable | \$ 68,278 | \$ 73,911 | \$ 68,278 | \$ 73,911 |
| Due to other governments | 62,601,035 | 64,441,133 | 62,601,035 | 64,441,133 |
| Total liabilities | \$ 62,669,313 | \$ 64,515,044 | \$ 62,669,313 | \$ 64,515,044 |
| OTHER AGENCY FUND | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 9,870 | \$ 27,505 | \$ 22,592 | \$ 14,783 |
| Accounts receivable | 11,943 | - | 11,943 | - |
| Total assets | \$ 21,813 | \$ 27,505 | \$ 34,535 | \$ 14,783 |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,630 | \$ 1,297 | \$ 1,630 | \$ 1,297 |
| Special deposits | 20,183 | 15,580 | 22,277 | 13,486 |
| Total liabilities | \$ 21,813 | \$ 16,877 | \$ 23,907 | \$ 14,783 |
| TOTAL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 45,516,389 | \$ 89,890,083 | \$ 88,424,838 | \$ 46,981,634 |
| Receivables | | | | |
| Taxes receivable | 17,147,677 | 64,441,133 | 64,040,617 | 17,548,193 |
| Accounts receivable | 27,060 | - | 27,060 | - |
| Total assets | \$ 62,691,126 | \$ 154,331,216 | \$ 152,492,515 | \$ 64,529,827 |
| LIABILITIES | | | | |
| Accounts payable | \$ 69,908 | \$ 75,208 | \$ 69,908 | \$ 75,208 |
| Due to other governments | 62,601,035 | 64,441,133 | 62,601,035 | 64,441,133 |
| Special deposits | 20,183 | 15,580 | 22,277 | 13,486 |
| Total liabilities | \$ 62,691,126 | \$ 64,531,921 | \$ 62,693,220 | \$ 64,529,827 |

CITY OF FRANKLIN
TIF Districts Fund
Combining Balance Sheet
December 31, 2009

| | <u>District #2</u> | <u>District #3</u> | <u>District #4</u> | <u>Total</u> |
|--------------------------------------------|---------------------|----------------------|---------------------|----------------------|
| ASSETS | | | | |
| Cash and investments | \$ 585,531 | \$ 59,557 | \$ 166,790 | \$ 811,878 |
| Interest receivable | - | 57,102 | - | 57,102 |
| Taxes receivable | 3,894,360 | 2,295,166 | 1,268,430 | 7,457,956 |
| Note receivable | - | 8,785,000 | - | 8,785,000 |
| Due from other governments | - | - | 8,644 | 8,644 |
| Total assets | <u>\$ 4,479,891</u> | <u>\$ 11,196,825</u> | <u>\$ 1,443,864</u> | <u>\$ 17,120,580</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 34,055 | \$ 58,820 | \$ 17,387 | \$ 110,262 |
| Accrued liabilities | 15,000 | - | - | 15,000 |
| Special deposits | - | - | - | - |
| Deferred revenue | 3,894,360 | 2,352,268 | 1,268,430 | 7,515,058 |
| Long-term advances | - | 800,000 | 5,263,000 | 6,063,000 |
| Total liabilities | <u>3,943,415</u> | <u>3,211,088</u> | <u>6,548,817</u> | <u>13,703,320</u> |
| FUND BALANCES | | | | |
| Reserved for contractual obligations | 97,000 | 167,000 | 103,000 | 367,000 |
| Reserved for note receivable | - | 8,785,000 | - | 8,785,000 |
| Unreserved | | | | |
| TIF #2 | 439,476 | - | - | 439,476 |
| TIF #3 | - | (966,263) | - | (966,263) |
| TIF #4 | - | - | (5,207,953) | (5,207,953) |
| Total fund balances (deficit) | <u>536,476</u> | <u>7,985,737</u> | <u>(5,104,953)</u> | <u>3,417,260</u> |
| Total liabilities and fund balances | <u>\$ 4,479,891</u> | <u>\$ 11,196,825</u> | <u>\$ 1,443,864</u> | <u>\$ 17,120,580</u> |

CITY OF FRANKLIN
TIF Districts Fund
Schedule of TIF Districts Revenue, Expenditures
and Changes in Fund Balances
Year Ended December 31, 2009

| | <u>District #2</u> | <u>District #3</u> | <u>District #4</u> | <u>Total</u> |
|-----------------------------------------------------|--------------------|---------------------|-----------------------|---------------------|
| REVENUE | | | | |
| Taxes | \$ 3,071,885 | \$ 1,535,719 | \$ 292,735 | \$ 4,900,339 |
| Intergovernmental revenue | 55,599 | 353,993 | 5,474 | 415,066 |
| Investment earnings | 32,767 | 183,838 | 8,341 | 224,946 |
| Miscellaneous revenue | 1,000 | - | - | 1,000 |
| Total Revenue | <u>3,161,251</u> | <u>2,073,550</u> | <u>306,550</u> | <u>5,541,351</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Conservation and development | 16,456 | 29,333 | 97,730 | 143,519 |
| Capital outlay | 144,326 | 614,873 | 122,526 | 881,725 |
| Debt service | | | | |
| Principal | 2,300,000 | 815,000 | - | 3,115,000 |
| Interest and fiscal charges | 348,250 | 804,997 | 223,924 | 1,377,171 |
| Total Expenditures | <u>2,809,032</u> | <u>2,264,203</u> | <u>444,180</u> | <u>5,517,415</u> |
| Excess (Deficiency) of Revenue Over Expenditures | 352,219 | (190,653) | (137,630) | 23,936 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | (351,540) | (351,540) |
| Net change in fund balances | 352,219 | (190,653) | (489,170) | (327,604) |
| Fund balances - beginning | <u>184,257</u> | <u>8,176,390</u> | <u>(4,615,783)</u> | <u>3,744,864</u> |
| Fund balances - ending | <u>\$ 536,476</u> | <u>\$ 7,985,737</u> | <u>\$ (5,104,953)</u> | <u>\$ 3,417,260</u> |

CITY OF FRANKLIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2009

Governmental funds capital assets:

| | |
|-----------------------------|----------------|
| Land | \$ 24,664,244 |
| Buildings and Improvements | 23,924,476 |
| Machinery and equipment | 14,934,355 |
| Infrastructure improvements | 85,791,859 |
| Construction in process | <u>151,662</u> |

Total governmental funds capital assets \$ 149,466,596

Investment in governmental capital assets by source:

| | |
|------------------------|-------------------|
| General Fund | \$ 2,601,604 |
| Special Revenue Funds | 2,330,474 |
| Capital Projects Funds | 76,778,170 |
| Donations | <u>67,756,348</u> |

Total governmental funds capital assets \$ 149,466,596

CITY OF FRANKLIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
Year Ended December 31, 2009

| <u>Function and Activity</u> | <u>Land</u> | <u>Buildings and Improvements</u> | <u>Machinery and Equipment</u> | <u>Infrastructure Improvements</u> | <u>Construction In process</u> | <u>Total</u> |
|------------------------------------------------|---------------------|-------------------------------------------|----------------------------------------|----------------------------------------|------------------------------------|-----------------------|
| General Government: | | | | | | |
| Mayor | \$ - | \$ - | \$ 2,202 | \$ - | \$ - | \$ 2,202 |
| Aldermen | - | - | 4,769 | - | - | 4,769 |
| Municipal court | - | - | 7,446 | - | - | 7,446 |
| City clerk | - | - | 7,443 | - | - | 7,443 |
| Elections | - | - | 36,352 | - | - | 36,352 |
| Information services | - | - | 368,531 | - | - | 368,531 |
| Administration | - | - | 252,354 | - | - | 252,354 |
| Human resources | - | - | 1,295 | - | - | 1,295 |
| Finance | - | - | 52,167 | - | - | 52,167 |
| Assessor | - | - | 43,681 | - | - | 43,681 |
| Attorney | - | - | 906 | - | - | 906 |
| Municipal buildings | 597,437 | 3,039,649 | 527,768 | - | - | 4,164,854 |
| Total General Government | <u>597,437</u> | <u>3,039,649</u> | <u>1,304,914</u> | <u>-</u> | <u>-</u> | <u>4,942,000</u> |
| Public Safety: | | | | | | |
| Police | 1,201,829 | 8,418,912 | 2,449,284 | - | - | 12,070,025 |
| Fire | 63,248 | 4,119,830 | 3,206,216 | - | - | 7,389,294 |
| Building inspection | - | - | 253,030 | - | - | 253,030 |
| Total Public Safety | <u>1,265,077</u> | <u>12,538,742</u> | <u>5,908,530</u> | <u>-</u> | <u>-</u> | <u>19,712,349</u> |
| Public Works: | | | | | | |
| Engineering | - | - | 209,620 | - | - | 209,620 |
| Highway | 357,407 | 2,663,251 | 4,622,997 | - | - | 7,643,655 |
| Street Lighting | - | - | 1,097 | - | - | 1,097 |
| Infrastructure | 17,997,867 | - | - | 85,791,859 | - | 103,789,726 |
| Construction in process | - | - | - | - | 151,662 | 151,662 |
| Total Public Works | <u>18,355,274</u> | <u>2,663,251</u> | <u>4,833,714</u> | <u>85,791,859</u> | <u>151,662</u> | <u>111,795,760</u> |
| Health & Human Services: | | | | | | |
| Health | - | - | 126,576 | - | - | 126,576 |
| Culture and Recreation: | | | | | | |
| Library | 16,769 | 4,905,110 | 2,402,053 | - | - | 7,323,932 |
| Parks | 4,429,687 | 777,724 | 277,460 | - | - | 5,484,871 |
| Total Culture and Recreation | <u>4,446,456</u> | <u>5,682,834</u> | <u>2,679,513</u> | <u>-</u> | <u>-</u> | <u>12,808,803</u> |
| Conservation and Development: | | | | | | |
| Community development | - | - | - | - | - | - |
| Planning | - | - | 81,108 | - | - | 81,108 |
| Total Conservation and Development | <u>-</u> | <u>-</u> | <u>81,108</u> | <u>-</u> | <u>-</u> | <u>81,108</u> |
| Total governmental funds capital assets | <u>\$24,664,244</u> | <u>\$ 23,924,476</u> | <u>\$14,934,355</u> | <u>\$ 85,791,859</u> | <u>\$ 151,662</u> | <u>\$ 149,466,596</u> |

CITY OF FRANKLIN
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
Year Ended December 31, 2009

| Function and Activity | Governmental Funds Capital Assets | | | |
|------------------------------------------------|------------------------------------------|---------------------|---------------------|-----------------------|
| | 12/31/08 | Additions | Deletions | 12/31/09 |
| General Government: | | | | |
| Mayor | \$ 2,202 | \$ - | \$ - | \$ 2,202 |
| Aldermen | 4,769 | - | - | 4,769 |
| Municipal court | 7,446 | - | - | 7,446 |
| City clerk | 7,443 | - | - | 7,443 |
| Elections | 36,352 | - | - | 36,352 |
| Information services | 351,142 | 17,389 | - | 368,531 |
| Administration | 251,321 | 1,033 | - | 252,354 |
| Human resources | 1,295 | - | - | 1,295 |
| Finance | 52,167 | - | - | 52,167 |
| Assessor | 43,681 | - | - | 43,681 |
| Attorney | 906 | - | - | 906 |
| Municipal buildings | 4,164,854 | - | - | 4,164,854 |
| Total General Government | 4,923,578 | 18,422 | - | 4,942,000 |
| Public Safety: | | | | |
| Police | 12,077,470 | 190,008 | 197,453 | 12,070,025 |
| Fire | 6,462,054 | 1,021,197 | 93,957 | 7,389,294 |
| Building inspection | 272,491 | (19,461) | - | 253,030 |
| Total Public Safety | 18,812,015 | 1,191,744 | 291,410 | 19,712,349 |
| Public Works: | | | | |
| Engineering | 209,620 | - | - | 209,620 |
| Highway | 7,222,714 | 562,904 | 141,963 | 7,643,655 |
| Street Lighting | 1,097 | - | - | 1,097 |
| Infrastructure | 99,279,072 | 4,510,654 | - | 103,789,726 |
| Construction in process | 1,624,809 | 151,662 | 1,624,809 | 151,662 |
| Total Public Works | 108,337,312 | 5,225,220 | 1,766,772 | 111,795,760 |
| Health & Human Services: | | | | |
| Health | 83,835 | 42,741 | - | 126,576 |
| Culture and Recreation: | | | | |
| Library | 7,171,462 | 152,470 | - | 7,323,932 |
| Parks | 5,438,579 | 46,292 | - | 5,484,871 |
| Total Culture and Recreation | 12,610,041 | 198,762 | - | 12,808,803 |
| Conservation and Development: | | | | |
| City development | 81,108 | - | - | 81,108 |
| Total Conservation and Development | 81,108 | - | - | 81,108 |
| Total governmental funds capital assets | \$ 144,847,889 | \$ 6,676,889 | \$ 2,058,182 | \$ 149,466,596 |

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STATISTICAL SECTION

Statistical Section

This part of the City of Franklin's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends

Table 1

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

Revenue Capacity

Table 5

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

Debt Capacity

Table 10

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

Demographic and Economic Information

Table 13

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

Operating Information

Table 15

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

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

CITY OF FRANKLIN
Net Assets by Component
Last Seven Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | |
|-------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| | | | | (Restated) | | | |
| Governmental activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ 86,456,038 | \$ 74,009,675 | \$ 75,855,538 | \$ 61,597,340 | \$ 1,634,674 | \$ (5,824,448) | \$ (18,631,637) |
| Restricted | | | | | | | |
| Debt service | - | 1,935,194 | 1,527,909 | 2,824,089 | - | - | 1,167,562 |
| Library | 444,416 | 414,428 | 357,875 | 263,924 | 248,174 | 235,895 | 140,576 |
| Utility improvements | 147,317 | 12,640 | 380,961 | 478,801 | 1,129,596 | 765,805 | 1,521,678 |
| Development | 406,562 | 3,083,708 | 2,643,952 | 3,484,891 | 2,853,329 | 2,743,066 | 977,495 |
| Other purposes | 279,730 | 286,114 | 263,198 | 243,331 | 236,147 | 147,544 | 110,895 |
| Unrestricted (deficit) | 2,038,476 | 4,908,825 | (1,099,755) | 10,876,066 | 10,242,063 | 8,907,518 | 10,484,263 |
| Total governmental activities net assets | \$ 89,772,539 | \$ 84,650,584 | \$ 79,929,678 | \$ 79,768,442 | \$ 16,343,983 | \$ 6,975,380 | \$ (4,229,168) |
| Business-type activities | | | | | | | |
| Invested in capital assets, net of related debt | \$ 90,828,559 | \$ 90,842,486 | \$ 90,242,854 | \$ 88,299,652 | \$ 85,098,937 | \$ 81,402,130 | \$ 66,424,389 |
| Restricted | | | | | | | |
| Other purposes | 227,388 | 231,384 | 225,177 | 215,267 | 178,274 | 132,035 | 118,986 |
| Unrestricted | 2,875,722 | 2,309,236 | 2,342,349 | 2,255,577 | 2,380,429 | 2,020,798 | 2,253,221 |
| Total business-type activities net assets | \$ 93,931,669 | \$ 93,383,106 | \$ 92,810,380 | \$ 90,770,496 | \$ 87,657,640 | \$ 83,554,963 | \$ 68,796,596 |
| Total | | | | | | | |
| Invested in capital assets, net of related debt | \$ 177,284,597 | \$ 164,852,161 | \$ 166,098,392 | \$ 149,896,992 | \$ 86,733,611 | \$ 75,577,682 | \$ 47,792,752 |
| Restricted | | | | | | | |
| Debt service | - | 1,935,194 | 1,527,909 | 2,824,089 | - | - | 1,167,562 |
| Library | 444,416 | 414,428 | 357,875 | 263,924 | 248,174 | 235,895 | 140,576 |
| Utility improvements | 147,317 | 12,640 | 380,961 | 478,801 | 1,129,596 | 765,805 | 1,521,678 |
| Development | 406,562 | 3,083,708 | 2,643,952 | 3,484,891 | 2,853,329 | 2,743,066 | 977,495 |
| Other purposes | 507,118 | 517,498 | 488,375 | 458,598 | 414,421 | 279,579 | 229,881 |
| Unrestricted | 4,914,198 | 7,218,061 | 1,242,594 | 13,131,643 | 12,622,492 | 10,928,316 | 12,737,484 |
| Total net assets | \$ 183,704,208 | \$ 178,033,690 | \$ 172,740,058 | \$ 170,538,938 | \$ 104,001,623 | \$ 90,530,343 | \$ 64,567,428 |

Note Infrastructure for the years prior to 2003 was not included in the 2003 - 2005 totals

CITY OF FRANKLIN
Changes in Net Assets, Last Seven Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | |
|------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Expenses | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 2,948,713 | \$ 3,028,903 | \$ 2,769,041 | \$ 2,730,575 | \$ 2,588,256 | \$ 2,535,943 | \$ 2,560,386 |
| Public safety | 15,526,031 | 15,598,642 | 14,387,891 | 13,987,313 | 13,533,975 | 13,054,488 | 12,344,323 |
| Public works | 6,034,720 | 6,900,408 | 6,800,767 | 4,709,613 | 4,673,462 | 4,152,452 | 3,581,846 |
| Health and human services | 708,084 | 663,262 | 630,002 | 572,091 | 510,520 | 538,850 | 574,163 |
| Culture and recreation | 1,753,139 | 1,803,155 | 1,766,274 | 1,873,815 | 1,561,066 | 1,428,499 | 1,290,360 |
| Conservation and development | 600,099 | 718,032 | 6,591,661 | 634,983 | 666,277 | 498,096 | 451,957 |
| Interest on long term debt | 2,253,215 | 2,654,969 | 2,705,294 | 2,574,761 | 2,204,881 | 2,345,610 | 2,600,130 |
| Total governmental activities expenses | 29,824,001 | 31,367,371 | 35,650,930 | 27,083,151 | 25,738,437 | 24,553,938 | 23,403,165 |
| Business-type activities | | | | | | | |
| Water | 4,216,453 | 3,928,578 | 3,620,524 | 3,342,925 | 3,307,057 | 2,572,320 | 2,528,709 |
| Sewer | 3,226,261 | 3,069,523 | 2,640,092 | 2,603,652 | 2,349,419 | 2,143,916 | 2,032,336 |
| Total business-type activities expenses | 7,442,714 | 6,998,101 | 6,260,616 | 5,946,577 | 5,656,476 | 4,716,236 | 4,561,045 |
| Total expenses | \$ 37,266,715 | \$ 38,365,472 | \$ 41,911,546 | \$ 33,029,728 | \$ 31,394,913 | \$ 29,270,174 | \$ 27,964,210 |
| Program Revenue | | | | | | | |
| Governmental activities: | | | | | | | |
| Charges for services: | | | | | | | |
| General government | \$ 305,232 | \$ 210,433 | \$ 226,496 | \$ 145,072 | \$ 148,803 | \$ 195,401 | \$ 199,732 |
| Public safety | 2,068,413 | 2,267,580 | 2,473,830 | 2,784,237 | 2,715,134 | 2,478,751 | 2,238,099 |
| Public works | 660,670 | 739,948 | 1,071,513 | 1,497,290 | 1,543,476 | 1,473,029 | 1,344,447 |
| Health and human services | 69,855 | 86,439 | 89,853 | 62,339 | 91,767 | 61,273 | 46,549 |
| Culture and recreation | 146,256 | 143,797 | 138,793 | 237,278 | 212,301 | 201,129 | 229,366 |
| Conservation and development | 67,051 | 305,299 | 127,711 | 138,411 | 72,864 | 116,390 | 114,278 |
| Operating grants and contributions | 2,080,213 | 2,285,275 | 2,957,937 | 2,015,885 | 1,838,699 | 1,886,800 | 1,623,847 |
| Capital grants and contributions | 1,190,090 | 1,735,333 | 2,753,612 | 4,890,241 | 6,728,526 | 10,048,400 | 5,465,904 |
| Total governmental activities program revenue | 6,587,780 | 7,774,104 | 9,839,745 | 11,770,753 | 13,351,570 | 16,461,173 | 11,262,222 |
| Business-type activities | | | | | | | |
| Charges for services: | | | | | | | |
| Water | 4,454,495 | 4,218,653 | 3,926,626 | 3,585,661 | 3,815,195 | 2,810,730 | 3,098,124 |
| Sewer | 2,994,024 | 2,706,583 | 2,029,447 | 1,866,703 | 1,732,737 | 1,515,084 | 1,508,987 |
| Capital grants and contributions | 337,667 | 734,367 | 1,629,536 | 1,477,041 | 3,181,334 | 13,431,131 | 3,292,803 |
| Total business-type activities program revenue | 7,786,186 | 7,659,603 | 7,585,609 | 6,929,405 | 8,729,266 | 17,756,945 | 7,899,914 |
| Total program revenue | \$ 14,373,966 | \$ 15,433,707 | \$ 17,425,354 | \$ 18,700,158 | \$ 22,080,836 | \$ 34,218,118 | \$ 19,162,136 |

continued

CITY OF FRANKLIN
Changes in Net Assets, Last Seven Years
(accrual basis of accounting)

| | Fiscal Year | | | | | | |
|--------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|----------------------|-----------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
| Net (Expense)/Revenue | | | | | | | |
| Governmental activities | \$ (23,236,221) | \$ (23,593,267) | \$ (25,811,185) | \$ (15,312,398) | \$ (12,386,867) | \$ (8,092,765) | \$ (12,140,943) |
| Business-type activities | 343,472 | 661,502 | 1,324,993 | 982,828 | 3,072,790 | 13,040,709 | 3,338,869 |
| Total net expense | <u>\$ (22,892,749)</u> | <u>\$ (22,931,765)</u> | <u>\$ (24,486,192)</u> | <u>\$ (14,329,570)</u> | <u>\$ (9,314,077)</u> | <u>\$ 4,947,944</u> | <u>\$ (8,802,074)</u> |
| General Revenue and other Changes in Net Assets | | | | | | | |
| Governmental activities: | | | | | | | |
| Property taxes levied for general purposes | \$ 18,237,375 | \$ 17,534,150 | \$ 16,404,257 | \$ 15,350,390 | \$ 14,576,053 | \$ 13,397,596 | \$ 12,873,459 |
| Property taxes levied for debt service | 1,900,000 | 2,000,000 | 2,110,000 | 2,210,000 | 2,310,000 | 2,410,211 | 2,610,624 |
| Property taxes levied for TIF Districts | 4,829,216 | 4,685,811 | 3,127,116 | 2,860,368 | 2,919,738 | 2,729,979 | 2,631,082 |
| Other taxes | 666,767 | 472,575 | 429,674 | 419,168 | 381,116 | 376,038 | 352,280 |
| Intergovernmental revenue | | | | | | | |
| not restricted to specific programs | 1,380,418 | 1,320,286 | 1,461,840 | 1,334,594 | 1,271,794 | 1,335,925 | 1,593,937 |
| Investment earnings | 1,401,560 | 1,862,688 | 2,547,179 | 2,531,912 | 1,111,774 | 516,683 | 573,903 |
| Miscellaneous revenue | 43,566 | 14,451 | 452,613 | 77,294 | 119,276 | 164,526 | 233,884 |
| Transfers | (100,726) | 424,212 | (560,258) | (1,970,735) | (934,281) | (1,633,645) | (1,583,871) |
| Total governmental activities | <u>28,358,176</u> | <u>28,314,173</u> | <u>25,972,421</u> | <u>22,812,991</u> | <u>21,755,470</u> | <u>19,297,313</u> | <u>19,285,298</u> |
| Business-type activities: | | | | | | | |
| Investment earnings | 46,738 | 67,617 | 113,197 | 112,453 | 44,096 | 18,455 | 18,399 |
| Miscellaneous revenue | 57,627 | 267,819 | 41,436 | 46,840 | 51,510 | 65,558 | 53,774 |
| Transfers | 100,726 | (424,212) | 560,258 | 1,970,735 | 934,281 | 1,633,645 | 1,583,871 |
| Total business-type activities | <u>205,091</u> | <u>(88,776)</u> | <u>714,891</u> | <u>2,130,028</u> | <u>1,029,887</u> | <u>1,717,658</u> | <u>1,656,044</u> |
| Total | <u>\$ 28,563,267</u> | <u>\$ 28,225,397</u> | <u>\$ 26,687,312</u> | <u>\$ 24,943,019</u> | <u>\$ 22,785,357</u> | <u>\$ 21,014,971</u> | <u>\$ 20,941,342</u> |
| Change in Net Assets | | | | | | | |
| Governmental activities | \$ 5,121,955 | \$ 4,720,906 | \$ 161,236 | \$ 7,500,593 | \$ 9,368,603 | \$ 11,204,548 | \$ 7,144,355 |
| Business-type activities | 548,563 | 572,726 | 2,039,884 | 3,112,856 | 4,102,677 | 14,758,367 | 4,994,913 |
| Total | <u>\$ 5,670,518</u> | <u>\$ 5,293,632</u> | <u>\$ 2,201,120</u> | <u>\$ 10,613,449</u> | <u>\$ 13,471,280</u> | <u>\$ 25,962,915</u> | <u>\$ 12,139,268</u> |

CITY OF FRANKLIN

Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| General Fund | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Inventories and prepaid items | \$ 24,927 | \$ 25,109 | \$ 24,990 | \$ 31,870 | \$ 38,391 | \$ 28,928 | \$ 13,691 | \$ 20,876 | \$ 12,355 | \$ 18,950 |
| Encumbrances | 1,000 | - | 21,000 | 10,000 | 19,000 | 103,000 | - | 90,000 | 102,000 | 53,000 |
| Advances to other funds | - | - | 1,000,000 | 700,000 | - | - | - | 1,200,000 | - | - |
| Unreserved | 5,078,711 | 5,519,932 | 4,889,492 | 6,279,964 | 6,411,669 | 6,150,910 | 6,092,549 | 4,236,941 | 4,624,529 | 4,882,489 |
| Total general fund | 5,104,638 | 5,545,041 | 5,935,482 | 7,021,834 | 6,469,060 | 6,282,838 | 6,106,240 | 5,547,817 | 4,738,884 | 4,954,439 |
| All other government funds | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances and prepaids | 17,707 | 1,236,000 | 431,000 | 687,100 | 211,032 | 16,000 | 22,000 | 120,000 | 1,608,000 | 3,346,743 |
| Advances to other funds | 5,463,000 | 6,300,000 | 14,100,000 | 6,928,769 | 6,717,987 | - | - | - | - | - |
| Contractual obligations | 517,000 | 1,452,000 | 1,265,000 | 1,849,000 | 623,142 | 208,274 | 101,096 | 1,380,000 | 1,513,971 | 4,669,590 |
| Debt service | 8,845,900 | 12,091,660 | 12,240,785 | 3,466,738 | 2,001,554 | 126,566 | 1,572,038 | 2,177,942 | 1,397,696 | 1,445,005 |
| Library services | 442,509 | 414,428 | 357,875 | 259,824 | - | - | - | - | - | - |
| Emergency medical services | 10,598 | 9,568 | 12,354 | 11,452 | 16,624 | 11,261 | 14,334 | 11,035 | 10,329 | 5,107 |
| Utility improvements | 147,317 | 12,640 | 380,961 | 478,801 | 1,129,596 | 765,805 | 1,521,678 | 2,379,691 | 2,425,482 | 2,552,082 |
| Development | 406,562 | 3,083,708 | - | 3,484,891 | 2,853,329 | 2,743,066 | 977,495 | 706,055 | 346,290 | 1,021,678 |
| Donations & grants | 269,132 | 276,546 | 250,844 | 231,879 | 167,834 | 136,283 | 96,561 | - | - | - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 165,348 | 132,206 | 1,206,529 | 294,820 | 218,770 | 184,079 | 122,892 | 217,953 | 1,510,705 | 1,762,883 |
| Capital projects funds | (4,507,769) | (4,754,586) | (14,569,830) | (979,643) | 5,158,222 | 3,680,288 | 4,535,777 | 1,580,555 | 3,381,858 | 743,576 |
| Total all other government funds | 11,777,304 | 20,254,170 | 15,675,518 | 16,713,631 | 19,098,090 | 7,871,622 | 8,963,871 | 8,573,231 | 12,194,331 | 15,546,664 |
| Total fund balances | \$ 16,881,942 | \$ 25,799,211 | \$ 21,611,000 | \$ 23,735,465 | \$ 25,567,150 | \$ 14,154,460 | \$ 15,070,111 | \$ 14,121,048 | \$ 16,933,215 | \$ 20,501,103 |

* Prior to 2002 the Sanitary Service Fund was accounted for as a Special Revenue Fund. In 2002 it was restated and reported as an Enterprise Fund.

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

| | Fiscal Year | | | | | | | | | |
|-------------------------------------------------------------------|-----------------------|---------------------|-----------------------|-----------------------|----------------------|---------------------|-------------------|-----------------------|-----------------------|---------------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
| Revenue | | | | | | | | | | |
| Taxes | \$ 25,633,358 | \$ 24,592,536 | \$ 22,071,047 | \$ 20,839,926 | \$ 20,186,907 | \$ 16,183,845 | \$ 15,836,363 | \$ 15,363,328 | \$ 14,063,238 | \$ 12,347,118 |
| Intergovernmental revenue | 3,299,648 | 3,536,635 | 4,269,969 | 3,088,814 | 2,917,513 | 3,065,509 | 3,067,155 | 3,051,785 | 2,430,911 | 2,477,565 |
| Licenses and permits | 609,278 | 723,225 | 978,942 | 1,386,588 | 1,486,966 | 1,258,457 | 1,030,984 | 1,254,563 | 1,029,645 | 993,387 |
| Fines, forfeitures and penalties | 385,427 | 362,928 | 392,451 | 332,090 | 361,656 | 397,169 | 362,638 | 414,878 | 440,039 | 419,194 |
| Public charges for services | 1,600,313 | 1,908,473 | 1,998,696 | 2,160,144 | 2,087,870 | 2,063,984 | 1,883,878 | 1,642,046 | 2,980,283 | 2,896,031 |
| Special assessments | 817,736 | 1,114,498 | 1,581,962 | 3,688,746 | 3,620,814 | 3,787,927 | 3,213,453 | 2,230,968 | 2,068,979 | 1,714,101 |
| Intergovernmental charges for services | 291,584 | 206,156 | 426,387 | 574,835 | 591,834 | 575,009 | 628,953 | 607,395 | 592,155 | 574,219 |
| Investment earnings | 1,276,600 | 1,797,738 | 2,513,703 | 2,504,185 | 1,127,163 | 495,190 | 604,777 | 1,472,269 | 2,492,397 | 2,692,823 |
| Miscellaneous revenue | 635,424 | 723,724 | 934,141 | 752,207 | 806,105 | 447,992 | 531,152 | 5,094 | 237,862 | 230,000 |
| Total revenue | 34,549,368 | 35,065,913 | 35,167,298 | 35,327,535 | 33,186,828 | 28,275,082 | 27,159,353 | 26,042,326 | 26,335,509 | 24,344,438 |
| Expenditures | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 2,780,444 | 2,825,835 | 2,609,731 | 2,487,071 | 2,314,862 | 2,262,025 | 2,293,969 | 2,069,034 | 2,442,096 | 2,394,779 |
| Public safety | 15,043,628 | 15,236,640 | 13,856,032 | 13,239,602 | 12,677,768 | 12,109,107 | 11,250,298 | 10,589,766 | 9,739,870 | 8,552,875 |
| Public works | 4,504,611 | 4,632,957 | 4,110,460 | 4,039,438 | 3,746,773 | 3,580,392 | 3,395,468 | 3,134,753 | 4,654,552 | 4,118,938 |
| Health and human services | 701,821 | 666,364 | 631,887 | 572,918 | 499,496 | 531,422 | 558,538 | 496,220 | 463,430 | 410,470 |
| Culture, recreation and education | 1,427,945 | 1,490,936 | 1,436,987 | 1,568,591 | 1,270,440 | 1,135,822 | 1,075,349 | 1,081,661 | 938,043 | 747,812 |
| Conservation and development | 603,961 | 729,274 | 6,587,035 | 628,634 | 654,928 | 378,216 | 434,087 | 382,853 | 519,149 | 408,818 |
| Capital outlay | 6,061,625 | 7,627,455 | 10,931,589 | 8,882,837 | 3,735,408 | 2,248,893 | 1,497,147 | 5,834,266 | 16,697,369 | 8,490,538 |
| Debt service | | | | | | | | | | |
| Principal | 10,915,000 | 6,000,000 | 5,170,000 | 4,050,000 | 4,215,000 | 4,000,000 | 2,660,000 | 2,050,000 | 2,800,000 | 2,210,000 |
| Interest | 2,350,882 | 2,543,194 | 2,584,080 | 2,838,291 | 2,123,340 | 1,311,211 | 1,461,563 | 1,519,296 | 1,648,888 | 1,085,569 |
| Debt issuance costs | - | 65,650 | 130,602 | 35,700 | 46,250 | - | - | - | - | - |
| Total expenditures | 44,389,917 | 41,818,305 | 48,048,403 | 38,343,082 | 31,284,265 | 27,557,088 | 24,626,419 | 27,157,849 | 39,903,397 | 28,419,599 |
| Excess of revenue over (under) expenditures | (9,840,549) | (6,752,392) | (12,881,105) | (3,015,547) | 1,902,563 | 717,994 | 2,532,934 | (1,115,523) | (13,567,888) | (4,075,161) |
| Other financing sources (uses) | | | | | | | | | | |
| Debt issued | - | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | - | - | - | 20,000,000 | 10,000,000 |
| Refunding debt issued | - | - | 9,925,000 | - | - | - | - | - | - | - |
| Premium on debt issued | - | 83,583 | 34,970 | 176,524 | 204,561 | - | - | - | - | - |
| Payment to refunding escrow agent | - | - | (10,040,675) | (9,770,000) | - | - | - | - | - | - |
| Principal payment on current refunding | 2,229,036 | 5,786,181 | 6,237,805 | 3,957,696 | 3,486,467 | 3,273,639 | 7,213,563 | 1,389,971 | (10,000,000) | - |
| Transfers in | (1,306,756) | (4,929,161) | (5,400,460) | (3,180,358) | (4,420,748) | (4,907,284) | (8,797,434) | (1,389,971) | 4,588,401 | 3,364,154 |
| Transfers out | - | - | - | - | - | - | - | - | (4,588,401) | (3,364,154) |
| Net change in fund balances | \$ (8,917,269) | \$ 4,188,211 | \$ (2,124,465) | \$ (1,831,685) | \$ 11,172,843 | \$ (915,651) | \$ 949,063 | \$ (1,115,523) | \$ (3,567,888) | \$ 5,924,839 |
| Debt service as a percentage of non capital expenditures * | 33.4% | 24.0% | 19.7% | 21.0% | 22.6% | 20.5% | 17.8% | 16.7% | 19.2% | 16.5% |

* Prior to 2004 this percentage is calculated by deducting total capital outlay instead of capital asset additions as the information is not readily available.

CITY OF FRANKLIN

Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

| Value As of 1/1 | Real property Assessed value | Real property Estimated actual value | Personal property Assessed value | Personal property Estimated actual value | Total Assessed value | Total Direct Tax Rate | Total Estimated actual value | Ratio of Assessed to Estimated value |
|-----------------------|------------------------------------|--------------------------------------------|----------------------------------------|------------------------------------------------|----------------------------|-----------------------------|------------------------------------|-----------------------------------------------|
| 2009 | \$ 3,671,323,540 | \$ 3,820,400,500 | \$ 90,861,600 | \$ 92,242,100 | \$ 3,762,185,140 | \$ 5.78 | \$ 3,912,642,600 | 96.15% |
| 2008 | 3,621,224,940 | 3,821,063,800 | 75,804,600 | 77,323,500 | 3,697,029,540 | 5.78 | 3,898,387,300 | 94.83% |
| 2007 | 3,510,260,140 | 3,614,744,300 | 71,027,000 | 74,310,100 | 3,581,287,140 | 5.78 | 3,689,054,400 | 97.08% |
| 2006 * | 3,384,763,640 | 3,406,252,800 | 75,577,300 | 75,506,900 | 3,460,340,940 | 5.58 | 3,481,759,700 | 99.38% |
| 2005 | 2,617,341,900 | 2,955,304,500 | 64,650,760 | 75,511,400 | 2,681,992,660 | 6.83 | 3,030,815,900 | 88.49% |
| 2004 | 2,490,166,000 | 2,631,564,000 | 50,652,170 | 50,381,500 | 2,540,818,170 | 6.95 | 2,681,945,500 | 94.74% |
| 2003 * | 2,372,417,000 | 2,341,523,800 | 55,465,640 | 59,241,700 | 2,427,882,640 | 6.80 | 2,400,765,500 | 101.13% |
| 2002 | 1,941,915,300 | 2,163,203,000 | 53,763,740 | 59,807,500 | 1,995,679,040 | 8.17 | 2,223,010,500 | 89.77% |
| 2001 | 1,879,099,900 | 1,972,111,000 | 51,974,570 | 54,560,300 | 1,931,074,470 | 8.06 | 2,026,671,300 | 95.28% |
| 2000 * | 1,799,970,800 | 1,820,406,200 | 50,301,130 | 51,132,100 | 1,850,271,930 | 7.61 | 1,871,538,300 | 98.86% |

* Reassessment year

Assessed Valuation by School District - 2009

| | Franklin School District | Oak Creek/ Franklin School District | Whitnall School District |
|---------------------------|--------------------------------|----------------------------------------------|--------------------------------|
| Within sewerage district | \$ 2,713,397,440 | \$ 678,721,600 | \$ 239,860,400 |
| Outside sewerage district | 105,312,800 | 24,892,900 | - |
| Total | \$ 2,818,710,240 | \$ 703,614,500 | \$ 239,860,400 |

| |
|-------------------------|
| Total |
| \$ 3,631,979,440 |
| 130,205,700 |
| \$ 3,762,185,140 |

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

CITY OF FRANKLIN

Estimated Actual Property Value and Construction Data
Last Ten Years

| Fiscal year | (1) | | | | (2) | | | |
|----------------|--------------------------------|------------------------------------|-------------------------------------|------------------|-----------------------------|--------------|--------------------------------|---------------|
| | Estimate Actual Property value | | | | Residential Construction | | Nonresidential Construction | |
| | Residential | Commercial and Manufacturing | Agricultural, Swamp and Other | Total | # of Units | Value | # of Permits | Value |
| 2009 | \$ 2,774,343,200 | \$ 1,026,852,400 | \$ 19,004,900 | \$ 3,820,200,500 | 25 | \$ 6,709,653 | 35 | \$ 14,193,522 |
| 2008 | 2,862,287,800 | 939,436,600 | 19,339,400 | 3,821,063,800 | 52 | 11,030,933 | 61 | 28,323,674 |
| 2007 | 2,751,324,400 | 844,563,800 | 18,856,100 | 3,614,744,300 | 99 | 20,017,954 | 49 | 39,920,210 |
| 2006 | 2,611,111,600 | 769,933,200 | 25,208,000 | 3,406,252,800 | 308 | 55,690,187 | 91 | 116,376,447 |
| 2005 | 2,236,076,000 | 696,096,000 | 23,132,500 | 2,955,304,500 | 458 | 86,085,165 | 49 | 49,075,431 |
| 2004 | 2,012,614,000 | 594,978,200 | 23,971,800 | 2,631,564,000 | 503 | 74,586,030 | 55 | 14,352,822 |
| 2003 | 1,787,275,700 | 530,582,600 | 23,665,500 | 2,341,523,800 | 349 | 48,274,386 | 16 | 47,915,016 |
| 2002 | 1,670,088,100 | 468,985,700 | 24,129,200 | 2,163,203,000 | 333 | 46,788,277 | 41 | 99,018,727 |
| 2001 | 1,512,872,800 | 436,680,100 | 22,558,100 | 1,972,111,000 | 362 | 48,697,266 | 49 | 18,557,129 |
| 2000 | 1,371,755,900 | 428,038,100 | 20,612,200 | 1,820,406,200 | 391 | 45,645,198 | 67 | 15,310,444 |

(1) Estimated actual values from the Wisconsin Department of Revenue

(2) Source: City's Building Inspection Department.

CITY OF FRANKLIN

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

| Budget year | City of Franklin Direct Rates | | | | | | | Overlapping Rates | | | | | | | Total Rate (**) | |
|----------------|-------------------------------|---------|-----------------|-------------------|------------------------|-----------------------|---------|-------------------|--------------|----------|-------------------|----------------------|---------------------------------------------------|----------|-----------------------|----------|
| | | | | | | | | School Districts | | | Milwaukee Area | | Milwaukee Metropolitan Sewerage District | | | |
| | General | Library | Debt Service | Capital Outlay | Equipment Revolving | Street Improvement | Total | Franklin | Oak Creek | Whitnall | School Credits | Technical College | Milwaukee County | District | | State |
| 2010 | \$ 4.61 | \$ 0.33 | \$ 0.54 | \$ 0.14 | \$ 0.08 | \$ 0.23 | \$ 5.93 | \$ 11.33 | \$ 8.86 | \$ 10.11 | \$ (1.67) | \$ 1.98 | \$ 4.31 | \$ 1.38 | \$ 0.18 | \$ 23.44 |
| 2009 | 4.46 | 0.33 | 0.55 | 0.13 | 0.08 | 0.23 | 5.78 | 10.96 | 7.80 | 9.65 | (1.68) | 1.93 | 4.17 | 1.36 | 0.18 | 22.70 |
| 2008 | 4.33 | 0.34 | 0.59 | 0.14 | 0.10 | 0.28 | 5.78 | 10.98 | 7.85 | 9.40 | (1.52) | 1.83 | 4.01 | 1.32 | 0.18 | 22.58 |
| 2007 * | 4.10 | 0.34 | 0.64 | 0.13 | 0.09 | 0.28 | 5.58 | 10.05 | 6.95 | 9.15 | (1.38) | 1.78 | 3.95 | 1.31 | 0.17 | 21.46 |
| 2006 | 5.00 | 0.42 | 0.86 | 0.10 | 0.15 | 0.30 | 6.83 | 12.01 | 8.90 | 10.32 | (1.40) | 2.13 | 4.81 | 1.60 | 0.21 | 26.19 |
| 2005 | 5.06 | 0.40 | 0.95 | 0.14 | 0.10 | 0.30 | 6.95 | 12.61 | 7.93 | 11.30 | (1.50) | 2.05 | 4.81 | 1.62 | 0.21 | 26.75 |
| 2004 * | 4.88 | 0.38 | 1.04 | 0.09 | 0.11 | 0.30 | 6.80 | 12.74 | 8.42 | 10.80 | (1.55) | 1.95 | 4.72 | 1.57 | 0.20 | 26.43 |
| 2003 | 5.67 | 0.45 | 1.37 | 0.20 | 0.14 | 0.34 | 8.17 | 13.86 | 10.19 | 12.71 | (1.92) | 2.24 | 5.67 | 1.89 | 0.22 | 30.13 |
| 2002 | 5.32 | 0.43 | 1.52 | 0.26 | 0.25 | 0.28 | 8.06 | 14.50 | 9.95 | 12.52 | (1.99) | 2.13 | 5.65 | 1.78 | 0.21 | 30.34 |
| 2001 * | 5.80 | - | 1.25 | - | 0.36 | 0.20 | 7.61 | 13.89 | 8.98 | 13.22 | (2.10) | 2.05 | 5.60 | 1.72 | 0.20 | 28.97 |

Note: * Reassessment impact

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

The Budget year is the year following the fiscal year in which the taxes are levied.

Source: City of Franklin budget documents

CITY OF FRANKLIN

Principal Property Taxpayers
Current year and Nine Years Ago

| Taxpayer | Type of Business | 2009 | | | 2000 | | |
|-----------------------------|-----------------------------------------|------------------------|------|---------------------------------------------|------------------------|------|---------------------------------------------|
| | | Taxable Assessed Value | Rank | Percent of Total Taxable Assessed Valuation | Taxable Assessed Value | Rank | Percent of Total Taxable Assessed Valuation |
| Northwestern Mutual | Insurance Services | \$ 130,959,500 | 1 | 3.48% | \$ - | - | - |
| Covenant Health Care System | Medical facilities | 34,999,300 | 2 | 0.93% | 8,358,130 | 10 | 0.45% |
| Whitnall Pointe Apartments | Apartments | 20,335,200 | 3 | 0.54% | 20,415,160 | 1 | 1.10% |
| VTLC Development | Packaging manufacturing | 19,846,600 | 4 | 0.53% | | | |
| Manchester Oaks | Apartments | 19,343,100 | 5 | 0.51% | 16,243,120 | 2 | 0.88% |
| Wal-Mart | Retailer | 18,929,100 | 6 | 0.50% | 14,100,250 | 4 | 0.76% |
| Harley Davidson | Motorcycle manufacturing | 18,920,800 | 7 | 0.50% | 15,665,100 | 3 | 0.85% |
| Menard Inc | Retail - Home Improvement | 14,873,500 | 8 | 0.40% | | | - |
| All Glass Aquarium | Aquariums and fluorescent lights | 14,076,500 | 9 | 0.37% | 12,908,100 | 5 | 0.70% |
| Waste Management | Landfill and refuse collection | 14,171,000 | 10 | 0.38% | 12,237,730 | 6 | 0.66% |
| Krones Inc | High speed labeling and filler machines | - | - | - | 9,943,800 | 7 | 0.54% |
| Home Depot | Retail - Home Improvement | - | - | - | 9,562,820 | 8 | 0.52% |
| Mission Hills Apts | Apartments | - | - | - | 9,367,330 | 9 | 0.51% |
| | | \$ 306,454,600 | | 8.14% | \$ 128,801,540 | | 6.97% |

Source: City of Franklin Assessor's Office

Table 9

CITY OF FRANKLIN
Property Tax Levies and Collections
Last Ten Years

| Fiscal year | City Tax levy | | | Total collections | % of levy collected | Outstanding combined delinquent PP taxes |
|-------------|-------------------------|---------------|---------------|-------------------|---------------------|------------------------------------------|
| | Tax increment financing | Local | Total | | | |
| 2009 | \$ 4,829,216 | \$ 20,142,000 | \$ 24,971,216 | \$ 24,972,712 | 100.01% | \$ 36,945 |
| 2008 | 4,685,811 | 19,555,000 | 24,240,811 | 24,219,148 | 99.91% | 45,243 |
| 2007 | 3,127,116 | 18,501,000 | 21,628,116 | 21,641,373 | 100.06% | 27,424 |
| 2006 | 2,860,368 | 17,566,000 | 20,426,368 | 20,420,758 | 99.97% | 42,150 |
| 2005 | 2,925,386 | 16,899,300 | 19,824,686 | 19,811,739 | 99.93% | 52,998 |
| 2004 | 2,729,979 | 15,813,611 | 18,543,590 | 18,537,786 | 99.97% | 65,425 |
| 2003 | 2,631,082 | 15,606,851 | 18,237,933 | 18,115,165 | 99.33% | 57,488 |
| 2002 | 2,686,561 | 14,861,543 | 17,548,104 | 17,483,984 | 99.63% | 83,606 |
| 2001 | 2,220,643 | 13,487,899 | 15,708,542 | 15,717,957 | 100.06% | 51,020 |
| 2000 | 1,886,513 | 11,780,580 | 13,667,093 | 13,668,358 | 100.01% | 32,365 |

Source: City of Franklin

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

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

CITY OF FRANKLIN
SCHEDULE OF PROPERTY TAX LEVIES BY TAX JURISDICTION
 Last Ten Years

| Levy Year | State of Wisconsin | School Districts | | | | City of Franklin | | | | | |
|-----------|--------------------|------------------|---------------|--------------|--------------------|------------------|--------------|---------------|---------------|-----------------|---------------|
| | | Milwaukee County | Franklin | Whitnall | Oak Creek-Franklin | MATC | MMSD | Local | Tax increment | Special Charges | Total |
| 2009 | \$ 664,000 | \$ 14,854,113 | \$ 30,632,223 | \$ 2,424,105 | \$ 4,403,920 | \$ 6,842,077 | \$ 4,574,057 | \$ 20,426,000 | \$ 7,457,956 | \$ 818,455 | \$ 93,096,906 |
| 2008 | 661,580 | 14,548,992 | 29,476,874 | 2,312,202 | 4,264,165 | 6,742,019 | 4,575,710 | 20,142,000 | 4,829,216 | 738,020 | 88,290,778 |
| 2007 | 626,055 | 13,522,407 | 28,554,442 | 2,249,175 | 4,192,123 | 6,161,570 | 4,299,178 | 19,555,000 | 4,685,811 | 669,010 | 84,514,771 |
| 2006 | 611,435 | 13,093,014 | 25,574,810 | 2,178,490 | 3,703,359 | 5,905,586 | 4,175,609 | 18,501,000 | 3,127,116 | 680,126 | 77,550,545 |
| 2005 | 568,521 | 12,370,412 | 23,516,671 | 1,986,396 | 3,765,902 | 5,474,766 | 3,974,373 | 17,566,000 | 2,860,368 | 636,113 | 72,719,522 |
| 2004 | 536,389 | 11,704,079 | 23,562,904 | 2,072,573 | 2,987,492 | 4,976,144 | 3,765,405 | 16,899,300 | 2,925,386 | 760,961 | 70,190,633 |
| 2003 | 480,153 | 10,982,099 | 23,147,556 | 1,945,269 | 2,748,924 | 4,538,616 | 3,478,005 | 15,813,611 | 2,729,979 | 629,490 | 66,493,702 |
| 2002 | 444,602 | 10,821,595 | 20,815,514 | 1,889,735 | 2,639,959 | 4,269,377 | 3,447,820 | 15,606,851 | 2,631,082 | 774,753 | 63,341,288 |
| 2001 | 405,334 | 10,408,902 | 20,926,137 | 1,844,422 | 2,509,659 | 3,919,511 | 3,126,200 | 14,861,543 | 2,686,561 | 828,290 | 61,516,559 |
| 2000 | 374,308 | 9,933,681 | 19,299,836 | 1,927,900 | 2,132,862 | 3,638,788 | 2,885,361 | 13,487,899 | 2,220,643 | 788,940 | 56,690,218 |

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

Note: Each taxing jurisdiction above submits to the City of Franklin their approved tax levy in November of the levy year for use in the following year.
 The City of Franklin totals the levy requests, produces tax bills for all taxable properties, collects amounts billed and remits collections to the tax jurisdictions in accordance with Wisconsin Statutes.

CITY OF FRANKLIN

Ratios of Net General Bonded Debt Outstanding
Last Ten Years

| Fiscal year | General Bonded Debt | | | | | | | | | | (1) | | |
|----------------|---------------------------------|---------------------------------|---------------------------|------------------------------------------|------------------------------------|------------------------------------------|-------------------------------------------------------|---------------------------------------------------|--------------|-------|----------------------------------|----------------------------------------------|----------------------------------------------------------|
| | Governmental | | | | Business-type | | Less Amounts | | | | Net General Bonded Debt | Percent of Estimated Property Value | (2) Percent of Personal Income Per Capita |
| | General Obligations Bonds | General Obligations Notes | Lease Revenue Bonds | Water General Obligations Notes | Total General Bonded Debt | Less Debt Service Fund Balances | due from Tax Incremental Financing Districts | Less Amounts due from Future Development | | | | | |
| | | | | | | | | | | | | | |
| 2009 | \$ 9,880,000 | \$ 35,285,000 | \$ - | \$ - | \$ 45,165,000 | \$ (2,078,900) | \$ (30,948,000) | \$ (5,112,686) | \$ 7,025,414 | 0.18% | N/A | 208 | |
| 2008 | \$ 10,030,000 | 46,050,000 | - | - | 56,080,000 | (8,339,240) | (35,100,000) | (4,775,000) | 7,865,760 | 0.21% | 0.71% | 234 | |
| 2007 | 10,180,000 | 39,525,000 | 2,375,000 | - | 52,080,000 | (12,240,785) | (30,875,000) | (4,294,700) | 4,669,515 | 0.13% | 0.42% | 140 | |
| 2006 | 9,775,000 | 31,825,000 | 5,195,000 | - | 46,795,000 | (10,395,507) | (23,695,000) | (4,497,000) | 8,207,493 | 0.24% | 0.75% | 249 | |
| 2005 | 9,825,000 | 23,075,000 | 17,715,000 | - | 50,615,000 | (8,719,542) | (24,715,000) | (4,754,000) | 12,426,458 | 0.42% | 1.31% | 382 | |
| 2004 | 10,725,000 | 14,075,000 | 20,030,000 | - | 44,830,000 | (126,566) | (20,030,000) | (4,943,000) | 19,730,434 | 0.75% | 2.21% | 620 | |
| 2003 | 11,075,000 | 17,725,000 | 22,270,000 | - | 51,070,000 | (1,572,038) | (22,270,000) | (5,028,767) | 22,199,195 | 0.95% | 2.58% | 705 | |
| 2002 | 11,425,000 | 20,035,000 | 23,570,000 | 940,000 | 55,970,000 | (2,177,942) | (23,570,000) | (5,132,500) | 25,089,558 | 1.16% | 3.00% | 816 | |
| 2001 | 11,750,000 | 21,760,000 | 24,655,000 | 990,000 | 59,155,000 | (1,397,696) | (24,655,000) | - | 33,102,304 | 1.68% | 4.15% | 1,096 | |
| 2000 | 2,050,000 | 24,260,000 | 25,270,000 | 1,040,000 | 52,620,000 | (1,445,005) | (25,270,000) | - | 25,904,995 | 1.42% | 3.06% | 878 | |

(1) Estimated Actual Property values are found in Table 6

(2) Population and personal income can be found in Table 13

Notes: In 2008 the City issued \$10,000,000. Proceeds were used to provide funding for TIF Districts

In 2007 the City issued \$19,925,000. Proceeds of \$9.925M were used to refinance existing general obligation bonds and \$10M were used for TIF Districts

In 2006 the City issued \$10,000,000. Proceeds were used to refinance existing lease revenue bonds

In 2005 the City issued \$10,000,000. Proceeds were used to provide funding for two new TIF Districts and public works projects

In 2002 th City established an impact fee ordinance that allows for new development to pay for a portion of the police station, fire station and library

In 2001 the City issued \$10,000,000. Proceeds were used for building a new library, fire station and public works projects

In 2000 the City issued \$10,000,000. Proceeds were used for building a new police station

CITY OF FRANKLIN
SCHEDULE OF DIRECT AND OVERLAPPING DEBT
 December 31, 2009

| Jurisdiction | Net general obligation bonded debt outstanding | | Percentage applicable to City | | Amount applicable to City | | | | |
|------------------------------------------|------------------------------------------------|------------|-------------------------------|--------------------|---------------------------|---------------|------------------------|------------------|----------------|
| | \$ | | | | \$ | | | | |
| Milwaukee County ¹ | \$ 865,821,769 | | 5.6230% | | \$ 48,685,158 | | | | |
| Whitnall School District | 2,680,000 | | 14.8873% | | 398,980 | | | | |
| Oak Creek - Franklin School District | 57,560,000 | | 13.6003% | | 7,828,304 | | | | |
| Franklin School District | 9,860,000 | | 100.0000% | | 9,860,000 | | | | |
| Milwaukee Area Technical College | 81,890,000 | | 4.6043% | | 3,770,474 | | | | |
| Milwaukee Metropolitan Sewerage District | 892,725,569 | | 5.5471% | | 49,520,701 | | | | |
| Total Overlapping Debt | 1,910,537,338 | | | | 120,063,617 | | | | |
| City of Franklin | 45,165,000 | | 100.0000% | | 45,165,000 | | | | |
| Total | \$ 1,955,702,338 | | | | \$ 165,228,617 | | | | |
| History | Milwaukee County | | School Districts | | MATC | MMSD | Overlapping Debt Total | City of Franklin | Total |
| | Franklin | Whitnall | Franklin | Oak Creek/Franklin | | | | | |
| 2009 | \$ 48,685,158 | \$ 398,980 | \$ 9,860,000 | \$ 9,860,000 | \$ 2,930,822 | \$ 49,520,701 | \$ 121,255,661 | \$ 45,165,000 | \$ 166,420,661 |
| 2008 | 24,814,695 | 498,112 | 13,335,000 | 8,825,309 | 2,930,822 | 50,315,201 | 100,719,139 | 56,080,000 | 156,799,139 |
| 2007 | 24,417,746 | 584,345 | 16,615,000 | 9,317,100 | 2,693,188 | 40,872,492 | 94,499,871 | 49,705,000 | 144,204,871 |
| 2006 | 25,056,911 | 997,479 | 19,545,000 | 5,652,024 | 2,894,865 | 39,475,550 | 93,621,829 | 41,600,000 | 135,221,829 |
| 2005 | 24,889,812 | 1,190,187 | 22,100,000 | 5,572,164 | 3,253,837 | 37,814,976 | 94,820,976 | 32,900,000 | 127,720,976 |
| 2004 | 24,242,972 | 984,609 | 24,505,000 | 4,397,036 | 3,067,016 | 34,910,053 | 92,106,686 | 24,800,000 | 116,906,686 |
| 2003 | 23,590,876 | 1,085,129 | 26,800,000 | 3,890,811 | 3,105,710 | 32,092,924 | 90,565,450 | 28,800,000 | 119,365,450 |
| 2002 | 24,017,363 | 1,217,714 | 28,970,000 | 4,182,879 | 3,138,871 | 26,420,585 | 87,947,412 | 32,400,000 | 120,347,412 |
| 2001 | 23,253,427 | 1,291,253 | 31,050,000 | 4,270,581 | 3,180,458 | 24,232,203 | 87,277,922 | 34,500,000 | 121,777,922 |
| 2000 | 23,732,320 | 1,538,775 | 32,330,000 | 1,369,729 | 3,118,897 | 19,375,672 | 81,465,393 | 27,350,000 | 108,815,393 |

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

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

¹ In 2009 Milwaukee County issued \$400,000,000 In pension obligation debt

Table 13

CITY OF FRANKLIN
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Years

| <u>Fiscal year</u> | <u>(1) Equalized Valuation</u> | <u>5% of Equalized Value</u> | <u>Total Debt Applicable to Limit</u> | <u>Legal Debt Margin</u> | <u>Percent Used</u> |
|------------------------|----------------------------------------|--------------------------------------|---------------------------------------------------|----------------------------------|-------------------------|
| 2009 | \$ 3,912,642,600 | \$ 195,632,130 | \$ 45,165,000 | \$ 150,467,130 | 23.09% |
| 2008 | 3,898,387,300 | 194,919,365 | 56,080,000 | 138,839,365 | 28.77% |
| 2007 | 3,689,054,400 | 184,452,720 | 49,705,000 | 134,747,720 | 26.95% |
| 2006 | 3,481,759,700 | 174,087,985 | 41,600,000 | 132,487,985 | 23.90% |
| 2005 | 3,030,815,900 | 151,540,795 | 32,900,000 | 118,640,795 | 21.71% |
| 2004 | 2,681,945,500 | 134,097,275 | 24,800,000 | 109,297,275 | 18.49% |
| 2003 | 2,400,765,500 | 120,038,275 | 28,800,000 | 91,238,275 | 23.99% |
| 2002 | 2,223,010,500 | 111,150,525 | 32,400,000 | 78,750,525 | 29.15% |
| 2001 | 2,026,671,300 | 101,333,565 | 34,500,000 | 66,833,565 | 34.05% |
| 2000 | 1,871,538,300 | 93,576,915 | 27,350,000 | 66,226,915 | 29.23% |

(1) From Table 5

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

Table 14

CITY OF FRANKLIN

Demographic and Economic Statistics
Last Ten Years

| Fiscal year | (1) Population | (2) | | (3) | | | |
|----------------|-------------------|--------------------|----------------------------------|---------------------|---------------------|-----------------------|----------------------------------------------------------------------------------|
| | | Personal Income | Per capita adjusted gross income | City of Franklin | Milwaukee County | State of Wisconsin | Unemployment rates City of Franklin County Milwaukee State of Wisconsin |
| 2009 | 33,700 | N/A | N/A | N/A | N/A | N/A | 9.3% 8.3% |
| 2008 | 33,550 | \$ 1,103,807,365 | \$ 32,900 | \$ 21,233 | \$ 24,329 | \$ 24,329 | 6.3% 5.9% |
| 2007 | 33,380 | 1,117,587,480 | 33,481 | 21,603 | 24,374 | 24,374 | 4.8% 4.3% |
| 2006 | 33,000 | 1,091,761,153 | 33,084 | 20,782 | 23,845 | 23,845 | 5.0% 4.5% |
| 2005 | 32,548 | 951,934,636 | 29,247 | 19,372 | 22,214 | 22,214 | 5.2% 4.5% |
| 2004 | 31,804 | 893,501,576 | 28,094 | 18,240 | 21,055 | 21,055 | 5.3% 4.4% |
| 2003 | 31,467 | 859,395,237 | 27,311 | 17,900 | 20,606 | 20,606 | 6.0% 4.9% |
| 2002 | 30,749 | 836,126,808 | 27,192 | 17,492 | 19,809 | 19,809 | 6.1% 5.0% |
| 2001 | 30,199 | 796,951,610 | 26,390 | 18,082 | 20,091 | 20,091 | 5.7% 4.8% |
| 2000 | 29,494 | 846,536,788 | 28,702 | 18,067 | 20,503 | 20,503 | 3.8% 3.2% |

(1) Bureau of Census, State of Wisconsin

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

(3) US Bureau of Labor Statistics

N/A Not Available

CITY OF FRANKLIN

Principal Employers

Current year and Nine Years Ago

| Taxpayer | Type of Business | 2009 | | | 2000 | | |
|------------------------------|-------------------------------------|-----------|------|----------------------------------------|-----------|------|----------------------------------------|
| | | Employees | Rank | Percent of Total City Employment | Employees | Rank | Percent of Total City Employment |
| | | | | | | | |
| Northwestern Mutual | Insurance/Investment Services | 1,800 | 1 | 10.45% | - | - | - |
| Franklin Public Schools | K-12 Education | 600 | 2 | 3.48% | 550 | 2 | 3.26% |
| Krones, Incorporated | High speed labeling/filler machines | 417 | 3 | 2.42% | 700 | 1 | 4.15% |
| Milwaukee County | | | | | | | |
| House of Correction | Government | 406 | 4 | 2.36% | 540 | 3 | 3.20% |
| General Automotive Mfg LLC | Off-road engine components mfg. | 400 | 5 | 2.32% | 350 | 5 | 2.07% |
| Wal-Mart | Retailer | 360 | 6 | 2.09% | 417 | 4 | 2.47% |
| Waste Management | Landfill and refuse collection | 300 | 7 | 1.74% | - | - | - |
| Conway Transport | General Freight Trucking | 300 | 8 | 1.74% | - | - | - |
| City of Franklin | Government | 255 | 9 | 1.48% | 243 | 8 | 1.44% |
| Pick N Save | Grocery | 239 | 10 | 1.39% | - | - | - |
| All Glass Aquarium | Aquariums and fluorescent lights | - | - | - | 300 | 6 | 1.78% |
| Electronic Cable Specialists | Wire harnesses | - | - | - | 250 | 7 | 1.48% |
| Vesta Inc | Silicone rubber molded products | - | - | - | 200 | 9 | 1.18% |
| General Thermodynamics | Heat Exchangers | - | - | - | 150 | 10 | 0.89% |
| | | 5,077 | | 29.48% | 3,700 | | 21.91% |

Source: Past Debt offering Official Statements and employer surveys

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

| Department | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| Common Council | 0.00 | 0.00 | 0.48 | 0.48 | 0.48 | | | | | |
| Municipal Buildings | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 0.50 | 0.45 | 0.45 | 0.45 | 0.20 |
| Clerk ¹ | 4.00 | 4.00 | 3.53 | 3.53 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 | 3.50 |
| Information Services | - | - | - | - | - | - | - | - | - | 1.00 |
| Administration ¹ | 3.60 | 3.60 | 3.80 | 3.80 | 3.80 | 3.75 | 3.25 | 3.00 | 3.00 | 3.00 |
| Finance | 7.10 | 7.10 | 7.10 | 7.30 | 7.30 | 7.45 | 7.45 | 7.18 | 7.38 | 7.38 |
| Assessor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Municipal Buildings | 4.74 | 4.74 | 4.83 | 4.83 | 4.90 | 4.68 | 4.68 | 5.06 | 4.56 | 4.06 |
| Total General Government | 22.44 | 22.44 | 22.74 | 22.94 | 22.98 | 20.88 | 21.33 | 21.19 | 20.89 | 21.14 |
| Public Safety | | | | | | | | | | |
| Police | 77.25 | 77.25 | 77.25 | 77.25 | 77.25 | 78.75 | 78.75 | 78.75 | 78.75 | 76.75 |
| Fire | 46.45 | 46.45 | 46.45 | 45.45 | 44.00 | 44.00 | 44.00 | 44.00 | 44.50 | 44.00 |
| Paid on Call Fire | - | - | - | - | - | - | - | - | 6.00 | 6.00 |
| Building Inspection | 8.00 | 8.00 | 10.00 | 10.00 | 10.00 | 12.00 | 11.00 | 12.00 | 11.00 | 11.00 |
| Total Public Safety | 131.70 | 131.70 | 133.70 | 132.70 | 131.25 | 134.75 | 133.75 | 134.75 | 140.25 | 137.75 |
| Public Works | | | | | | | | | | |
| Engineering | 8.80 | 8.80 | 9.80 | 9.80 | 9.80 | 9.80 | 9.80 | 9.80 | 9.80 | 9.80 |
| Highway | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 21.00 | 22.00 | 21.00 | 19.75 |
| Parks | 2.00 | 2.00 | 2.27 | 1.79 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Total Public Works | 32.80 | 32.80 | 34.07 | 33.59 | 33.05 | 33.05 | 32.05 | 33.05 | 32.05 | 30.80 |
| Public Health | 6.15 | 6.15 | 6.50 | 6.63 | 6.50 | 6.50 | 6.35 | 6.35 | 6.35 | 6.16 |
| City Development | 5.60 | 5.60 | 7.60 | 7.60 | 6.60 | 6.60 | 5.21 | 6.49 | 5.84 | 5.09 |
| Total General Fund | 198.69 | 198.69 | 204.61 | 203.46 | 200.38 | 201.78 | 198.69 | 201.83 | 205.38 | 200.94 |
| Public Health - Grant | - | - | - | - | - | 0.25 | 0.60 | 0.60 | 0.60 | 0.60 |
| Library | 17.11 | 17.11 | 17.20 | 17.22 | 16.92 | 16.10 | 15.59 | 15.04 | 15.29 | 12.81 |
| Sewer & Water | 12.55 | 12.55 | 12.85 | 12.85 | 12.85 | 11.10 | 10.80 | 9.80 | 10.75 | 9.75 |
| Total (including paid on call) | 228.35 | 228.35 | 234.66 | 233.53 | 230.15 | 229.23 | 225.68 | 227.27 | 232.02 | 224.10 |
| Total FTE's | 228.35 | 228.35 | 234.66 | 233.53 | 230.15 | 229.23 | 225.68 | 227.27 | 226.02 | 218.10 |

¹ Prior to 2000 the Clerk Department and included the Administration and Human Resource position

² Prior to 2001 the Library was part of the General Fund

CITY OF FRANKLIN

Operating Indicators by Function/Program
Last Ten Years

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|----------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Police | | | | | | | | | | |
| Part 1 Major Crimes | 1,000 | 994 | 1,066 | 764 | 775 | 765 | 822 | 681 | 754 | 743 |
| Arrests | 1,650 | 1,457 | 1,492 | 2,021 | 1,954 | 1,754 | 1,682 | 1,817 | 2,282 | 2,114 |
| Traffic Citations | 5,600 | 5,549 | 7,001 | 5,191 | 5,945 | 6,740 | 5,403 | 6,460 | 6,882 | 7,181 |
| Parking Citations | 1,412 | 1,331 | 1,448 | 1,539 | 2,076 | 1,892 | 1,732 | 1,899 | 1,919 | 1,787 |
| Call for service | 27,500 | 27,107 | 28,169 | - | 77,146 | 81,790 | 87,053 | 82,488 | 83,268 | 79,654 |
| Call to Dispatch | - | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 55 |
| Number of sworn officers | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 59 | 55 |
| Fire | | | | | | | | | | |
| Fire Responses | 700 | 704 | 573 | 588 | 514 | 557 | 531 | 463 | 510 | 559 |
| EMS Responses | 2,600 | 2,790 | 2,767 | 2,526 | 2,451 | 2,225 | 2,114 | 2,235 | 2,163 | 1,896 |
| Fire Inspections | 2,600 | 2,578 | 2,364 | 2,267 | 2,056 | 1,800 | 1,770 | 1,610 | 1,593 | 1,376 |
| Number of full-time firefighters | 46 | 46 | 46 | 45 | 43 | 43 | 43 | 43 | 43 | 37 |
| Number of paid on call firefighters | - | - | - | - | - | - | - | 6 | 6 | 21 |
| Highway | | | | | | | | | | |
| Miles of crack sealing | 30 | 34 | 31 | 21 | 19 | 17 | 21 | 15 | 19 | 12 |
| Tress pruned | 800 | 378 | 558 | 1,640 | 823 | 988 | 1,101 | 1,000 | 1,058 | 852 |
| Vehicles maintained | 165 | 165 | 159 | 150 | 150 | 150 | 149 | 147 | 145 | 140 |
| Solid Waste | | | | | | | | | | |
| Non-recyclable refuse collected (tons) | 8,500 | 8,519 | 8,381 | 8,368 | 8,296 | 8,372 | 5,722 | 6,569 | 6,992 | 7,008 |
| Recyclables collected (tons) | 3,050 | 2,825 | 3,008 | 3,108 | 3,132 | 3,097 | 2,617 | 2,810 | 2,451 | 2,502 |
| Yard Waste (tons) | 210 | 214 | 205 | 208 | 193 | 246 | 277 | 282 | 84 | 250 |
| Health | | | | | | | | | | |
| Home Visits | 1,400 | 1,280 | 1,401 | 1,602 | 1,440 | 946 | 660 | 605 | 690 | 817 |
| Immunization Clinic visits | 3,500 | 3,407 | 3,015 | 3,004 | 3,140 | 2,550 | 3,088 | 2,877 | 2,376 | 2,678 |
| Sanitarian Inspections | 300 | 274 | 196 | 393 | 420 | 454 | 483 | 420 | 430 | 446 |
| Animal Control | | | | | | | | | | |
| Animal Control Pickups | 120 | 165 | 223 | 194 | 208 | 214 | 175 | 193 | 190 | 170 |
| Library | | | | | | | | | | |
| Circulation | 492,000 | 490,843 | 471,442 | 465,468 | 452,382 | 434,568 | 400,986 | 350,000 | 269,549 | 231,220 |
| Collection size | 131,000 | 130,000 | 127,000 | 120,724 | 117,804 | 110,376 | 65,000 | 60,000 | 56,000 | 54,038 |
| Internet use | 50,222 | 55,000 | 54,000 | 51,187 | 46,364 | 39,059 | 35,050 | 21,145 | 8,133 | 7,067 |
| Sanitary Sewer | | | | | | | | | | |
| Number of Customers | 9,883 | 9,853 | 9,779 | 9,567 | 9,216 | 8,769 | 8,580 | 8,380 | 8,075 | 7,794 |
| Feet of sewer cleaned | 250,000 | 264,000 | 92,010 | 119,200 | 317,042 | 222,461 | 247,681 | 217,000 | 230,000 | 314,500 |
| Water | | | | | | | | | | |
| Number of Customers -average | 7,756 | 7,683 | 7,561 | 7,288 | 6,930 | 5,311 | 4,695 | 4,670 | 4,572 | 4,460 |
| Average daily consumption | 2,461,276 | 2,474,000 | 2,521,000 | 2,269,000 | 2,519,000 | 1,929,000 | 1,864,000 | 1,875,000 | 1,815,000 | 1,618,000 |
| Peak daily Consumption | 4,803,000 | 5,681,000 | 6,097,420 | 5,023,029 | 5,737,376 | 4,612,000 | 5,270,000 | 5,063,000 | 5,159,000 | 2,589,000 |

CITY OF FRANKLIN

Capital Asset Statistics by Function/Program
Last Ten Years

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|----------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Area in square miles | 34.5 | 34.5 | 34.5 | 34.5 | 34.5 | 34.5 | 34.5 | 34.5 | 34.5 | 34.5 |
| Area in acres: | | | | | | | | | | |
| Total acres | 22,180 | 22,180 | 22,180 | 22,180 | 22,180 | 22,180 | 22,180 | 22,180 | 22,180 | 22,180 |
| Taxable acres (approximate) | 15,549 | 15,550 | 15,634 | 15,642 | 17,700 | 17,700 | 17,700 | 17,700 | 17,300 | 17,300 |
| Acres developed (approximate) | 11,287 | 11,233 | 10,878 | 10,210 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 |
| Acres in park and open space | 3,873 | 3,873 | 3,851 | 3,684 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 | 3,500 |
| Miles of road: | | | | | | | | | | |
| State | 16.85 | 16.85 | 16.85 | 16.85 | 16.85 | 16.85 | 16.85 | 16.85 | 16.85 | 16.85 |
| County | 23.74 | 23.74 | 23.74 | 23.74 | 23.74 | 23.74 | 23.74 | 23.74 | 23.74 | 23.14 |
| Local | 165.97 | 166.51 | 165.31 | 164.74 | 162.78 | 159.85 | 155.68 | 152.55 | 150.89 | 149.29 |
| Fire protection and ambulance service: | | | | | | | | | | |
| Number of manned fire stations | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 |
| Police protection: | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of sub stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Sewer and water service: | | | | | | | | | | |
| Miles of sanitary sewer | 185 | 182 | 181 | 180 | 176 | 163 | 154 | 147 | 144 | 144 |
| Miles of watermain | 166 | 164 | 163 | 157 | 154 | 124 | 98 | 95 | 89 | 89 |
| Number of fire hydrants | 2,097 | 2,081 | 2,058 | 1,956 | 1,890 | 1,726 | 1,362 | 1,295 | 1,242 | 1,186 |
| Recreation and culture: | | | | | | | | | | |
| Number of trails | 4 | 4 | 4 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Number of city parks | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Number of county parks | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Number of libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Municipal Buildings (square footage): | | | | | | | | | | |
| City Hall | 47,206 | 47,206 | 47,206 | 47,206 | 47,206 | 47,206 | 47,206 | 47,206 | 47,206 | 47,206 |
| Law Enforcement building | 68,300 | 68,300 | 68,300 | 68,300 | 68,300 | 68,300 | 68,300 | 68,300 | - | - |
| Fire Stations | 26,480 | 26,480 | 26,480 | 26,480 | 26,480 | 26,480 | 26,480 | 26,480 | 21,060 | 21,060 |
| Library | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | - | - |
| Public Works Building | 45,450 | 45,450 | 45,450 | 45,450 | 45,450 | 45,450 | 45,450 | 45,450 | 45,450 | 45,450 |
| Sewer & Water Building | 6,620 | 6,620 | 6,620 | 6,620 | 6,620 | 6,620 | 6,620 | 6,620 | 6,620 | 6,620 |