

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2021

In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes. See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

New Issue

Rating: Moody's Investors Service, Inc. "Aa2"

CITY OF FRANKLIN, WISCONSIN (Milwaukee County)

\$6,710,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021B

BID OPENING: November 16, 2021, 10:30 A.M., C.T.

CONSIDERATION: November 16, 2021, 6:30 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$6,710,000* General Obligation Corporate Purpose Bonds, Series 2021B (the "Bonds") of the City of Franklin, Wisconsin (the "City") are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of sewerage projects and providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental Districts. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS:

December 2, 2021

MATURITY:

March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$100,000	2029	\$320,000	2036	\$435,000
2023	100,000	2030	340,000	2037	450,000
2024	100,000	2031	350,000	2038	475,000
2025	110,000	2032	365,000	2039	490,000
2026	225,000	2033	380,000	2040	510,000
2027	295,000	2034	395,000	2041	540,000
2028	315,000	2035	415,000		

***MATURITY**

ADJUSTMENTS:

The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS:

See "Term Bond Option" herein.

INTEREST:

March 1, 2022 and semiannually thereafter.

OPTIONAL REDEMPTION:

Bonds maturing on March 1, 2030 and thereafter are subject to call for prior optional redemption on March 1, 2029 or any date thereafter, at a price of par plus accrued interest.

MINIMUM BID:

\$6,626,125.

MAXIMUM BID:

\$7,045,500.

GOOD FAITH DEPOSIT:

A good faith deposit in the amount of \$134,200 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT:

Bond Trust Services Corporation.

BOND COUNSEL

& DISCLOSURE COUNSEL: Quarles & Brady LLP.

MUNICIPAL ADVISOR:

Ehlers and Associates, Inc.

BOOK-ENTRY-ONLY:

See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).

REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Preliminary Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. ***This Preliminary Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.***

This Preliminary Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers and Associates, Inc. prepared this Preliminary Official Statement and any addenda thereto relying on information from the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Quarles & Brady LLP will serve as Disclosure Counsel to the City with respect to the Bonds. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Preliminary Official Statement: This Preliminary Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Preliminary Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Preliminary Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Preliminary Official Statement describes the conditions under which the City is required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Preliminary Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

TABLE OF CONTENTS

INTRODUCTORY STATEMENT.	1	TAX LEVIES AND COLLECTIONS.	19
THE BONDS.	1	TAX LEVIES AND COLLECTIONS.	19
GENERAL.	1	PROPERTY TAX RATES.	20
OPTIONAL REDEMPTION.	1	LEVY LIMITS.	20
AUTHORITY; PURPOSE.	2	THE ISSUER.	22
ESTIMATED SOURCES AND USES.	2	CITY GOVERNMENT.	22
SECURITY.	2	EMPLOYEES; PENSIONS.	22
RATING.	2	OTHER POST EMPLOYMENT BENEFITS.	24
CONTINUING DISCLOSURE.	3	LITIGATION.	25
LEGAL MATTERS.	3	MUNICIPAL BANKRUPTCY.	25
TAX EXEMPTION.	4	FUNDS ON HAND.	26
ORIGINAL ISSUE DISCOUNT.	4	ENTERPRISE FUNDS.	26
BOND PREMIUM.	5	SUMMARY GENERAL FUND	
QUALIFIED TAX-EXEMPT OBLIGATIONS.	5	INFORMATION.	27
MUNICIPAL ADVISOR.	6	GENERAL INFORMATION.	28
MUNICIPAL ADVISOR AFFILIATED		LOCATION.	28
COMPANIES.	6	LARGER EMPLOYERS.	28
INDEPENDENT AUDITORS.	6	BUILDING PERMITS.	29
RISK FACTORS.	6	U.S. CENSUS DATA.	30
VALUATIONS.	10	EMPLOYMENT/UNEMPLOYMENT DATA.	30
WISCONSIN PROPERTY VALUATIONS;		FINANCIAL STATEMENTS.	A-1
PROPERTY TAXES.	10	FORM OF LEGAL OPINION.	B-1
CURRENT PROPERTY VALUATIONS.	11	BOOK-ENTRY-ONLY SYSTEM.	C-1
2021 EQUALIZED VALUE BY		FORM OF CONTINUING DISCLOSURE	
CLASSIFICATION.	11	CERTIFICATE.	D-1
TREND OF VALUATIONS.	11	NOTICE OF SALE.	E-1
LARGER TAXPAYERS.	12	BID FORM	
DEBT.	13		
DIRECT DEBT.	13		
MUNICIPAL REVENUE OBLIGATIONS.	13		
SCHEDULE OF GENERAL OBLIGATION			
DEBT.	14		
DEBT LIMIT.	17		
OVERLAPPING DEBT.	17		
DEBT RATIOS.	18		
DEBT PAYMENT HISTORY.	18		
FUTURE FINANCING.	18		

CITY OF FRANKLIN COMMON COUNCIL

		<u>Term Expires</u>
Stephen R. Olson	Mayor	April 2023
Mike Barber	Alderman	April 2022
Shari Hanneman	Alderman	April 2023
Ed Holpfer	Aldermen	April 2022
Daniel Mayer	Alderman	April 2022
John Nelson	Alderman	April 2023
Kristen Wilhelm	Alderman	April 2023

ADMINISTRATION

Peggy Steeno, Director of Administration

Paul Rotzenberg, Director of Finance & Treasurer¹

Sandra L. Wesolowski, Director of Clerk Services/City Clerk

PROFESSIONAL SERVICES

Jesse A. Wesolowski, City Attorney, Franklin, Wisconsin

Quarles & Brady LLP, Bond Counsel and Disclosure Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Waukesha, Wisconsin
(Other offices located in Roseville, Minnesota and Denver, Colorado)

¹ Paul Rotzenberg is retiring November 24, 2021. The City is in the process of determining a successor to fill the position.

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Franklin, Wisconsin (the "City") and the issuance of its \$6,710,000* General Obligation Corporate Purpose Bonds, 2021B (the "Bonds"). Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds ("Award Resolution") to be adopted by the Common Council on November 16, 2021.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Waukesha, Wisconsin, (262) 785-1520, the City's municipal advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 2, 2021. The Bonds will mature on March 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected Bond Trust Services Corporation, Roseville, Minnesota ("BTSC"), to act as paying agent (the "Paying Agent"). BTSC and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2030 shall be subject to optional redemption prior to maturity on March 1, 2029 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of sewerage system projects and providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental Districts.

ESTIMATED SOURCES AND USES*

Sources		
Par Amount of Bonds	\$6,710,000	
Estimated Interest Earnings	<u>1,610</u>	
Total Sources		\$6,711,610
Uses		
Estimated Underwriter's Discount	\$83,875	
Costs of Issuance	73,050	
Deposit to Capitalized Interest Fund	104,733	
Deposit to Project Construction Fund	6,440,000	
Rounding Amount	<u>9,952</u>	
Total Uses		\$6,711,610

*Preliminary, subject to change.

SECURITY

For the prompt payment of the Bonds with interest thereon and for the levy of taxes sufficient for this purpose, the full faith, credit and resources of the City will be irrevocably pledged. The City will levy a direct, annual, irrevocable tax on all taxable property in the City sufficient to pay the interest on the Bonds when it becomes due and also to pay and discharge the principal on the Bonds at maturity, in compliance with Article XI, Section 3 of the Wisconsin Constitution. Such tax may, under current law, be levied without limitation as to rate or amount.

RATING

The City received a rating of "Aa2" on the Bonds from Moody's Investors Service, Inc. ("Moody's"), and bidders were notified as to the assigned rating prior to the sale. Such rating reflects only the views of such organization and explanations of the significance of such rating may be obtained from Moody's. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgment of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events. The Disclosure Undertaking includes the two new material events effective February 27, 2019 under the Rule.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the City to comply with the Disclosure Undertaking will not constitute an event of default on the Bonds. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule. The City has reviewed its continuing disclosure responsibilities, including the two new material events, to help ensure compliance in the future. Ehlers is currently engaged as dissemination agent for the City.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding) (See "FORM OF LEGAL OPINION" found in Appendix B).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

TAX EXEMPTION

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

"The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The City has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the City comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds."

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

ORIGINAL ISSUE DISCOUNT

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds ("Discounted Bonds") will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner's particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

BOND PREMIUM

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds ("Premium Bonds") will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have "amortizable bond premium" within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a municipal advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

BTSC and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, Colorado, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2020, have been audited by Baker Tilly US, LLP, Milwaukee, Wisconsin, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here. Potential investors should review this Official Statement, including the appendices, in its entirety.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government taxes all or a portion of the interest on municipal bonds or notes or if the State government increases its tax on interest on bonds and notes, directly or indirectly, or if there is a change in federal or state tax policy, then the value of these Bonds may fall for purposes of resale. Noncompliance by the City with the covenants in the Award Resolution relating to certain continuing requirements of the Code may result in inclusion of interest to be paid on the Bonds in gross income of the recipient for United States income tax purposes, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Depository Risk: Wisconsin Statutes direct the local treasurer to immediately deposit upon receipt thereof, the funds of the municipality in a public depository designated by the governing body. A public depository means a federal or state credit union, federal or state savings and loan association, state bank, savings and trust company, mutual savings bank or national bank in Wisconsin or the local government pooled investment fund operated by the State Investment Board. It is not uncommon for a municipality to have deposits exceeding limits of federal and state insurance programs. Failure of a depository could result in loss of public funds or a delay in obtaining them. Such a loss or delay could interrupt a timely payment of municipal debt.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified. See "MUNICIPAL BANKRUPTCY" herein.

Cybersecurity: The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

Impact of the Spread of COVID-19: In late 2019, a novel strain of coronavirus (COVID-19) emerged in Wuhan, Hubei Province, China. COVID-19 has spread throughout the world, including to the United States, resulting in the World Health Organization proclaiming COVID-19 to be a pandemic and former President Trump declaring a national emergency. In response to the spread of COVID-19, the United States government, state governments, local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19. The effects of the spread of COVID-19 and the government and private responses to the spread continue to evolve. COVID-19 has caused significant disruptions to the global, national and State economy. The extent to which the coronavirus continues to impact the City and its financial condition will depend on future developments, which are uncertain and cannot be predicted by the City, including the duration of the outbreak and future measures taken to address the outbreak.

On March 12, 2020, Wisconsin Governor Tony Evers declared a public health emergency in the State in response to the growing threat of COVID-19. That declaration included direction to the state Department of Health Services to use any and all required resources to respond to and contain the outbreak. Governor Evers followed that up with a "safer at home" order (the "Order") on March 24, 2020, closing nonessential businesses, banning gatherings of any size and imposing strict travel restrictions through April 24, 2020. On April 16, 2020, the Order was extended from April 24, 2020 through May 26, 2020. On April 21, 2020, Republican legislators in the State filed a lawsuit challenging the legality of the Order. On May 13, 2020, the Wisconsin Supreme Court ruled that the State's Order is unlawful, invalid and unenforceable because the emergency rulemaking procedures under Section 227.24 of the Wisconsin Statutes and procedures established by the Wisconsin Legislature for rulemaking if criminal penalties were to follow were not followed in connection with the Order. The Supreme Court's decision does not invalidate any local health officials' orders or prevent future local health officials' orders related to the COVID-19 pandemic.

On July 30, 2020, Governor Evers issued Executive Order #82, declaring a public health emergency in Wisconsin to combat the spread of COVID-19. In conjunction with Executive Order #82, Governor Evers issued Emergency Order #1, requiring most people to wear face coverings when indoors, with certain exemptions in accordance with CDC guidelines. The public health emergency and mask orders have been extended multiple times, with the most recent extension on January 19, 2021 through March 20, 2021. On February 4, 2021, the Wisconsin Assembly voted to repeal the Governor's order requiring face coverings. Later the same day, Governor Evers issued a new Emergency Order #1 requiring the use of face coverings through April 5, 2021. On March 31, 2021, the Wisconsin Supreme Court struck down Emergency Order #1, finding that legislative approval was required to continue the order beyond its original 60-day period. The ruling does not impact the validity of local mandates.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") provides for federal payments from the Coronavirus Relief Fund to the State for the discrete purpose of covering expenses directly incurred as a result of COVID-19 between March 1 and December 30, 2020. On May 27, 2020, Governor Tony Evers announced a program titled, "Routes to Recovery: Local Government Aid Grants," which distributed \$190 million of the State's Coronavirus Relief Fund monies to all counties, cities, villages and towns across Wisconsin for unbudgeted eligible expenditures incurred due to COVID-19 between March 1 and November 17, 2020. The State allocated funds based on population with a guaranteed minimum allocation of \$5,000. The City's allocation was \$585,206. These funds were disbursed up to the amount of the allocation after eligible expenditures were reported through the State's cost tracker application. In addition, the City received approximately \$400,000 in additional grants through the CARES Act for costs related to the pandemic, including for contact tracing, election expenses, testing and health and human services. On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021, which provides local governments an additional \$130.2 billion through the Coronavirus Local Fiscal Recovery Fund. These funds can be used to mitigate increased expenditures, lost revenue and economic hardship related to the COVID-19 pandemic, with half received in 2021 and half to be received in 2022. The City's allocation is \$3,748,286.

VALUATIONS

WISCONSIN PROPERTY VALUATIONS; PROPERTY TAXES

Equalized Value

Section 70.57, Wisconsin Statutes, requires the Department of Revenue to annually determine the equalized value (also referred to as full equalized value or aggregate full value) of all taxable property in each county and taxation district. The equalized value is an independent estimate of value used to equate individual local assessment policies so that property taxes are uniform throughout the various subdivisions in the State. Equalized value is calculated based on the history of comparable sales and information about value changes or taxing status provided by the local assessor. A comparison of the State-determined equalized value and the local assessed value, expressed as a percentage, is known as the assessment ratio or level of assessment. The Department of Revenue notifies each county and taxing jurisdiction of its equalized value on August 15; school districts are notified on October 1. The equalized value of each county is the sum of the valuations of all cities, villages, and towns within its boundaries. Taxing jurisdictions lying in more than one municipality, such as counties, school districts, or special taxing districts, use the equalized value of the underlying units in calculating and levying their respective levies. Equalized values are also used to apportion state aids and calculate municipal general obligation debt limits.

Assessed Value

The "assessed value" of taxable property in a municipality is determined by the local assessor, except for manufacturing properties which are valued by the State. Each city, village or town retains its own local assessor, who must be certified by the State Department of Revenue. Assessed value is used by these municipalities to determine tax levy mill rates and to apportion levies among individual property owners. Each taxing district must assess property at full value at least once in every five-year period. The State requires that the assessed values must be within 10% of State equalized values at least once every four years. The local assessor values property as of January 1 each year and submits those values to each municipality by the second Monday in June. The assessor also reports any value changes taking place since the previous year, to the Department of Revenue, by the second Monday in June.

The economic impact of COVID-19 may impact assessed and equalized valuations of property in the State, including in the City. The City cannot predict the extent of any such changes, but a material decrease in the equalized valuations of property in the City may materially adversely affect the financial condition of the City (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

CURRENT PROPERTY VALUATIONS

2021 Equalized Value	\$4,887,373,400
2021 Equalized Value Reduced by Tax Increment Valuation	\$4,660,476,700
2021 Assessed Value	\$4,877,836,200

2021 EQUALIZED VALUE BY CLASSIFICATION

	2021 Equalized Value¹	Percent of Total Equalized Value
Residential	\$ 3,620,709,200	74.083%
Commercial	1,027,883,800	21.031%
Manufacturing	159,210,400	3.258%
Agricultural	900,800	0.018%
Undeveloped	2,396,700	0.049%
Ag Forest	209,000	0.004%
Forest	789,600	0.016%
Other	23,702,500	0.485%
Personal Property	51,571,400	1.055%
Total	<u><u>\$ 4,887,373,400</u></u>	<u><u>100.000%</u></u>

TREND OF VALUATIONS

Year	Assessed Value	Equalized Value¹	Percent Increase/Decrease in Equalized Value
2017	\$3,854,766,200	\$3,888,926,200	4.29%
2018	4,035,310,280	4,022,941,400	3.45%
2019	4,229,425,745	4,360,269,000	8.39%
2020	4,511,874,000	4,587,752,500	5.22%
2021	4,877,836,200	4,887,373,400	6.53%

Source: Wisconsin Department of Revenue, Bureau of Equalization and Local Government Services Bureau.

¹ Includes tax increment valuation.

LARGER TAXPAYERS

Taxpayer	Type of Business/Property	2021 Equalized Value¹	Percent of City's Total Equalized Value
Northwestern Mutual	Insurance Services	\$ 89,230,707	1.83%
Ascension Wisconsin	Medical Services	45,562,420	0.93%
Aurora Healthcare	Medical Services	34,179,534	0.70%
TI Investors of Franklin, LLC	Multi Family Housing	33,996,376	0.70%
Whitnall Pointe Apartments	Multi Family Housing	32,646,921	0.67%
Foresthill Highlands LLC	Multi Family Housing	27,223,720	0.56%
Velo Village Apartments LLC	Multi Family Housing	27,161,269	0.56%
Manchester Oaks	Multi Family Housing	25,614,566	0.52%
VTLC Development	Packaging Manufacturing	23,122,996	0.47%
BPC County Land LLC ²	Land Held for Development	22,515,066	0.46%
Total		\$ 361,253,575	7.39%

City's Total 2021 Equalized Value³ \$4,887,373,400

Source: The City.

¹ Calculated by dividing the 2021 Assessed Values by the 2021 Aggregate Ratio of assessment for the City.

² Assessment under appeal by taxpayer.

³ Includes tax increment valuation.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds, as defined herein)*	\$ <u>72,498,400</u>
--	----------------------

*Preliminary, subject to change.

MUNICIPAL REVENUE OBLIGATIONS

The City has issued municipal revenue obligations ("MROs") as part of development agreements, which are payable solely from tax increment revenues to the extent those revenues are available. Such obligations are special limited obligations of the City payable solely from tax increment revenues of the related tax increment district. If such tax increment revenues are not generated and available, no payment is due on the related MRO. For more information on such MROs, see Note 3.H. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

¹ Outstanding debt is as of the dated date of the Bonds.

City of Franklin, Wisconsin

Sewerage System Revenue Bonds

(1)

(2)

City of Franklin, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/2/2021)

Calendar Year Ending	Community Development Bonds Series 2019B		Taxable Corporate Purpose Bonds Series 2019C (1)		Promissory Notes Series 2019D		Taxable Refunding Bonds Series 2020A (1)		Community Development Bonds Series 2020B	
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity
2022	160,000	02/20/2019	200,000	12/04/2019	360,000	12/04/2019	0	12/10/2020	0	12/10/2020
2023	215,000	\$6,365,000	200,000	\$12,360,000	370,000	\$2,285,000	0	\$9,545,000	75,000	\$3,045,000
2024	270,000	03/01	450,000	03/01	235,000	03/01	200,000	03/01	100,000	03/01
2025	370,000		450,000		470,000		200,000		150,000	
2026	515,000		625,000		295,000		300,000		150,000	
2027	535,000		660,000		320,000		500,000		200,000	
2028	560,000		685,000				600,000		250,000	
2029	575,000		3,345,000				675,000		300,000	
2030	595,000		630,000				750,000		325,000	
2031	615,000		630,000				925,000		350,000	
2032	630,000		655,000				950,000		375,000	
2033	650,000		775,000				970,000		380,000	
2034	675,000		875,000				1,000,000		390,000	
2035			850,000				1,025,000			
2036			660,000				1,050,000			
2037			670,000							
2038										
2039										
2040										
2041										
	6,365,000		12,360,000		2,050,000		9,545,000		3,045,000	
	1,613,538		2,865,578		150,775		1,940,688		359,006	

(1) Debt service is expected to pay with tax increment revenues from the City's TID #5. The major development in TID #5 is Ball Park Commons, which is a mixed-use development consisting of a baseball stadium, sports village, restaurants, apartments, retail buildings, a hotel and offices. Under State law, the City is required to levy an amount sufficient to meet the debt service on its outstanding general obligation debt, but such levy may be abated by the use of such offsetting revenues, if and to the extent available. Property in TID #5 has not increased in value at the rate anticipated by the City, and the City expects that tax increment revenues may not be realized in amounts sufficient to cover the full debt service payments in future year. While the developer of Ball Park Commons agreed in its development agreement to make shortfall payments to make up for any deficiency in tax increment revenues for payment of debt service, no guarantee can be given that the developer will timely make any required shortfall payments.

To the extent tax increment revenues are not available to pay debt service and the developer fails to timely make shortfall payments, the City would be required to levy to pay debt service. In addition, the City may use interfund advances from its general fund to support the TID #5 fund.

--Continued on next page

City of Franklin, Wisconsin
Schedule of Bonded Indebtedness continued
General Obligation Debt Secured by Taxes
(As of 12/2/2021)

		Promissory Notes Series 2021A		Corporate Purpose Bonds Series 2021B					
Dated Amount		11/17/2021 \$2,040,000		12/2/2021 \$6,710,000*					
Maturity		03/01		03/01					
Calendar Year Ending	Principal	Interest	Principal	Interest	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding
2022	50,000	31,687	100,000	78,925		4,323,839	1,701,330	6,025,169	68,174,560
2023	100,000	38,800	100,000	105,226		3,996,802	1,625,870	5,622,671	64,177,759
2024	150,000	36,300	100,000	104,691		4,535,575	1,514,082	6,049,658	59,642,183
2025	150,000	33,300	110,000	104,043		4,655,181	1,393,241	6,048,421	54,987,003
2026	200,000	29,800	225,000	102,780		5,125,638	1,266,365	6,392,003	49,861,365
2027	250,000	25,300	295,000	100,553		5,596,968	1,130,879	6,727,847	44,264,397
2028	300,000	19,800	315,000	97,571		5,329,193	991,850	6,321,043	38,935,204
2029	400,000	12,800	320,000	94,078		8,297,334	821,928	9,119,262	30,637,870
2030	440,000	4,400	340,000	90,113		5,806,414	649,824	6,456,238	24,831,456
2031			350,000	85,713		5,536,456	511,327	6,047,784	19,295,000
2032			365,000	80,791		4,125,000	392,172	4,517,172	15,170,000
2033			380,000	75,390		3,215,000	305,288	3,520,288	11,955,000
2034			395,000	69,376		3,385,000	230,693	3,615,693	8,570,000
2035			415,000	62,694		2,265,000	166,566	2,431,566	6,305,000
2036			435,000	55,246		2,120,000	117,356	2,237,356	4,185,000
2037			450,000	47,060		2,170,000	68,040	2,238,040	2,015,000
2038			475,000	38,029		475,000	38,029	513,029	1,540,000
2039			490,000	28,138		490,000	28,138	518,138	1,050,000
2040			510,000	17,633		510,000	17,633	527,633	540,000
2041			540,000	6,075		540,000	6,075	546,075	0
	2,040,000	232,187	6,710,000	1,444,123		72,498,400	12,976,684	85,475,084	

* Preliminary, subject to change.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin municipalities, including towns, cities, villages, and counties (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 5% of the current equalized value.

Equalized Value	\$ 4,887,373,400
Multiply by 5%	<u>0.05</u>
Statutory Debt Limit	\$ 244,368,670
Less: General Obligation Debt*	<u>(72,498,400)¹</u>
Unused Debt Limit*	<u><u>\$ 171,870,270</u></u>

*Preliminary, subject to change.

OVERLAPPING DEBT²

Taxing District	2021 Equalized Value ³	% In City	Total G.O. Debt ⁴	City's Proportionate Share
Milwaukee County	\$ 77,290,319,100	6.32%	\$505,643,105 ⁵	\$ 31,956,644
Milwaukee Area Technical College District	95,747,521,031	5.10%	96,875,000	4,940,625
Franklin Public School District	3,745,055,009	100.00%	54,715,000	54,715,000
Oak Creek-Franklin Joint School District	5,474,136,071	15.63%	147,650,000	23,077,695
Whitnall School District	1,993,307,781	14.37%	13,605,000	1,955,039
Milwaukee Metro Sewer District	75,898,364,800	6.44%	716,803,335	<u>46,162,135</u>
City's Share of Total Overlapping Debt				<u><u>\$162,807,138</u></u>

¹ The City has adopted a policy which further limits its ability to issue general obligation debt. Under the City's current policy, the City shall not issue general obligation debt in such an amount which would cause their outstanding debt to be in excess of 40% of the statutory debt limit. However, the City may amend such policy at any time.

² Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

³ Includes tax increment valuation.

⁴ Outstanding debt based on information obtained on EMMA and the Municipal Advisor's records.

⁵ Includes the \$95,820,000 Taxable General Obligation Promissory Notes, Series 2021A, \$4,180,000 General Obligation Promissory Notes, Series 2021B, \$10,530,000 General Obligation Transit Promissory Notes, Series 2021C, \$27,000,000 General Obligation Corporate Purpose Bonds, Series 2021D and \$2,795,000 Taxable General Obligation Promissory Notes, Series 2021E expected to close on November 23, 2021.

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$4,887,373,400	Debt/ Per Capita 36,646¹
Total General Obligation Debt*	\$ 72,498,400	1.48%	\$ 1,978.34
City's Share of Total Overlapping Debt	<u>162,807,138</u>	<u>3.33%</u>	<u>4,442.70</u>
Total*	\$235,305,538	4.81%	\$ 6,421.04

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

The City expects to issue approximately \$7,650,000 in general obligation debt in 2022 for its capital borrowing, including for water projects, community development projects in TIDs and other capital projects and an additional \$4,300,000 in water revenue bonds or general obligation debt for a new water tower. Pursuant to a development agreement with a developer, the City expects to issue a \$3,100,000 MRO to said developer sometime in the next 12 months, when infrastructure improvements are accepted by the City in the related TID. In addition, the City is working on development agreements and MRO's totaling \$3,700,000 with three developers in an existing TID and anticipates entering into said agreements within the next 12 month period. Under the development agreements, such MRO will be special, limited revenue obligations of the City payable solely from certain tax increment revenues that are appropriated by the Common Council. Aside from the preceding, the City has no current plans for additional financing in the next 12 months.

¹ Estimated 2021 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for City Purposes	Levy for TID Purposes	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000	Net Levy/Equalized Value in Dollars per \$1,000
2016/17	\$20,509,000	\$2,267,467	100%	\$5.65	\$5.86
2017/18	21,027,849	2,471,104	100%	5.57	5.84
2018/19	21,389,375	2,156,858	100%	5.45	5.40
2019/20	21,741,900	3,261,911	100%	5.16	5.45
2020/21	21,918,100	3,718,985	100%	4.97	5.25

Property tax statements are distributed to taxpayers by the town, village, and city treasurers in December of the levy year. Current state law requires counties to pay 100% of the real property taxes levied to cities, villages, towns, school districts and other taxing entities on or about August 20 of the collection year.

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31, unless the municipality, by ordinance, permits special assessments to be paid in installments. Real property taxes must be paid in full by January 31 or in two equal installments by January 31 and July 31. Alternatively, municipalities may adopt a payment plan which permits real property taxes to be paid in three or more equal installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31, are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. On or before January 15 and February 20 the town, city or village treasurer settles with other taxing jurisdictions for all collections through December and January, respectively. In municipalities which have authorized the payment of real property taxes in three or more installments, the town, city or village treasurer settles with the other taxing jurisdictions on January 15, February 20 and on the fifteenth day of each month following the month in which an installment payment is required. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. Any county board may authorize its county treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. Uncollected personal property taxes owed by an entity that has ceased operations or filed a petition for bankruptcy, or are due on personal property that has been removed from the next assessment roll are collected from each taxing entity in the year following the levy year.

The spread of COVID-19 and responses taken by the United States government, state governments, local governments and private industries have caused significant disruptions to the national and State economy. See "RISK FACTORS - Impact of the Spread of COVID-19" herein. On April 15, 2020, Governor Tony Evers signed into law 2019 Wisconsin Act 185, which provided that for property taxes payable in 2020, a taxation district could, after making a general or case-by-case finding of hardship, choose to waive interest or penalties on property tax installment payments paid after April 1, 2020 but on or before October 1, 2020. In order to take such action, the county board of supervisors was required to first adopt a resolution authorizing such waiver and determining criteria for determining hardship and then the taxation district was required to subsequently adopt a similar resolution. In the case of a county adopting such a resolution, the county proportionally settled with the taxation districts any taxes, interest and penalties collected on or before July 31, 2020 on August 20, 2020, and settled the remaining unpaid taxes, interest, and penalties on September 20, 2020. Milwaukee County and the City adopted such resolutions. The City cannot predict whether any similar legislation may be adopted in the future or whether and how much payment of property taxes will be impacted by COVID-19 in future years. Any delays or reduction in the receipt of property taxes may materially adversely impact the City's finances and payment of debt obligations, including the Bonds.

PROPERTY TAX RATES

Full value rates for property taxes expressed in dollars per \$1,000 of equalized value (excluding tax increment valuation) that have been collected in recent years have been as follows:

Year Levied/ Year Collected	Schools¹	County	Local	Other²	Total
2016/17	\$12.66	\$5.10	\$5.65	\$1.93	\$25.34
2017/18	12.26	5.05	5.57	1.73	24.61
2018/19	11.95	4.90	5.45	1.69	23.99
2019/20	11.41	4.79	5.16	1.65	23.01
2020/21	10.93	4.61	4.97	1.58	22.09

Source: Property Tax Rates were extracted from Statement of Taxes prepared by the Wisconsin Department of Revenue, Division of State and Local Finance.

LEVY LIMITS

Section 66.0602 of the Wisconsin Statutes, imposes a limit on property tax levies by cities, villages, towns and counties. No city, village, town or county is permitted to increase its tax levy by a percentage that exceeds its valuation factor (which is defined as a percentage equal to the greater of either the percentage change in the political subdivision's January 1 equalized value due to new construction less improvements removed between the previous year and the current or zero percent). The base amount in any year to which the levy limit applies is the actual levy for the immediately preceding year. In 2018, and in each year thereafter, the base amount is the actual levy for the immediately preceding year plus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes (an amount equal to the property taxes formerly levied on certain items of personal property), and the levy limit is the base amount multiplied by the valuation factor, minus the amount of the payment from the State under Section 79.096 of the Wisconsin Statutes. This levy limitation is an overall limit, applying to levies for operations as well as for other purposes.

A political subdivision that did not levy its full allowable levy in the prior year can carry forward the difference between the allowable levy and the actual levy, up to a maximum of 1.5% of the prior year's actual levy. The use of the carry forward levy adjustment needs to be approved by a majority vote of the political subdivision's governing body (except in the case of towns) if the amount of carry forward levy adjustment is less than or equal to 0.5% and by a super majority vote of the political subdivision's governing body (three-quarters vote if the governing body is comprised of five or more members, two-thirds vote if the governing body is comprised of fewer than five members) (except in the case of towns) if the amount of the carry forward levy adjustment is greater than 0.5% up to the maximum increase of 1.5%. For towns, the use of the carry forward levy adjustment needs to be approved by a majority vote of the annual town meeting or special town meeting after the town board has adopted a resolution in favor of the adjustment by a majority vote if the amount of carry forward levy adjustment is less than or equal to 0.5% or by two-thirds vote or more if the amount of carry forward levy adjustment is greater than 0.5% up to the maximum of 1.5%.

¹ The Schools tax rate reflects the composite rate of all local school districts and technical college district.

² Includes the state reforestation tax which is apportioned to each county on the basis of its full value. Counties, in turn, apportion the tax to the tax districts within their borders on the basis of full value. It also includes taxes levied for special purpose districts such as metropolitan sewerage districts, sanitary districts, and public inland lake protection districts. Tax increment values are not included. State property taxes were eliminated in the State's 2017 - 2019 budget act.

Beginning with levies imposed in 2015, if a political subdivision does not make an adjustment in its levy as described in the above paragraph in the current year, the political subdivision may increase its levy by the aggregate amount of the differences between the political subdivision's valuation factor in the previous year and the actual percent increase in a political subdivision's levy attributable to the political subdivision's valuation factor in the previous year, for the five years before the current year, less any amount of such aggregate amount already claimed as an adjustment in any of the previous five years. The calculation of the aggregate amount available for such adjustment may not include any year before 2014, and the maximum adjustment allowed may not exceed 5%. The use of the adjustment described in this paragraph requires approval by a two-thirds vote of the political subdivision's governing body, and the adjustment may only be used if the political subdivision's level of outstanding general obligation debt in the current year is less than or equal to the political subdivision's level of outstanding general obligation debt in the previous year.

Special provisions are made with respect to property taxes levied to pay general obligation debt service. Those are described below. In addition, the statute provides for certain other adjustments to and exclusions from the tax levy limit. Among the exclusions, Section 66.0602(3)(e)5. of the Wisconsin Statutes provides that the levy limit does not apply to "the amount that a political subdivision levies in that year to make up any revenue shortfall for the debt service on a revenue bond issued under Section 66.0621 by that political subdivision." Recent positions taken by Wisconsin Department of Revenue ("DOR") staff call into question the availability of this exception, including by limiting its availability depending on the circumstances surrounding the pertinent revenue shortfall. To date, such DOR positions have not been expressed formally in a declaratory ruling under Section 227.41(5)(a) of the Wisconsin Statutes, nor have they been the subject of any court challenge or resulting court ruling.

With respect to general obligation debt service, the following provisions are made:

- (a) If a political subdivision's levy for the payment of general obligation debt service, including debt service on debt issued or reissued to fund or refund outstanding obligations of the political subdivision and interest on outstanding obligations of the political subdivision, on debt originally issued before July 1, 2005, is less in the current year than in the previous year, the political subdivision is required to reduce its levy limit in the current year by the amount of the difference between the previous year's levy and the current year's levy.
- (b) For obligations authorized before July 1, 2005, if the amount of debt service in the preceding year is less than the amount of debt service needed in the current year, the levy limit is increased by the difference between the two amounts. This adjustment is based on scheduled debt service rather than the amount actually levied for debt service (after taking into account offsetting revenues such as sales tax revenues, special assessments, utility revenues, tax increment revenues or surplus funds). Therefore, the levy limit could negatively impact political subdivisions that experience a reduction in offsetting revenues.
- (c) The levy limits do not apply to property taxes levied to pay debt service on general obligation debt authorized on or after July 1, 2005.

The Bonds were authorized after July 1, 2005 and therefore the levy limits do not apply to taxes levied to pay debt service on the Bonds.

THE ISSUER

CITY GOVERNMENT

The City was incorporated in 1956 and is governed by a Mayor and a six-member Common Council. The Mayor does not vote except in the case of a tie. All Council Members are elected to three-year terms. The appointed City Clerk, Director of Administration and Director of Finance & Treasurer are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS

The City employs a staff of 203 full-time and 46 part-time employees. All eligible employees in the City are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes ("Chapter 40"). The WRS is a cost-sharing multiple-employer defined benefit pension plan. The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

City employees are generally required to contribute half of the actuarially determined contributions, and the City generally may not pay the employees' required contribution. During the fiscal year ended December 31, 2018 ("Fiscal Year 2018"), the fiscal year ended December 31, 2019 ("Fiscal Year 2019") and the fiscal year ended December 31, 2020 ("Fiscal Year 2020"), the City's portion of contributions to WRS (not including any employee contributions) totaled \$1,119,560, \$1,380,924 and \$1,273,388, respectively.

The City implemented Governmental Accounting Standards Board Statement No. 68 ("GASB 68") for the fiscal year ended December 31, 2015.

GASB 68 requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan's total pension liability and the pension plan's fiduciary net position. The pension plan's total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan's fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan's total pension liability exceeds the pension plan's fiduciary net position, then a net pension liability results. If the pension plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2019, the total pension liability of the WRS was calculated as \$108.87 billion and the fiduciary net position of the WRS was calculated as \$112.09 billion, resulting in a net pension asset of \$3.22 billion. The spread of COVID-19 has significantly impacted investment markets, which may impact the funded status of the WRS and future contribution requirements as a result (see "RISK FACTORS - Impact of the Spread of COVID-19" herein).

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2020, the City reported an asset of \$3,338,448 for its proportionate share of the net pension asset of the WRS. The net pension asset was measured as of December 31, 2019 based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. The City's proportion was 0.10353524% of the aggregate WRS net pension asset as of December 31, 2019.

The calculation of the total pension asset and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of net pension asset of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 4.A. in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

The City provides other pension benefits to public works employees who have satisfied specified eligibility standards through a single-employer defined benefit plan. The amount of such benefits are based on years of service and average compensation. Membership of the plan consisted of 26 retirees receiving benefits, 9 terminated vested retirees and 27 active plan members as of January 1, 2020, the date of the latest actuarial valuation. The plan is closed to new members as of January 1, 2019.

Pension benefit calculations are required to be updated every two years and prepared in accordance with Governmental Accounting Standards Board Statement No. 68 ("GASB 68"). An actuarial study for the plan was most recently completed by The Principal Financial Group in April 2020 with an actuarial valuation date of January 1, 2020 (the "Pension Actuarial Report").

Under GASB 68, an actuarially determined contribution ("ADC") is calculated as a target or recommended contribution to the plan for the reporting period, determined in conformity with actuarial standards based on the most recent measurement available. As shown in the Pension Actuarial Report, the City's ADC for Fiscal Year 2020 was \$256,855. For Fiscal Year 2020, contributions to the plan totaled \$256,000. The City's current funding practice is to at least fully fund ADC. In Fiscal Year 2020, the City also made a one-time special contribution of \$325,000 to the plan.

For Fiscal Year 2020, the total pension liability was \$10,538,273 and the fiduciary net position was \$10,596,169, resulting in net pension asset of \$57,896.

Under the Service and Expense Agreement (the "Agreement") for the supplemental pension benefits plan, the plan administrator guarantees payments to certain plan participants under a group annuity contract. In the event the value of the group annuity contract drops below a threshold amount, the plan administrator may require the City to make a payment for the difference in value. The spread of COVID-19 severely impacted investment markets in March 2020, which resulted in the plan administrator making a payment request of approximately \$1,100,000 from the City. The Common Council approved a payment of \$1,000,000 but shortly thereafter the investment markets improved and the custodian withdrew its payment request. No guarantee can be given that the investment markets will not experience significant declines in the future resulting in similar payment requests. See "RISK FACTORS - Impact of the Spread of COVID-19" herein.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note 4.A. in "Appendix A - Financial Statements" attached hereto. The Pension Actuarial Report is available from the City upon request.

The City also provides a defined contribution pension plan benefit to eligible non-protective employees (other than public works employees). Eligibility begins after six months of employment with the City. The plan is closed to new members as of January 1, 2019. Employees are required to make contributions of 5% of wages. For Fiscal Year 2020, the City contributed \$42,049 and employees contributed \$42,049 to the plan. For more information, see Note 4.B. in "Appendix A - Financial Statements."

Recognized and Certified Bargaining Units

All eligible City personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have rights to organize and collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the "Act") and by 2011 Wisconsin Act 32, which altered the collective bargaining rights of public employees in Wisconsin.

As a result of the 2011 amendments to MERA, the City is prohibited from bargaining collectively with municipal employees, other than public safety and transit employees, with respect to any factor or condition of employment except total base wages. Even then, the City is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless City were to seek approval for a higher increase through a referendum). Ultimately, the City can unilaterally implement the wages for a collective bargaining unit.

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the City, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. As a practical matter, it is anticipated that strikes will be rare. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is the base wage rates, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement. Impasse resolution for public safety employees and transit employees is subject to final and binding arbitration procedures, which do not include a right to strike. Interest arbitration is available for transit employees if certain conditions are met.

The following bargaining units represent employees of the City:

Bargaining Unit	Expiration Date of Current Contract
Police	December 31, 2021
Fire	December 31, 2023

OTHER POST EMPLOYMENT BENEFITS

The City provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to former employees and their dependents through a single employer defined benefit plan. Eligible retirees may continue to participate in the City's group health plan. The City contributes a fixed portion of the premiums determined at retirement based on the employment category of retiree, and the retiree is responsible for paying the balance of the premiums. Membership of the plan consisted of 26 retirees receiving benefits and 174 active plan members as of January 1, 2020, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and be prepared in accordance with Statement No. 75 of the Governmental Accounting Standards Board ("GASB 75"). An actuarial study for the plan prepared in accordance with GASB 75 was most recently completed by Actuarial & Health Care Solutions, LLC in January 2020, with an actuarial valuation date of January 1, 2020 (the "OPEB Actuarial Report").

Under GASB 75, a net OPEB liability is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As shown in the OPEB Actuarial Report, the ADC for Fiscal Year 2020 was \$394,788. For Fiscal Year 2020, contributions to the plan totaled \$469,392. The City's current funding practice is to at least fully fund the ADC. The City also made a one-time special contribution of \$325,000 to the plan in Fiscal Year 2020.

As of December 31, 2020 the total OPEB liability of the plan was \$8,671,008 and the plan fiduciary net position was \$7,794,914, resulting in a net OPEB liability of \$876,094.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding actuarial assumptions, see Note 4.C. in "Appendix A - Financial Statements." The OPEB Actuarial Report is available from the City upon request.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the City to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the City to file for relief under Chapter 9. If, in the future, the City were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the City could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the City is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the City could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of other creditors of the City; (b) to any particular assets of the City, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the City were determined not to be a "municipality" for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

FUNDS ON HAND (as of September 30, 2021)

Fund	Total Cash and Investments
General	\$ 14,800,567
TIF Districts	3,505,197
Debt Service	421,640
Capital Projects	19,609,994
Enterprise Funds	4,561,288
Internal Service Funds	3,604,194
Total Funds on Hand	<u>\$ 46,502,880</u>

ENTERPRISE FUNDS

Revenues available for debt service for the City's enterprise funds have been as follows as of December 31 each year:

	2018	2019	2020
Water			
Total Operating Revenues	\$ 5,961,350	\$ 5,822,259	\$ 6,196,559
Less: Operating Expenses	<u>(5,476,438)</u>	<u>(5,357,060)</u>	<u>(5,640,953)</u>
Operating Income	\$ 484,912	\$ 465,199	\$ 555,606
Plus: Depreciation	1,204,485	1,245,739	1,304,891
Interest Income	<u>43,412</u>	<u>66,996</u>	<u>25,473</u>
Revenues Available for Debt Service	\$ 1,732,809	\$ 1,777,934	\$ 1,885,970
Less: PILOT Payment	<u>(1,008,038)</u>	<u>(965,358)</u>	<u>(1,000,377)</u>
Net Revenues	<u>\$ 724,771</u>	<u>\$ 812,576</u>	<u>\$ 885,593</u>
Sewer			
Total Operating Revenues	\$ 3,704,852	\$ 3,802,127	\$ 3,972,298
Less: Operating Expenses	<u>(5,476,724)</u>	<u>(5,725,563)</u>	<u>(5,972,752)</u>
Operating Income	\$ (1,771,872)	\$ (1,923,436)	\$ (2,000,454)
Plus: Depreciation	2,135,076	2,172,379	2,205,203
Interest Income	<u>31,810</u>	<u>45,120</u>	<u>81,541</u>
Revenues Available for Debt Service	<u>\$ 395,014</u>	<u>\$ 294,063</u>	<u>\$ 286,290</u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete audited financial statements are available upon request. See Appendix A for the City's 2020 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2018 Audited	2019 Audited	2020 Audited	2021 Projected ¹	2022 Proposed Budget ²
Revenues					
Taxes	\$17,611,739	\$18,829,930	\$19,650,840	\$19,811,100	\$20,558,400
Intergovernmental revenues	2,317,488	1,757,347	1,790,134	1,733,400	1,758,500
Licenses and permits	1,166,156	1,314,918	1,061,488	1,168,400	1,202,275
Penalties and forfeitures	475,840	451,062	390,124	420,000	450,000
Public charges for services	2,405,406	2,829,033	2,172,980	2,448,250	2,503,750
Intergovernmental charges for services	192,542	226,178	183,423	203,000	261,200
Investment earnings	241,398	510,943	317,064	112,438	196,138
Miscellaneous general revenues	244,136	189,606	210,975	154,550	219,866
Total Revenues	<u>\$24,654,705</u>	<u>\$26,109,017</u>	<u>\$25,777,028</u>	<u>\$26,051,138</u>	<u>\$27,150,129</u>
Expenditures					
Current:					
General government	\$ 2,944,482	\$ 2,953,923	\$ 3,080,025	\$ 3,317,680	\$ 3,395,975
Public safety	17,077,275	17,157,353	17,471,370	17,715,717	18,966,374
Public works	3,388,370	4,140,073	4,065,611	4,342,475	4,270,598
Health and social services	670,131	646,760	663,974	705,050	751,686
Culture, recreation and education	240,916	223,360	288,387	209,900	451,848
Conservation and development	512,157	606,419	597,411	563,350	618,248
Contingency	0	0	0	0	2,235,000
Total Expenditures	<u>\$24,833,331</u>	<u>\$25,727,888</u>	<u>\$26,166,778</u>	<u>\$26,854,172</u>	<u>\$30,689,729</u>
Excess of revenues over (under) expenditures	\$ (178,626)	\$ 381,129	\$ (389,750)	\$ (803,034)	\$ (3,539,600)
Other Financing Sources (Uses)					
Transfers in	1,011,392	968,448	1,003,388	1,050,000	1,063,600
Transfers out	(84,000)	(52,100)	(48,379)	(574,000)	(24,000)
Total Other Financing Sources (Uses)	<u>\$ 927,392</u>	<u>\$ 916,348</u>	<u>\$ 955,009</u>	<u>\$ 476,000</u>	<u>\$ 1,039,600</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	\$ 748,766	\$ 1,297,477	\$ 565,259	\$ (327,034)	\$ (2,500,000)
General Fund Balance January 1	<u>6,587,511</u>	<u>7,336,277</u>	<u>8,633,754</u>	<u>9,199,013</u>	<u>8,871,979</u>
General Fund Balance December 31	<u>\$ 7,336,277</u>	<u>\$ 8,633,754</u>	<u>\$ 9,199,013</u>	<u>\$ 8,871,979</u>	<u>\$ 6,371,979</u>
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 180,623	\$ 155,690	\$ 245,134		
Restricted	0	0	0		
Committed	0	0			
Assigned	271,970	132,393	315,823		
Unassigned	6,883,684	8,345,671	8,638,056		
Total	<u>\$ 7,336,277</u>	<u>\$ 8,633,754</u>	<u>\$ 9,199,013</u>		

¹ Projected amounts are based on actual data through July 2021 and the City's estimates of year-end results.

² The 2022 budget will be adopted on November 16, 2021.

GENERAL INFORMATION

LOCATION

The City, with a 2010 U.S. Census population of 35,451 and a current estimated population of 36,646 comprises an area of 34.5 square miles and is located in the southwest corner of Milwaukee County.

LARGER EMPLOYERS¹

Larger employers in the City include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Northwestern Mutual	Insurance/Investment Services	2,402
Krones, Inc.	High Speed Labeling/Filler Machines	659
Franklin Public Schools	K-12 Education	621
Ascension Health Care	Medical and Surgical Hospital	482
Baptista's Bakery	Commercial Bakery	425
Milwaukee County Corrections South	Government	400
Vesta Inc.	Medical device contract manufacturer	360
Wal-Mart	Retailer	300
Strauss Veal & Lamb Int'l Inc.	Animal Processing	270
The City	Municipality	249

Source: The City

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data. Estimates provided are accurate as of the date noted and may not reflect changes in the number of employees resulting from the current COVID-19 pandemic. (See "RISK FACTORS - Impact of the Spread of COVID-19").

BUILDING PERMITS

	2017	2018	2019	2020	2021 ¹
<u>New Single Family Homes</u>					
No. of building permits	18	30	53	74	52
Valuation	\$8,991,610	\$13,357,904	\$24,005,422	\$33,364,703	\$24,128,407
<u>New Multiple Family Buildings</u>					
No. of building permits	0	7	19	3	2
Valuation	\$0	\$27,972,154	\$36,975,000	\$2,430,000	\$700,000
<u>New Commercial/Industrial</u>					
No. of building permits	13	9	15	8	6
Valuation	\$28,861,659	\$8,677,160	\$16,739,561	\$5,783,920	\$16,437,771
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	251	267	714	313	427
Valuation	\$49,403,073	\$62,150,023	\$98,318,744	\$56,901,104	\$53,173,431

Source: The City.

¹ As of September 30, 2021.

U.S. CENSUS DATA

Population Trend: The City

2000 U.S. Census	29,494
2010 U.S. Census	35,451
2021 Estimated Population	36,646
Percent of Change 2000 - 2010	20.20%

Income and Age Statistics

	The City	Milwaukee County	State of Wisconsin	United States
2019 per capita income	\$42,332	\$29,270	\$33,375	\$34,103
2019 median household income	\$82,569	\$50,606	\$61,747	\$62,843
2019 median family income	\$109,208	\$65,002	\$78,679	\$77,263
2019 median gross rent	\$1,066	\$880	\$856	\$1,062
2019 median value owner occupied units	\$251,400	\$158,300	\$180,600	\$217,500
2019 median age	43.4 yrs.	34.9 yrs.	39.5 yrs.	38.1 yrs.

	State of Wisconsin	United States
City % of 2019 per capita income	126.84%	124.13%
City % of 2019 median family income	138.80%	141.35%

Housing Statistics

	<u>The City</u>		
	2010	2019	Percent of Change
All Housing Units	14,356	14,282	-0.52%

Source: 2000 and 2010 Census of Population and Housing, and 2019 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Year	<u>Average Employment</u>			<u>Average Unemployment</u>	
	City	Milwaukee County	City	Milwaukee County	State of Wisconsin
2017	17,820	454,446	3.3%	4.0%	3.3%
2018	17,573	449,692	3.0%	3.7%	3.0%
2019	17,425	445,487	3.2%	3.9%	3.3%
2020	16,642	425,483	5.9%	8.2%	6.3% ¹
2021, August	17,565	449,071	3.5%	6.1%	4.0%

Source: Wisconsin Department of Workforce Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.



COMPREHENSIVE ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

PREPARED BY THE
DEPARTMENT OF FINANCE

DIRECTOR OF FINANCE & TREASURER
PAUL ROTZENBERG, CPA

CITY OF FRANKLIN, WISCONSIN

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2020

INTRODUCTORY SECTION		Exhibit	Page
Transmittal Letter			1
Organization Chart			7
List of Principal Officials			8
GFOA Certificate of Achievement			9
FINANCIAL SECTION			
Independent Auditors' Report			13
Management's Discussion and Analysis (Required Supplementary Information)			17
Basic Financial Statements			
Government-wide Financial Statements:			
Statement of Net Position	A		33
Statement of Activities	B		34
Fund Financial Statements:			
Balance Sheet – Governmental Funds	C		35
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C.1		36
Fund Balances – Governmental Funds	D		37
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	E		38
General Fund – Statement of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (on a Budgetary Basis)	F		39
Statement of Net Position – Proprietary Funds	G		40
Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	H		42
Statement of Cash Flows – Proprietary Funds	I		43
Statement of Fiduciary Net Position – Fiduciary Funds	J		45
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	K		46
Notes to Financial Statements			47
Required Supplementary Information			
Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System			99
Schedule of Employer Contributions – Wisconsin Retirement System			99
Schedule of Changes in Net Pension Liability and Related Ratios – City of Franklin Defined Benefit Retirement Income Plan			100
Schedule of Contributions – City of Franklin Defined Benefit Retirement Income Plan			101
Schedule of Changes in Net OPEB Liability and Related Ratios – OPEB Plan			102
Schedule of Contributions – OPEB Plan			103
Notes to Required Supplementary Information			104

CITY OF FRANKLIN, WISCONSIN

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2020

FINANCIAL SECTION (CONTINUED)

Supplementary Information:

	<u>Schedule</u>	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds	1	108
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	2	110
Schedule of Revenue and Transfers In – Budget and Actual (on a Budgetary Basis) – General Fund	3	112
Schedule of Expenditures and Transfers Out – Budget and Actual (on a Budgetary Basis) – General Fund	4	114
Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund	5	116
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual (on a Budgetary Basis) – Special Revenue Funds	6	117
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual (on a Budgetary Basis) – Capital Projects	7	121
Not Used	8	
TIF Districts Fund – Combining Balance Sheet	9	124
TIF Districts Fund – Combining Schedule of TIF Districts Revenue, Expenditures And Changes in Fund Balances	10	125
TIF Districts Fund – Schedule of Revenue, Expenditures and Changes in Fund Balances – Budget and Actual (on a Budgetary Basis)	11	126
Statement of Fiduciary Net Position – Employee Benefit Trust Funds	12	129
Statement of Changes in Fiduciary Net Position – Employee Benefit Trust Funds	13	130
Capital Assets Used in the Operation of Governmental Funds: Schedule by Source	14	131
Schedule by Function and Activity	14.1	132
Schedule of Changes by Function and Activity	14.2	133

CITY OF FRANKLIN, WISCONSIN

TABLE OF CONTENTS
As of and for the Year Ended December 31, 2020

STATISTICAL SECTION	<u>Table</u>	<u>Page</u>
Net Position by Component – Last Ten Years	1	137
Changes in Net Position – Last Ten Years	2	138
Fund Balances, Governmental Funds – Last Ten Years	3	140
Changes in Fund Balances, Governmental Funds – Last Ten Years	4	141
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Years	5	142
Estimated Actual Values and TID Values	5A	143
Estimated Actual Property Value and Construction Data – Last Ten Years	6	144
Direct and Overlapping Property Tax Rates – Last Ten Years	7	145
Principal Property Taxpayers – Current Year and Nine Years Ago	8	146
Property Tax Levies and Collections – Last Ten Years	9	147
Property Tax Levies by Tax Jurisdiction – Last Ten Years	10	148
Ratios of Net General Bonded Debt Outstanding – Last Ten Years	11	149
Municipal Revenue Obligations Outstanding	11A	150
Schedule of Direct and Overlapping Debt	12	151
Computation of Legal Debt Margin – Last Ten Years	13	152
Demographic and Economic Statistics – Last Ten Years	14	153
Principal Employers – Current Year and Nine Years ago	15	154
Full-time Equivalent City Government Employees by Function – Last Ten Years	16	155
Operating Indicators by Function/Program – Last Ten Years	17	156
Capital Asset Statistics by Function/Program – Last Ten Years	18	157

INTRODUCTORY SECTION

This page intentionally left blank



April 28, 2021

Citizens of Franklin, Honorable Mayor and Common Council members:

Introduction

The Comprehensive Annual Financial Report of the City of Franklin, Wisconsin for the fiscal year ended December 31, 2020, is hereby submitted. State law requires that all local governments with a population over 25,000 publish a complete set of financial statements that are 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. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

The City's financial statements have been audited by Baker Tilly US, LLP, a firm of certified public accountants experienced in auditing governmental entities. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2020, 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. Baker Tilly US, LLP concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2020, 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.

This page intentionally left blank

City Profile

The City of Franklin, incorporated in 1956, is located in the southwestern corner of Milwaukee County. The City is 34.5 square miles in size and has a population of 36,514. Over the last ten years the City has experienced approximately 0.4% growth in population. The city is a residential community (75%) with a commercial and industrial component (25%). Median Family Income of \$106,300 is 143% of the national average. Approximately one third of the acreage in the City is undeveloped, which demands attention to growth issues. 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, fire protection, emergency medical/paramedic, maintenance of streets and other infrastructure, library, public health services, recreational activities, building inspection, zoning control, refuse collection, recycling collection, sanitary sewer, storm sewer and water services, both construction and maintenance. The City is authorized to levy property tax on real and personal property located within its boundaries to support the services provided.

The City operates under the mayor/council form of government. Policy making and legislative authority are vested in a governing council consisting of a mayor and six council members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring management. 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 ten 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. 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. The Water Utility also has a Board of Water Commissioners which oversees water utility operations. In 2015, the State mandated that a portion of hotel taxes be dedicated to tourism, as such the City formed a separate Tourism Commission which utilizes those tax resources to promote the City in the area. These 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). This authority has been inactive since 2012. 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 objective of the budgetary process is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Common Council. The preparation of a forecast for the existing programs for the following year is prepared during July and August. 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 expenditures and determines by mid-August the personnel and capital 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 middle of September. A Finance Committee, composed of three aldermen and four citizens then reviews the budget and makes recommendations to the Common Council.

The Council reviews the recommended budget and agrees on a proposed budget by mid-October. The Council is required to hold a public hearing on the proposed budget in 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 governmental fund with an adopted budget. The General Fund comparison is presented in Exhibit F as part of the basic financial statements for the governmental funds and in Schedules 3 & 4 of the supplementary information. For governmental funds with adopted budgets other than the General Fund, this comparison is presented in the supplementary information section of this report.

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

Economic Condition and Outlook

The economic activity in Franklin in both the residential and the non-residential sectors was stable. New construction was elevated in 2020 compared to 2019 as evidenced by increased construction permit revenues. The Ballpark Commons project, estimated to add \$160 million in new development, saw several commercial projects initiated in 2019 and continue construction in 2020. In addition, the Bear Development project in the southwest portion of the City has substantially completed infrastructure for a new industrial park. Several new residential subdivisions are in various stages of completion.

Estimated actual property values have grown at an average annual rate of 2.5% since 2011. The new growth was \$32.5 million in 2020, \$64.6 million in 2019, and \$34.6 million in 2018. 2021 growth is expected to be larger still reflecting the impact of Commercial activity. New growth has averaged less than 1% the last ten years, with eight of the ten years having less than 1% growth. Limits on levy increases are currently restricted to new growth, and this has meaningfully dampened tax levy increases, the largest resource to the City. With the City over \$4.5 billion in market value, it become harder and harder to generate growth levels that support tax levy increases for operating cost increases.

The City has been successful in restricting tax levy increases by utilizing tools the State provided regarding growth of employee benefits and shifting tax levy from debt service to operating needs. This is a non-sustainable process.

A landfill in the southwestern portion of the City received an expansion of its license in 2019 (from the State). The landfill has provided approximately \$1 million in revenues to the City in prior years. With the license expansion, the per ton rate increased 25% and volumes substantially increased, generating over \$2.2 million in resources. What this resource funds should be carefully considered, because while it will likely last more than a few years, it will eventually terminate. Utilizing this resource for recurring expenditures will challenge future budget decisions when it eventually ends.

Residential Growth

Over the past ten years, residential valuation have increased at a 2.5% compounded rate. However, new housing starts have still not recovered the pace prior to the recession of 2008. The development activity has increased in recent years, with several large developments in various stages of approval. Longer range, the City has the most developable land in the County and anticipates new subdivisions as economic activity increases again.

Commercial and Industrial Growth

Over the past ten years, commercial and industrial valuation has increased at an average annual rate of 2.4%.

In 2005, two TIF Districts (#3 & #4) were established on the eastern side of the City. The two districts have equalized value tax increments of \$64.8 and \$52.6 million, respectively. In 2016, a new District #5 was established to aid the Ballpark Commons project. A Developers agreement was signed in Q1 2018. The project estimates \$125 million in new taxable development. In Q4 2018, TID6 was formed to aid the development of an industrial park on the southwest portion of the City. That project could generate \$54 million in new development. In Q4 of 2019, TID7 was created to aid the multi-family portion of Ballpark Commons development, with estimated development of \$47 million. In May, 2020, TID8 was created to replace TID4 to continue the development of the business park in the southeast corner of the City.

Expansion of the commercial and industrial tax base is a goal of the City with respect to the overall tax rate. New TID creation in the last few years will aid in that Commercial development. Currently 74.9% of the City's property value is residential compared to 73.0% ten years ago. However, many of the multi-family projects are classified as Commercial, but could be considered residential. Thus Franklin is clearly a bedroom community. Future tax relief will need to come from industrial and commercial tax base expansion.

Organizational and Service Growth

2020 was a year where overall revenue of \$56.7 million barely changed from last year. The Pandemic reduced some charges for services, while landfill siting revenues made up for some of those decreases. In the near term, TID tax resources will rise as the development in Ballpark Commons, Bear Development and Velo Village come on line and replace the expiring TID 3 & 4.

2020 and 2019 were revaluation years. The last reassessment was done in 2018. Performing revaluations on a regular basis is in line with the Common Council policy to schedule more frequent revaluations to keep property values in line with current market values. The State determined that the local assessment, after reassessment, was 98% of fair value. The estimated actual value of City properties was approximately \$4.5 billion. The City has risen to the third largest city in Milwaukee County based upon equalized value.

2020's operating challenge centered upon addressing the Pandemic. Operating departments met that challenge with no real interruption of services. Longer term the caps on levy increases will challenge the City to provide the same or better service levels with fewer resources. The largest revenue resource – tax levy – is limited to this growth factor. Controlling expenditures at this level has challenged many Wisconsin cities. Franklin is no exception.

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

Internal Controls

The City's internal control structure is subject to ongoing evaluation by management. The City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with laws, regulations and good financial policies. The results of the City's audit for the fiscal year ended December 31, 2020 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws or regulations.

As a recipient of federal and state financial assistance, if the level of grant expenditures exceeds an established level, currently \$750,000, a single audit of grants is required. The City was required to have a single audit of grants in 2020 for the first time since 2010. Pandemic related grants pushed the City over the audit threshold.

Financial Planning

Long range financial planning is in place, especially for the capital funds and debt service funds, to ensure that resources are in place to meet committed projects, 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 levels and term, investment policies, budget forecasting policy and a capitalization policy. The City also takes advantage of policies that has new development to finance infrastructure needs caused by the new development via special assessments and impact fees. Conservative management and the enumerated policies above have served the City well. The existence of a fund balance enabled the fund balance to be utilized during the 2009 revenue decline and replenished in 2010 and 2011 when revenue stabilized. Again, in 2020, the City tapped reserves to address the Pandemic.

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, 2019. 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 27th 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. 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 2020 Certificate.

Acknowledgments

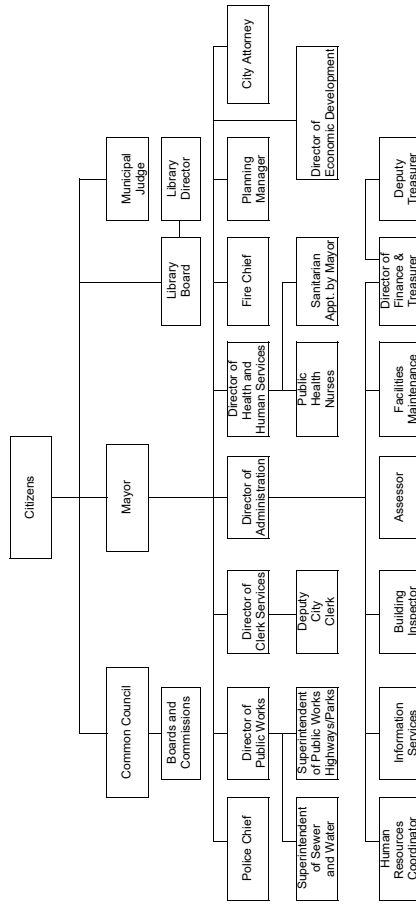
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the Finance Department staff. Appreciation is also extended to all other City employees who contributed to its preparation. Thanks are also extended to the Mayor, Common Council,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

Respectfully submitted,



Paul Rotzenberg, CPA
Director of Finance & Treasurer

CITY OF FRANKLIN, WISCONSIN
Organization Chart



This page intentionally left blank

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

Elected Officials

<u>Title</u>	<u>Name</u>	<u>First Elected</u>
Mayor	Stephen R Olson	2014
Aldermen:		
District No. 1	Mark Dandrea	2013
District No. 2	Daniel M Mayer	2013
District No. 3	Kristen Wilhelm	2008
District No. 4	Shari Hanneman	2020
District No. 5	Mike Barber	2016
District No. 6	John Nelson	2017
Municipal Judge	Fred F Klimetz	2006

Non-elected Officials

Assessor	Mark Link
Building Inspector	Scott Satula
City Attorney	Jesse Wesolowski
City Clerk	Sandi Wesolowski
City Engineer/Public Works Director	Glen Morrow
Director of Administration	Peggy Steeno
Director of Economic Development	Calli Berg
Director of Finance & Treasurer	Paul Roitzenberg
Director of Health & Human Services	Courtney Day
Fire Chief	Adam Remington
Human Resources Coordinator	Dana Zahn
Information Services Manager	James Matelski
Library Director	Jennifer Loeffel
Planning Manager	Heath Eddy
Police Chief	Rick Oliva
Superintendent of Public Works	Kevin Schlueter
Superintendent of Sewer & Water	Mike Roberts



Government Finance Officers Association

**Certificate of
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, 2019

Christopher P. Morrell
Executive Director/CEO

FINANCIAL SECTION

This page intentionally left blank



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Franklin's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control over financial reporting relevant to the City of Franklin's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Franklin's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Page 13

This page intentionally left blank

To the Mayor and Common Council
City of Franklin

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 the City of Franklin, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

To the Mayor and Common Council
City of Franklin

Other Information

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 Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Prior-Year Comparative Information

We have previously audited the City of Franklin's 2019 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated May 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

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

Baker Tilly US, LLP
Milwaukee, Wisconsin
April 28, 2021

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

As management of the City of Franklin (the "City"), the following offers readers of the City's financial statements an overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2020. Readers are encouraged to consider this information in conjunction with additional information contained in the letter of transmittal, which can be found on pages 1-5 of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows as of December 31, 2020, by \$249.0 million (**net position**). The City now has a \$895,974 deficit (**in Unrestricted Net Position**), putting pressure on its ability to meet creditor obligations.
- The City's total net position increased by \$6.3 million. Net investment in capital assets increased by \$2.4 million, while unrestricted net position increased by \$6.3 million and restricted net position decreased by \$2.7 million. 2020 saw the City fund a \$4.5 million second mortgage for the Velo Village multi-family development, significant progress on the infrastructure in TID6 as well as Sanitary Sewer and water infrastructure in TID4.
- The City's governmental funds reported, as of December 31, 2020, combined ending fund balances of \$27.2 million, a decrease of \$18.4 million from the prior year. TID project costs accounted for nearly all of the decrease.
- The Non-spendable fund balance of \$245,134 increased with an Advance for organizational costs for TID8.
- The restricted fund balances totaling \$15.2 million, (a decrease of \$16.3 million), resulted from the TID infrastructure project expenditures and developer grants.
- The assigned fund balances in total of \$6.0 million increased \$353,000 with additional landfill siting resources in the Capital Funds.
- The unassigned fund balance as of December 31, 2020 for the General Fund was \$8.6 million. This represents approximately 33.0% of total 2020 General Fund expenditures. The 2020 increase in unassigned fund balance resulted from vacancies in various departments.
- The City's Business type activities generated a \$8.5 million surplus, including \$10.8 million of capital contributions (\$8.3 million from the City and \$2.5 million from developers). Depreciation on contributed assets reduced the surplus.

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

This page intentionally left blank

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

deteriorating. Table 1 (page 137) provides a ten-year history of Net Position.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenditures are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave). Table 2 (page 138 & 139) provides a ten-year history of the statement of activities.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The governmental activities of the City include general government, public safety, public works, health & human services, culture & recreation and conservation & development. The business-type activities include the Franklin Water Utility and the Sanitary Sewer 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 and B (page 33 & 34) 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 17 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 all considered to be major funds. Data from the remaining 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements later in this report.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

The basic governmental fund financial statements can be found on Exhibits C, D, E and F (page 35 – 39) of this report. These statements include a budgetary comparison of the General Fund.

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

Proprietary funds

Proprietary funds are used to report the functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, 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 (page 40 – 44) of this report.

Custodial/Fiduciary funds

Custodial funds are used to account for resources held for the benefit of parties outside the government. Custodial funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the City's programs. The custodial 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 and other agency funds. Fiduciary funds include a post-employment benefits trust to hold funds until needed to pay designated health benefits for eligible current and future retirees as well as a Defined Benefit Retirement Income plan for certain Public Works employees.

The basic custodial fund financial statements can be found on Exhibit J & K (page 45 & 46) 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 are found on pages 47 – 96 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 retiree health obligations to eligible full time employees and its participation in the Wisconsin Retirement System and City of Franklin Defined Benefit Retirement Income Plans. Required supplementary information can be found on pages 99 - 104 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, Special Revenue, Capital Projects and TIF Funds to demonstrate compliance with the budget complementing the statement included in the basic governmental fund financial statements, and other information related to the individual funds are presented immediately

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

following the required supplementary information. Schedules 1 to 14.2 can be found on pages 108 - 133 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$249 million and \$242 million at the end of 2020 and 2019, respectively.

CITY OF FRANKLIN NET POSITION December 31, 2020 and 2019

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 68,677,767	\$ 83,521,920	\$ 8,552,289	\$ 7,775,752	\$ 77,230,056	\$ 91,297,672
Long term Note Rec	4,500,000	-	14,973,399	16,280,068	19,473,399	16,280,068
Capital assets	143,572,718	135,590,157	118,634,388	111,083,188	262,207,106	146,683,345
Total assets	216,750,485	219,112,077	142,160,076	35,149,008	358,910,561	254,261,085
Deferred Outflows	9,198,609	11,127,908	465,088	803,624	9,663,697	11,931,532
Current liabilities	7,222,296	7,883,909	1,644,833	1,726,984	8,867,129	9,610,893
Long-term liabilities	54,128,432	62,395,660	17,427,165	19,449,699	71,555,597	81,845,359
Total liabilities	61,350,728	70,279,569	19,071,998	21,176,683	80,422,726	91,456,252
Deferred inflows	38,484,808	31,680,624	642,732	212,008	39,127,540	31,892,632
Net position:						
Net Investment in capital assets	122,636,518	123,769,857	101,401,639	92,371,165	215,006,957	212,636,523
Restricted	18,098,031	16,185,146	16,826,978	18,035,340	34,913,009	34,220,486
Unrestricted	(14,608,991)	(11,675,211)	4,681,817	3,997,436	(695,974)	(4,173,375)
Total net position	\$ 126,113,558	\$ 128,279,792	\$ 122,910,434	\$ 114,403,941	\$ 249,023,992	\$ 242,683,634

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

The largest portion of the City's net position (approximately 86 and 88 percent, in 2020 and 2019, respectively) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, net position is not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Investment in capital assets accounted for \$215 million and \$213 million in 2020 and 2019, respectively of the year end net position.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

In 2020, major infrastructure projects for Bear Development (TID6) and the S 27th Street Business Park (TID4) we progressing, but not completed. On the Development side, the City provided a \$4.5 million second mortgage for the Velo Village multi-family development.

In 2019, the Ballpark Commons \$28 million infrastructure project was substantially completed. In addition, the Statesman development was completed, as well as portions of three other developments. Other significant projects included a City Hall \$1.8 million roof replacement, Heating Ventilating and Air conditioning replacement, a \$1.4 million roundabout at S 51st and Drexel Ave installed and a \$634,000 fire engine replacement.

An additional portion of the City's net position (14% in 2020 and 13% in 2019) represent resources that are subject to external restrictions on how they may be used. There were \$34.8 million and \$34.2 million respectively in those net positions that were restricted to specific purposes.

The unrestricted total deficit of \$896,000 and \$4.2 million in 2020 and 2019, respectively, may be used to meet the City's ongoing obligations to citizens and creditors. The significant 2019 reduction in unrestricted net position relates two developer grants. A \$5 million incentive was for a 180-unit apartment complex completed late in the year, and another \$5.9 million in site preparation costs at the Ballpark Commons project on an old landfill.

Government-wide activities

The details of changes in net position follow:

City of Franklin Changes in Net Position For the Years Ending December 31, 2020 and 2019

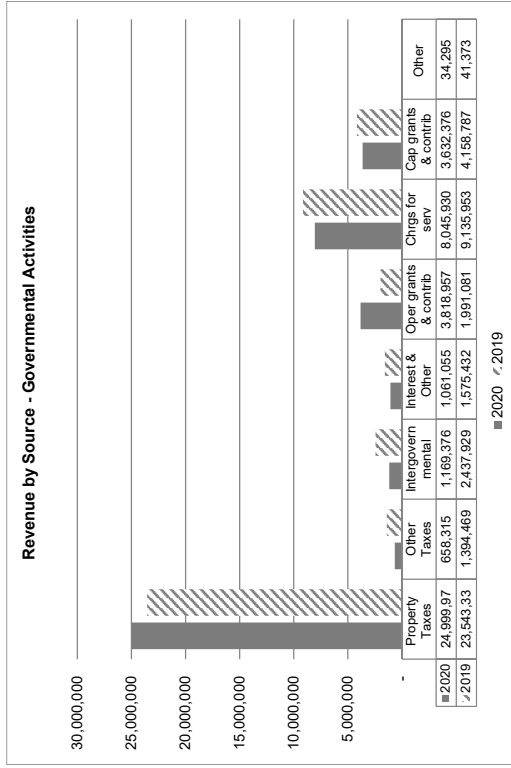
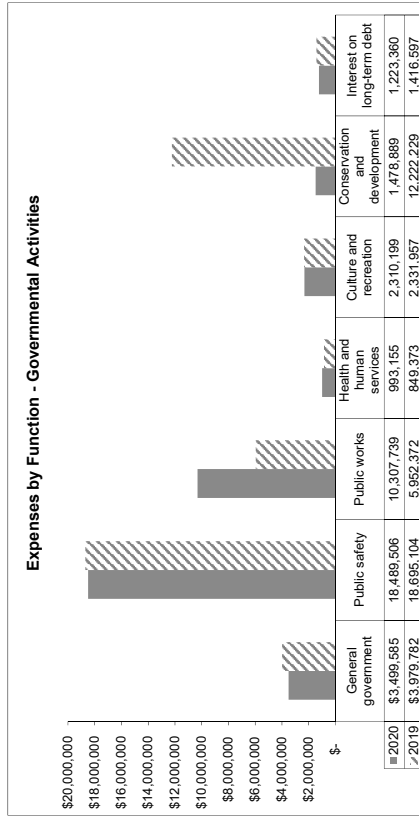
	Governmental Activities		Business-type Activities		Total
	2020	2019	2020	2019	2020
Revenue					
Program revenue:					
Charges for services	\$ 8,045,930	\$ 9,135,953	\$ 10,168,857	\$ 9,624,386	\$ 18,214,787
Operating grants & contributions	3,818,957	1,991,081	-	-	3,818,957
Capital grants & contributions	3,632,379	4,158,787	2,491,601	1,893,179	6,123,980
General revenue:					
Property taxes	24,999,978	23,543,330	-	-	24,999,978
Other taxes	658,315	1,394,469	-	-	658,315
Intergovernmental	1,169,376	2,437,929	-	-	1,169,376
Investment earnings	1,081,055	1,575,432	513,188	554,542	1,574,243
Other	34,295	41,373	101,722	95,217	136,590
Total revenue	43,420,295	44,278,354	13,275,368	12,167,324	56,695,653
Expenses:					
General government	3,499,585	3,979,782	-	-	3,499,585
Public safety	18,489,506	18,695,104	-	-	18,489,506
Public works	10,307,739	5,952,372	-	-	10,307,739
Health & human services	993,155	849,373	-	-	993,155
Culture & recreation	2,310,199	2,331,957	-	-	2,310,199
Conservation & development	1,478,889	12,222,229	-	-	1,478,889
Interest on long-term debt	1,223,360	1,416,597	-	-	1,223,360
Water	-	-	5,674,035	5,393,192	5,674,035
Sewer	-	-	6,378,926	6,167,989	6,378,926
Total expenses	38,302,433	45,447,414	12,052,961	11,561,181	50,355,394
Increase in net position before transfers	5,117,862	(1,169,060)	1,222,407	606,143	6,340,259
Transfers	(7,284,086)	(4,966,506)	7,284,086	4,966,506	-
Change in net position	(2,166,224)	(6,135,566)	8,506,493	5,572,649	6,340,259
Net position - beginning	128,279,792	134,415,358	114,403,941	108,831,292	242,683,733
Net position - ending	\$ 126,113,568	\$ 128,279,792	\$ 122,910,434	\$ 114,403,941	\$ 249,023,992

Governmental Activities

The 2020 statements include grant revenues and expenses related to addressing the Pandemic that hit the United States beginning in March 2020. The City received grants of over \$1 million from other governments to address the Pandemic. Precipitous and rapidly declining interest rates depressed investment earnings while also providing the opportunity to refund \$9.5 million of City debt. TID infrastructure projects resulted in significant contributions to the Water and Sewer Utilities.

2019 saw development activity increase further, with a \$5.3 million grant to an apartment developer, over \$1 million of subdivision infrastructure contributions and the Ballpark Commons project winding up including \$5.9 of developer grants for site preparation, along with significant infrastructure investment. The Intergovernmental revenue increase relates to a storm sewer project at Rawson Homes. \$3 million of developer impact fees added to total revenues. These developer grants will be

recovered in the future when TID tax collections are realized. Interest costs are rising on the increased debt levels.



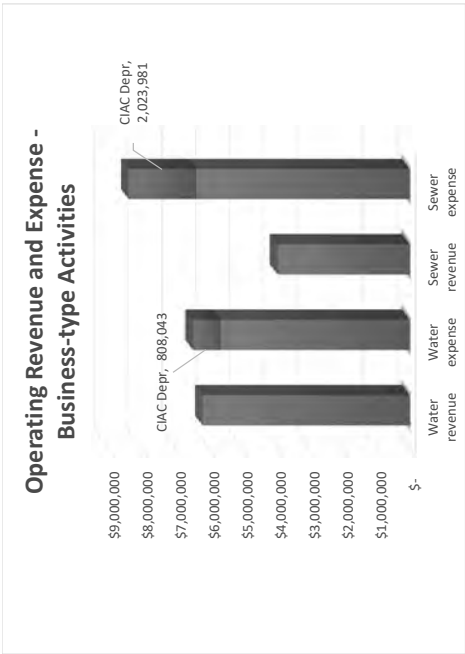
Business-type activities

2020 saw additional TID activities contributing infrastructure to the Business-type funds. Bear Development in TID6 for a new industrial park completed significant infrastructure as well as a Business Park on S 27th Street utilizing increment prior to TID4's expenditure period closing. In total there were over \$8 million on capital contributions in 2020. \$3 million of new GO Debt in TID6 as well as a \$2.5 million Advance to TID4 were used to fund the projects.

2019 Development activity impacted the Business-type activities with capital contributions from both the Government and Developers. City TID activities contributed \$5.9 of water and sanitary sewer assets (principally at Ballpark Commons, the new light industrial park and a water main replacement in Rawson Homes), along with residential subdivision infrastructure. \$3.5 million of City debt was used to support Business-type assets.

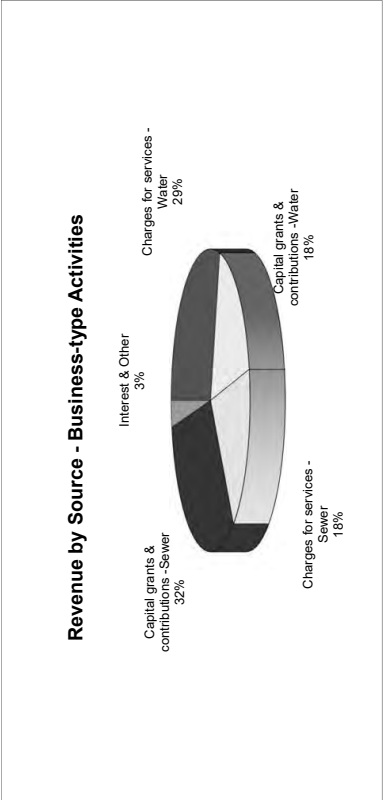
Utility rates in both Water & Sewer do not recover the cost of contributed assets. As replacements of those assets occur, future rates will rise to recover the replacement costs. Water mains were replaced in the older Rawson Homes subdivision in 2019.

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



Water and Sewer expenses can exceed revenue due to the current policy of including only depreciation from City spending on capital assets in the rate formula. The large amount of infrastructure that has been contributed is the reason for this policy. 80% of the Business-type assets have been contributed by developers or new growth resources (impact fees). When maintenance and replacement costs increase, this policy may need to be reevaluated. The City replaced \$1.3 million of water mains in 2019 and is planning a \$3 million sanitary sewer project in 2021-22. An additional water tower is planned for construction in 2022.

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).



2020 utility charged increased on water volume compared to 2019. Water rates have not changed since 2016 when the last rate case was taken to the Public Service Commission. Sewer rates increase annually to compensate for rate increases from the regional sewer district which processes the City's waste water.

2019 was a wetter than normal summer, and irrigation usage declined as a result, reducing water revenues as compared to 2018. Average residential usage per household continues to decline as the new development installs more water efficient appliances. 2019 Sewer rates increased 2.2% driven by Milwaukee Metropolitan Sewerage District processing costs, increasing sewer revenues.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$27.2 million, a decrease of \$18.4 million from the prior year. Major infrastructure projects in multiple TID's drove the decline. At year end the unassigned fund balance was \$5.7 million, a decrease of \$2.5 million related primarily to deficits generated in the TID's.

The City has assigned fund balances for activities of the Capital Projects of \$5.7 million. In addition, \$315,823 of General Fund Balance has been assigned for purchase commitments into 2021.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

Outside party restrictions have resulted in restricted fund balances:

- 1) to pay debt service \$476,871, the transfer out of \$600,000 Special Assessment balances reduced this balance in 2020.
- 2) for utility improvements - \$2.4 million.
- 3) for development purposes - \$8.9 million. Significant Park and Water impact fees are approaching the maximum holding period.
- 4) for TIF Districts of \$1.3 million. \$13.5 million was refunding in TID5 in 2020, an TID 6 took on \$3 million of new debt to fund infrastructure projects. TID7 provided a \$4.5 million second mortgage, \$3 million funded by GO debt and \$1.5 million with an internal advance.
- 5) for library services \$689,000
- 6) for Solid Waste services \$412,000
- 7) for Tourism activities - \$389,000 and
- 7) for donations, health, grant funds, and recreational activities – totaling \$581,000.

The City also has nonspendable fund balances to indicate that it is not available for new spending because it has already been committed for prepaid expenses and inventories and for advances to other funds (\$206,450). The General Fund provided a 10 year advance to the Water Utility in 2017 to finance an extraordinary contribution to the Public Works Retirement plan (in excess of the Actuarially Determined Contribution). This was financed out of the collection of the Sewer Fund advance. The General Fund also advanced \$100,000 to TID8 for organizational and operating capital.

The **General Fund** is the chief operating fund of the City. As of December 31, 2020, the total fund balance of the General Fund was \$9.2 million of which \$8.6 million was unassigned. This unassigned fund balance represents approximately 33% of 2020 General Fund expenditures.

The total General fund balance increased by \$565,000 in 2020 masks the fact that the City used \$650,000 of the 2019 General Fund surplus to fund 2020 extraordinary contributions to employee benefit plans. Vacancies in departments resulted in the surplus. A planned \$500,000 transfer out to the Capital Improvement Fund did not occur as the City Hall security enhancement project was placed on hold when the Pandemic began in March. Additional transfers out to Recreation funds did not occur when the events were cancelled due to the Pandemic.

The **Debt Service Fund** has a total fund balance of \$476,000, restricted for the payment of debt service. Much of the fund balance relates to collections of street special assessments.

The **TIF Districts Fund** has a deficit fund balance of \$1.5 million. There are \$1.3 million fund balances in some TIDs and \$2.9 million of deficit fund balance in other TID's. TID's 3 & 4 are in their wind down stages, with final TID4 project costs partially funded with Advances. TID 7's deficit is the result of funding \$1.5 million of the developer second mortgage anticipating early principal payments.

The **Nonmajor Governmental Funds** have a total fund balance of \$19 million. Special Revenue fund balances totaled \$2.1 million did not change in 2020. Capital Project funds had fund balances totaling \$16.5 million half of which is in the Development Fund (Impact fees). The City has extended the Park Impact Fee holding period until 2023.

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

Unrestricted net position of the Water Utility at the end of the year amounted to \$3.4 million, an increase of \$679,000 from the prior year. The Utility continues to replace a large number of meters related to early 2000 new construction and a group of acquired customers.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

Unrestricted net position of the Sanitary Sewer Utility at the end of the year amounted to \$1.2 million, did not change. The Utility plans a \$3 million replacement of a lift station in 2021 or 2022.

The enterprise funds financial statements can be found on Exhibits G, H and I (page 40 – 44) of this report.

An Internal Service Fund providing resources related to employee health benefits had a \$755,000 surplus, increasing fund balance to \$3.2 million. The City introduced a high deductible option in 2019, with a larger than expected participation. As a result, claims costs continued favorable. The fund balance represents a significant percentage of annual health benefit costs (128%).

General Fund Budgetary Highlights

Revenue fell short of the amended budget by \$413,000. The Original Budget included a \$240,000 deficit for employee retirements. That was amended to include \$132,000 of 2019 encumbrances, a \$650,000 extraordinary contribution to under-funded employee benefit plans and \$250,000 for Pandemic related expenditures.

Actual expenditures were less than amended budgeted by \$2.4 million (8.3% of the amended budget). Employee vacancies and reduced benefit costs were the largest reductions in expenditures amounting to nearly \$2 million. The City did make a \$650,000 extraordinary contribution to employee benefit plans from the 2019 General Fund surplus. General Fund pandemic costs exceeded \$250,000. A planned \$500,000 transfer out to the Capital Funds was not made when the Pandemic sidelined a City Hall and Police security project.

A \$565,000 surplus compares favorably to the amended budgeted deficit of \$2.9 million including a \$1.0 million contingency. Removing the contingency, the \$565,000 surplus compared quite favorably to the amended budget.

Capital assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2020, amounts to \$262.5 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings and machinery and equipment.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

City of Franklin's Investment in Capital Assets

	2020	2019	2020	2019	2020	2019
	Governmental Activities	Business-type Activities	Total			
Land	\$ 26,367,796	\$ 25,450,016	\$ 888,479	\$ 888,479	\$ 27,256,275	\$ 26,338,495
Buildings and Improvements	29,057,720	28,404,573	6,739,800	6,328,241	35,797,520	34,732,814
Improvements other than buildings	123,915,126	119,046,303	147,850,920	142,378,652	271,766,046	261,424,955
Machinery and equipment	20,172,843	20,023,758	5,832,024	6,129,239	26,004,867	26,152,997
Construction	5,630,865	1,986,204	6,609,781	1,160,685	12,240,646	3,146,889
Total capital assets	205,144,350	194,910,854	167,921,004	156,885,296	373,065,354	357,796,150
Less Accumulated depreciation	(61,571,632)	(59,320,697)	(49,286,616)	(45,952,108)	(110,858,248)	(105,272,805)
Capital assets net of depreciation	\$ 143,572,718	\$ 135,590,157	\$ 118,634,388	\$ 110,933,188	\$ 262,207,106	\$ 246,523,345

The total increase in the City's net investment in capital assets net of depreciation for the current fiscal year was \$21.2 million or 6.0%. The largest increases centered on infrastructure projects in the S 27th Street business park (TID4) and the new Industrial Park (TID6). Much of this work is in Construction in Progress as year-end. The Police shooting range was replaced for \$1.4 million.

For further details on capital asset activity refer to Note 1(D)6 and Note 3(E) of the Notes to Financial Statements and Schedules 14 – 14.2 (page 131 – 133).

Long-term debt

State statutes limit the amount of general obligation debt a governmental entity may issue up to 5 percent of its total equalized valuation. At December 31, 2020, the City had general obligation note and bond issues outstanding totaling \$67.6 million. The current legal debt limitation for the City is \$220.7 million. The City's current outstanding general obligation debt is 30.6% of the statutory debt limit.

By City policy, outstanding general obligation debt is limited to 2% of total equalized value or \$88.3 million. Outstanding debt represents 77% of this internal limit, leaving an internal debt limit margin of \$20.7 million. The Finance Committee reviewed the Debt Policy in July, 2020 and noted that supporting current development activity is likely to cause the City to exceed its internal debt limit and urged the Common Council to consider that when evaluating new debt issues.

The City's present rating from Moody's for its general obligation debt is "Aa2". The "Aa2" rating was affirmed with 2020 debt issues.

In May, 2018 the City issued \$23.48 million in Note Anticipation Notes to finance projects in the Ballpark Commons development. The City agreed to reserve this much of the General Obligation Debt limit for the future refunding of this issue. Those NAN's were all refunded by the end of 2020 with new GO Bonds.

City of Franklin, Wisconsin
For the Year Ended December 31, 2020

In 2019, City had four new debt issues, two in February and two in December. 2019A (a \$13.7 million Bond) was issued to support a \$3 million grant in TID#3 and refund \$10 million of the 2018A NAN. 2019B (A \$6.3 million bond) was issued to support infrastructure projects in TID#6. 2019C (a \$12.4 million bond) was issued to support \$5.2 of infrastructure at the Ballpark Commons development. \$3 million to fund a second mortgage financing commitment to Velo Village and \$4 million to refund a portion of the 2018A NAN. Finally, 2019D (a \$2.3 million note) provided resources for the 2019 Capital Improvement projects.

In December 2020, the City issued two new Bonds. 2020A for \$9.5 million refunded the balance of the 2018 NAN's related to TID5. 2020B for \$3 million provided resources to TID6 funding infrastructure in the new Industrial Park.

City of Franklin's Outstanding Debt (All purposes)

	2020	2019	2020	2019	2020	2019
	Governmental Activities	Business-type Activities	Total			
General obligation						
Premium (Discount)	\$ 614,680	\$ 446,398	\$ (7,320)	\$ (8,318)	\$ 607,360	\$ 438,080
Note Anticipation Notes	-	13,480,000	-	-	-	13,480,000
Bonds	45,450,000	34,620,000	17,240,069	18,570,341	62,690,069	53,190,341
Notes	4,870,000	5,200,000	-	-	4,870,000	5,200,000
Total	\$ 50,934,680	\$ 53,746,398	\$ 17,232,749	\$ 18,562,023	\$ 68,167,429	\$ 72,308,421

Additional information of the City's long-term debt can be found in Note 3(H) (page 72-76), Schedule 5 (page 116) and Tables 11 – 13 (page 149 -152) in the statistical section of the report.

In 2018, the City issued two Municipal Revenue Obligations to developers. The first was a \$3.5 million incentive grant to the Ballpark Commons Developer, payable over the life of the TID. The note carries a 5.5% interest rate. No interest or principal payments are being made on note at this time. The second was a \$2 million instrument payable over the remaining years of TID3. This note bears interest at 4.5%. A \$684,000 payment was made in 2020. In April 2020, the City issued a non-interest bearing MRO to TID7's developer for \$14.952 million. No payments were made in 2020. The remaining balance of all the notes at December 31, 2020 was \$19,457,000.

A 2019 Developer agreements committed the City to an additional MRO, a \$3.1 million grant in TID#6 issuable upon acceptance of donated infrastructure.

Other Changes of Significance

Post Employment Health Care Benefits

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

The Government Accounting Standards Board (GASB) issued Statement #45 effective for the City of Franklin on January 1, 2008 that said that the expense of these benefits has to be recognized over the working lives of the employees. The Common Council concluded that the City of Franklin should not

City of Franklin, Wisconsin
For the Year Ended December 31, 2020
only recognize the expense on its financial statements but should fund those amounts out of its general revenue starting in 2008 with the establishment of a section 115 trust.
In 2017, the City adopted GASB 75, which treats OPEB liabilities similarly to pension obligations.

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

Economic Factors, Tax Rates and Next Year's Budgets

- The unemployment rate as of December 31, 2020 for the City was 4.7% and Milwaukee County which includes the City, was 7.1%. This compares with an unemployment rate of 4.0% for the State of Wisconsin.
- The 2020 Budget assessed tax rate of \$5.32 was down from \$5.43 from the prior year. Tax rates are declining as the State imposed levy limits are resulting in smaller increases in the tax levy, while property values are rising faster.
- The City's tax levy rose from \$21.4 million to \$21.7 million in 2020.
- 2021 budgeted General Fund expenditures increased \$891,000 (3.0%). The smaller increase in 2021 expenditures as compared to 2020's increase was accomplished by a reduction of \$1.6 million of restricted contingency.

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, City of Franklin 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.

BASIC FINANCIAL STATEMENTS

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
As of December 31, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 35,763,070	\$ 4,052,275	\$ 39,815,345
Receivables - net	1,631,311	2,503,851	4,135,162
Accounts	16,503	-	16,503
Interest	27,250,333	249,034	27,500,368
Taxes	4,500,000	-	4,500,000
Notes	287,206	-	287,206
Special assessments	49,975	1,306,669	1,356,644
Due from other governments	6,769	-	6,769
Prepaid items	31,915	-	31,915
Inventories	106,450	-	106,450
Long term advances	3,332,334	(106,450)	482,900
Restricted cash and investments	-	482,900	3,396,344
Restricted pension assets	-	64,010	14,973,399
Due from other governments - long term	-	14,973,399	14,973,399
Capital assets (net of accumulated depreciation)	-	-	-
Land	26,367,796	888,480	27,256,276
Buildings and improvements	16,775,047	4,390,940	21,165,987
Machinery and equipment	7,345,942	1,828,236	9,174,178
Infrastructure	87,453,068	104,916,951	192,370,019
Construction in progress	5,630,865	6,609,781	12,240,646
Total assets	216,750,485	142,160,076	358,910,561
DEFERRED OUTFLOWS OF RESOURCES			
Pension and OPEB related	9,198,609	465,088	9,663,697
Total deferred outflow of resources	9,198,609	465,088	9,663,697
LIABILITIES			
Accounts payable	1,678,365	1,560,264	3,238,629
Accrued liabilities	5,062,619	12,045	5,074,664
Due from other governments	26,548	-	26,548
Accrued interest	379,206	72,524	451,730
Special deposits	33,493	-	33,493
Noncurrent liabilities			
Benefit obligations due within one year	753,536	79,512	833,048
Benefit obligations due in more than one year	2,440,216	114,504	2,555,120
General obligation debt due within one year	2,445,000	1,366,669	3,811,669
General obligation debt due in more than one year	48,489,680	15,866,080	64,355,760
Total liabilities	61,350,728	19,071,998	80,422,726
DEFERRED INFLOWS OF RESOURCES			
Pension and OPEB related	11,295,855	642,732	11,938,587
Subsequent year property taxes	27,188,953	-	27,188,953
Total Deferred Inflow of Resources	38,484,808	642,732	39,127,540
NET POSITION			
Net investment in capital assets	122,636,518	101,401,639	215,006,957
Restricted for			
Utility improvements	2,666,621	-	2,666,621
Development	8,891,715	-	8,891,715
Libraries	1,155,066	-	1,155,066
Libraries	689,390	-	689,390
Solid Waste	412,407	-	412,407
Recreation services	72,904	-	72,904
Health	272,376	-	272,376
Donations	235,736	-	235,736
Tourism Commission	388,940	-	388,940
Sewer equipment replacement	-	482,900	482,900
Intergovernmental Cooperation Agreement	-	-	-
Pensions	3,332,334	64,010	3,396,344
Unrestricted (deficit)	(14,606,991)	4,661,617	(9,945,374)
Total net position	126,113,558	\$ 122,910,434	\$ 249,023,992

See accompanying notes to the financial statements.

This page intentionally left blank

CITY OF FRANKLIN, WISCONSIN
Balance Sheet
Governmental Funds
As of December 31, 2020

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 9,239,521	\$ 463,657	\$ 6,729,948	\$ 15,773,679	\$ 32,206,805
Receivables - net					
Accounts	767,317	-	23,264	840,730	1,631,311
Taxes	19,193,314	1,113,214	3,771,985	3,266,820	27,292,333
Notes	-	-	4,500,000	-	4,500,000
Special assessments	-	18,692	-	288,514	287,206
Interest	86,403	-	90,000	-	176,403
Due from other governments	4,380	-	-	45,595	49,975
Prepaid items	6,789	-	-	-	6,789
Inventories	31,915	-	-	-	31,915
Advances to other funds	206,450	-	-	4,245,000	4,451,450
TOTAL ASSETS	\$ 29,536,069	\$ 1,595,563	\$ 15,062,197	\$ 24,440,338	\$ 70,634,167
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 577,664	\$ -	\$ 154,429	\$ 945,438	\$ 1,677,531
Accrued liabilities	408,752	-	3,804,623	477,644	4,691,019
Due to other governments	128,413	-	-	-	128,413
Special deposits	33,493	-	-	-	33,493
Advance from other funds	-	-	4,345,000	-	4,345,000
Total liabilities	1,148,322	-	8,304,052	1,423,082	10,875,456
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	18,692	4,590,000	776,514	5,385,206
Deferred revenue	19,188,734	1,100,000	3,718,985	3,181,235	27,188,954
Total deferred inflows of resources	19,188,734	1,118,692	8,308,985	3,957,749	32,574,160
FUND BALANCES (DEFICIT)					
Nonspendable:					
Inventories and prepaid items	38,684	-	-	-	38,684
Advances to other funds	206,450	-	-	-	206,450
Restricted:					
Debt service	-	476,871	-	-	476,871
Utility improvements	-	-	-	-	-
TIF Districts	-	-	-	-	-
Development	-	-	1,353,308	-	1,353,308
Donations	-	-	235,736	-	235,736
Health services	-	-	272,376	-	272,376
Library services	-	-	689,390	-	689,390
Solid waste	-	-	412,407	-	412,407
Recreational services	-	-	72,904	-	72,904
Tourism	-	-	-	388,940	388,940
Assigned:					
Purchases on order	315,823	-	-	-	315,823
Capital projects	-	-	-	5,707,862	5,707,862
Unassigned (deficit)	8,638,056	-	(2,904,148)	-	5,733,908
Total fund balances (deficit)	9,199,013	476,871	(1,550,840)	19,659,507	27,184,551
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 29,536,069	\$ 1,595,563	\$ 15,062,197	\$ 24,440,338	\$ 70,634,167

See accompanying notes to the financial statements.

Page 34

CITY OF FRANKLIN, WISCONSIN
For the Year Ended December 31, 2020

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Total
Functions/Programs						
Governmental activities:						
General government	\$ 3,499,595	\$ 220,817	\$ -	\$ 6,713	\$ (3,272,055)	\$ -
Public safety	18,489,596	2,588,486	310,439	150,510	(15,439,971)	(15,439,971)
Public works	10,307,739	4,909,364	2,380,554	3,152,604	134,783	134,783
Health and human services	993,155	128,891	1,074,088	-	(299,584)	(299,584)
Conservation and development	2,175,152	35,000	35,000	-	(1,339,285)	(1,339,285)
Interest on long term debt	1,478,889	139,094	500	-	(1,223,380)	(1,223,380)
Total governmental activities	38,302,433	8,045,830	3,818,957	3,632,379	(22,805,187)	(22,805,187)
Business-type activities:						
Water	5,674,035	6,156,559	-	1,456,660	1,975,184	1,975,184
Sewer	6,375,926	3,972,298	-	1,034,941	(1,371,687)	(1,371,687)
Total business-type activities	12,052,961	10,168,857	-	2,491,601	607,497	607,497
Total primary government	\$ 50,355,394	\$ 18,214,787	\$ 3,818,957	\$ 6,123,980	(22,805,187)	(22,197,670)
General revenue:						
Fees levied for general purposes					20,638,067	20,638,067
Property taxes levied for debt service					1,100,000	1,100,000
Property taxes levied for TIF Districts					3,261,911	3,261,911
Other taxes					658,315	658,315
Intergovernmental revenue not restricted to specific programs					1,163,315	1,163,315
Miscellaneous revenue					1,061,055	1,061,055
Transfers					34,295	34,295
Total general revenue and transfers					27,284,088	27,284,088
Change in net position					(2,166,234)	(2,166,234)
Net position - beginning					128,279,792	128,279,792
Net position - ending					\$ 126,113,558	\$ 122,910,434

See accompanying notes to the financial statements.

Page 34

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of December 31, 2020

Fund balances - total governmental funds	\$ 27,184,551
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and are therefore are not reported in the funds	
Capital assets, net of depreciation	143,572,718
Some receivables that are not currently available are reported as unavailable resources in the fund financial statements but are recognized as revenues when earned in the government-wide statements	
Unavailable revenue	5,385,206
Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are applicable to future periods, and, therefore are not reported in fund statements	
Deferred outflows	9,198,609
Deferred inflows	(11,295,854)
Internal Service Fund net position	3,243,631
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	
General obligation debt	(50,320,000)
Compensated absences	(2,357,958)
Net pension and OPEB obligations	(835,794)
Pension asset	3,332,334
Unamortized debt premiums	(614,680)
Accrued Interest	(379,205)
Net position of governmental activities	\$ 126,113,558

See accompanying notes to the financial statements. Page 36

CITY OF FRANKLIN, WISCONSIN
Statement of Revenue, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	TIF Districts	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE					
Taxes	\$ 19,650,840	\$ 1,100,000	\$ 3,427,361	\$ 1,688,071	\$ 25,846,272
Intergovernmental revenue	1,790,134	-	576,667	2,856,503	5,223,304
Licenses and permits	1,061,488	-	-	-	1,061,488
Fines, forfeitures and penalties	390,124	-	-	-	390,124
Public charges for services	2,172,980	-	-	4,009,106	6,182,086
Special assessments	-	17,853	-	1,398,086	1,415,939
Intergovernmental charges for services	183,423	-	-	-	183,423
Investment earnings	317,064	19,726	293,174	290,673	920,637
Miscellaneous revenue	210,975	-	-	174,898	385,873
Total revenue	25,777,028	1,137,579	4,297,202	10,397,337	41,609,146
EXPENDITURES					
Current					
General government	3,080,025	-	86,074	72,618	3,238,717
Public safety	17,471,370	-	-	588,507	18,059,877
Public works	4,065,611	-	658,669	2,024,374	6,748,654
Health and human services	663,974	-	-	346,721	1,010,695
Culture, recreation and education	288,387	-	-	1,369,451	1,657,838
Conservation and development	597,411	-	5,295,005	6,429	5,898,845
Capital outlay	-	-	14,157,306	5,900,859	20,058,165
Debt service	-	1,425,000	14,145,000	-	15,570,000
Principal	-	-	1,359,402	-	1,511,620
Interest	-	152,218	190,327	-	342,545
Debt issuance costs	-	-	-	-	-
Total expenditures	26,166,778	1,577,218	35,891,783	10,308,959	73,944,738
Excess (deficiency) of revenue over expenditures	(389,750)	(439,639)	(31,594,581)	88,378	(32,335,592)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	77,185	77,185
Transfers in	1,003,388	397,950	-	951,966	2,353,304
Transfers out	(48,379)	(600,000)	-	(701,537)	(1,349,916)
General obligation debt issued	-	-	3,045,000	-	3,045,000
Refunding debt issued	-	-	9,545,000	-	9,545,000
Premium on debt issued	-	-	254,320	-	254,320
Total other financing sources and uses	955,009	(202,050)	12,844,320	327,614	13,924,883
Net change in fund balances	565,259	(641,689)	(18,750,261)	415,992	(18,410,699)
Fund balances - beginning	8,633,754	1,118,560	17,199,421	18,643,515	45,595,250
Fund balances (deficit) - ending	\$ 9,199,013	\$ 476,871	\$ (1,550,840)	\$ 19,059,507	\$ 27,184,551

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Reconciliation of the Statement of Revenue
Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds \$ (18,410,699)

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

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

Capital outlays	20,058,165
Capital outlay contributed to business-type units	(8,287,474)
Items capitalized from non-outlay accounts	(1,594,202)
Depreciation	(4,012,833)
Net book value of assets disposed	(583,161)

Contributed capital assets are reported as revenues in the statement of activities.

2,402,066

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 governmental funds. Neither transaction, however, has any effect on net position.

Principal paid on long-term debt	15,570,000
Proceeds from long-term debt, including premium	(12,844,320)

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

Compensated absences, pensions and OPEB	711,389
Accrued interest payable and amortization of debt premium	288,258

Revenue in the governmental funds that provides current financial resources but has been previously reported as revenue in the statement of activities

3,781,467

Internal service fund change in net position

755,110

Net change in net position of governmental activities

\$ (2,166,234)

CITY OF FRANKLIN, WISCONSIN
General Fund
Statement of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Budgeted Amount			Variance with final budget -	
	Original	Change Inc (Dec)	Final	Actual	Excess (Deficiency)
REVENUE					
Taxes	\$ 20,741,600	\$ -	\$ 20,741,600	\$ 20,654,228	\$ (87,372)
Intergovernmental revenue	1,746,400	-	1,746,400	1,790,134	43,734
Licenses and permits	905,700	-	905,700	1,081,488	155,788
Fines, forfeitures and penalties	546,000	-	546,000	390,124	(155,876)
Public charges for services	2,527,300	64,600	2,591,900	2,172,980	(418,920)
Intergovernmental charges for services	182,000	-	182,000	183,423	1,423
Investment earnings	343,580	-	343,580	317,064	(26,516)
Miscellaneous revenue	136,750	-	136,750	210,975	74,225
Total revenue	27,129,330	64,600	27,193,930	26,780,416	(413,514)
EXPENDITURES					
Current					
General government	3,202,982	136,889	3,339,871	3,078,205	261,468
Public safety	18,446,976	220,648	18,667,624	17,498,307	1,169,319
Public works	4,031,600	84,000	4,115,600	4,068,000	47,600
Health and human services	737,635	2,000	739,635	683,974	75,661
Culture and recreation	210,448	122,385	332,833	292,830	39,903
Conservation and development	619,400	52,000	671,400	569,890	101,510
Total expenditures	27,369,120	1,378,830	28,747,950	26,350,208	2,397,742
Excess (deficiency) of revenue over (under) expenditures	(239,790)	(1,314,230)	(1,554,020)	430,208	1,984,228
OTHER FINANCING SOURCES (USES)					
Transfers out	(524,000)	(48,379)	(572,379)	(48,379)	524,000
Net change in fund balance - budgetary basis	(763,790)	(1,362,609)	(2,126,399)	381,829	2,508,228
Adjustments to generally accepted accounting principles basis					
Fiscal year-end deficiency	(1,335,000)	300,000	(1,035,000)	-	1,035,000
2020 encumbrances	-	-	315,823	315,823	-
2019 encumbrances	-	-	(132,393)	(132,393)	-
Net change in fund balance - generally accepted accounting principles basis	(2,098,790)	(1,062,609)	(2,977,969)	565,259	3,543,228
Fund Balances - beginning	8,633,754	-	8,633,754	8,633,754	-
Fund Balances - ending	\$ 6,534,964	\$ 5,655,785	\$ 9,199,013	\$ 9,199,013	\$ 3,543,228

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2020
 (with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sanitary Sewer	Sanitary Sewer	Current Totals	
ASSETS	Current Year	Prior Year	Current Year	Prior Year	Service Funds
Current assets					
Cash and investments	\$ 2,941,618	\$ 2,425,883	\$ 1,110,657	\$ 1,049,880	\$ 4,052,275
Receivables					\$ 3,556,265
Accounts	1,432,878	1,395,461	1,070,973	991,518	2,503,851
Taxes	145,647	161,985	103,387	118,953	249,034
Due from other governments	-	-	1,306,669	1,275,272	1,306,669
Total current assets	4,520,143	3,983,329	3,591,886	3,435,623	8,111,829
Noncurrent assets					
Restricted cash and investments	-	-	482,900	480,000	482,900
Restricted pension assets	32,005	-	32,005	-	64,010
Due from other governments	-	-	14,973,399	16,280,068	14,973,399
Capital assets					
Land	162,886	162,885	725,594	725,594	888,480
Buildings and improvements	3,414,032	3,020,191	3,325,768	3,308,050	6,739,800
Improvements other than buildings	63,681,798	60,725,142	84,169,120	81,653,509	147,850,918
Machinery and equipment	4,614,505	4,920,074	1,217,519	1,209,165	5,832,024
Construction in progress	1,995,890	1,065,176	4,613,891	95,510	6,609,781
Less accumulated depreciation	(22,638,818)	(21,423,626)	(26,647,797)	(24,528,482)	(49,286,615)
Total capital assets (net of accumulated depreciation)	51,230,293	48,469,842	67,404,095	62,463,346	118,634,388
Total noncurrent assets	51,262,298	48,469,842	82,892,399	79,223,414	134,154,697
Total assets	55,782,441	52,453,171	86,484,085	82,659,037	142,266,526
Deferred outflows of resources					
Pension and OPEB related	232,638	346,811	232,450	301,287	465,088

Continued

CITY OF FRANKLIN, WISCONSIN
Statement of Net Position
Proprietary Funds
As of December 31, 2020
 (with comparative information for December 31, 2019)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sanitary Sewer	Sanitary Sewer	Current Totals	
LIABILITIES	Current Year	Prior Year	Current Year	Prior Year	Service Funds
Current liabilities					
Accounts payable	\$ 785,652	\$ 943,378	\$ 774,612	\$ 662,064	\$ 1,560,264
Accrued liabilities	689	689	11,356	37,255	12,045
Accrued interest payable	10,829	11,563	61,695	72,035	72,524
Current portion of accrued compensated absences	39,756	40,243	36,756	40,243	79,512
Current portion of long-term advances	16,743	16,743	-	-	16,743
Current portion of long-term obligations	60,000	55,000	1,306,669	1,275,272	1,366,669
Total current liabilities	914,176	1,067,623	2,194,088	2,086,869	3,108,264
Noncurrent liabilities					
Net pension liability	-	379,808	-	328,016	-
General obligation notes payable	20,150	14,026	20,150	14,026	40,300
Accrued compensated absences	892,680	951,682	14,973,400	16,280,069	15,866,080
Long-term advances	89,200	35,657	37,302	35,657	74,604
Total noncurrent liabilities	1,039,332	1,487,623	15,030,852	16,657,768	89,200
Total liabilities	1,953,508	2,555,246	17,224,940	18,744,637	19,178,448
Deferred inflows of resources					
Pension and OPEB related	321,366	29,911	321,366	26,571	642,732
Net position					
Restricted	50,277,613	47,463,160	51,124,026	44,908,005	101,401,639
Sewer equipment replacement	-	-	482,900	480,000	482,900
Pensions	32,005	-	32,005	-	64,010
Intergovernmental cooperation agreement	3,430,587	2,751,665	16,280,068	17,565,340	16,280,068
Unrestricted	-	-	-	-	-
Total net position	\$ 53,740,205	\$ 50,214,825	\$ 69,170,229	\$ 64,189,116	\$ 122,910,434
					\$ 3,243,631

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Revenue, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020
 (with comparative information for December 31, 2019)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Water	Sanitary Sewer	Sanitary Sewer	Current Year	
	Current Year	Prior Year	Current Year	Prior Year	Totals	
OPERATING REVENUE						
Metered sales	\$ 3,194,326	\$ 2,874,381	\$ 2,162,732	\$ 2,066,966	\$ 5,357,058	\$ -
Residential	767,351	741,263	543,338	503,338	1,313,494	-
Commercial	640,582	648,437	600,230	591,845	1,246,812	-
Irrigation	447,081	109,212	470,982	430,271	947,061	-
Public utility	247,268	268,223	166,674	171,112	543,055	-
Total metered sales	5,457,701	5,078,843	3,852,641	3,763,531	9,410,342	-
Group health & dental charges	-	-	-	-	-	3,224,268
Unmetered sales	37,524	20,928	1,990	2,355	39,514	-
Public fire protection service	548,256	544,847	-	-	548,256	-
Private fire protection service	127,368	125,087	-	-	127,368	-
Forfeited discounts, penalties and other	25,710	52,554	17,667	36,241	43,377	-
Total operating revenue	6,196,559	5,822,259	3,872,298	3,802,127	10,168,857	3,224,268
OPERATING EXPENSES						
Cost of sales and services	3,734,436	3,539,664	2,665,188	2,534,298	6,399,624	2,519,579
Depreciation	1,304,891	1,245,739	2,205,203	2,172,379	3,510,094	-
Amortization	601,626	529,598	1,102,361	1,018,886	1,703,967	-
Total operating expenses	5,640,953	5,307,060	5,972,752	5,725,563	11,813,705	2,519,579
Operating income (loss)	555,606	485,199	(2,000,454)	(1,923,436)	(1,444,848)	704,689
NONOPERATING REVENUE (EXPENSES)						
Investment earnings	25,473	66,996	487,715	487,546	513,188	50,421
Sundry	101,677	92,997	45	2,220	101,722	-
Interest expense	(33,082)	(36,132)	(406,174)	(442,426)	(439,256)	-
Total non-operating revenue (expenses) and transfers	94,068	123,861	81,586	47,340	175,654	50,421
Income (loss) before capital contributions	649,674	589,060	(1,918,868)	(1,876,096)	(1,269,194)	755,110
Capital contributions - Developers	1,456,660	1,189,743	1,034,941	703,436	2,491,601	-
Capital contributions - City	2,419,423	3,739,332	5,865,051	2,195,622	8,287,474	-
Transfers in (Out)	(1,000,377)	(965,369)	(3,011)	(3,080)	(1,003,388)	-
Change in net position	3,325,380	4,552,767	4,981,113	1,019,882	8,506,493	755,110
Net position - beginning	50,214,825	45,662,058	64,189,116	63,169,234	114,403,941	2,488,521
Net position - ending	\$ 53,740,205	\$ 50,214,825	\$ 69,170,229	\$ 64,189,116	\$ 122,910,434	\$ 3,243,631

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2020
 (with comparative information for December 31, 2019)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water Utility	Water	Sanitary Sewer	Sanitary Sewer	Current Year	
	Current Year	Prior Year	Current Year	Prior Year	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 6,271,743	\$ 5,936,577	\$ 3,903,346	\$ 3,767,823	\$ 10,175,089	\$ 3,224,268
Payments to suppliers	(3,903,483)	(3,329,430)	(3,225,124)	(3,065,756)	(7,128,607)	(2,410,224)
Payments to employees	(462,620)	(416,854)	(353,991)	(352,076)	(816,611)	-
Payments for interfund services used	(108,518)	(131,823)	(103,550)	(104,410)	(212,089)	-
Net cash flows provided by (used in) operating activities	1,797,122	2,058,470	220,881	245,581	2,017,803	814,044
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfer out - paid for tax equivalent	(1,000,377)	(965,368)	(3,011)	(3,080)	(1,003,388)	-
Net Cash Flows from Noncapital Financing Activities	(1,000,377)	(965,368)	(3,011)	(3,080)	(1,003,388)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Payments on capital debt	(65,000)	(65,000)	(1,275,272)	(1,244,628)	(1,330,272)	-
Payments from other governments	(16,750)	(16,500)	1,275,273	1,244,628	1,275,273	-
Interest on capital debt	(32,618)	(34,730)	(416,514)	(447,535)	(449,332)	-
Capital contribution received	2,334,602	(1,359,407)	1,034,941	-	3,169,543	-
Acquisition of capital assets	(2,336,517)	(1,359,407)	(1,285,244)	(130,748)	(3,691,761)	-
Net cash provided (used) by capital and related financing activities	(306,483)	(1,485,637)	(646,816)	(578,283)	(953,299)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment earnings	25,473	66,996	492,823	482,437	518,296	50,421
Net cash provided (used) by investing activities	25,473	66,996	492,823	482,437	518,296	50,421
Net increase (decrease) in cash and cash equivalents	515,735	(305,639)	63,677	146,655	579,412	864,465
Cash and cash equivalents - Beginning	2,425,883	2,731,422	1,529,880	1,383,226	3,955,793	2,691,800
Cash and cash equivalents - Ending	\$ 2,941,618	\$ 2,425,883	\$ 1,593,557	\$ 1,529,880	\$ 4,535,175	\$ 3,556,265
Cash and investments - Unrestricted	\$ 2,941,618	\$ 2,425,883	\$ 1,110,857	\$ 1,049,880	\$ 4,052,275	\$ 3,556,265
Cash and investments - Restricted	-	-	482,900	480,000	482,900	-
	<u>\$ 2,941,618</u>	<u>\$ 2,425,883</u>	<u>\$ 1,593,557</u>	<u>\$ 1,529,880</u>	<u>\$ 4,535,175</u>	<u>\$ 3,556,265</u>

Continued

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Fiduciary Net Position
As of December 31, 2020

	Employee Benefit Trust Funds	Custodial Funds
ASSETS		
Cash	\$ 160,124	\$ 14,792,742
Investments:		
Fixed Income Securities	6,657,535	42,707,743
Domestic Equities	10,700,821	-
International Equities	2,386,041	-
Total Cash & Investments	19,904,521	57,500,485
Taxes receivable	-	18,155,429
Accounts receivable	-	3,134
Due from other governments	-	7,290
Total assets	\$ 19,904,521	\$ 75,666,338
LIABILITIES		
Accounts payable	\$ -	\$ 1,083
Accrued liabilities	16,600	2,329
Special deposits	-	75,662,926
Total liabilities	16,600	75,666,338
Net Position	19,887,921	-
Restricted for employee benefits	19,887,921	-
Total Net Position	\$ 19,887,921	\$ -

CITY OF FRANKLIN, WISCONSIN
Statement of Cash Flows
For the Year Ended December 31, 2020
(with comparative information for December 31, 2019)

	Water Utility Current Year	Water Utility Prior Year	Sanitary Sewer Current Year	Sanitary Sewer Prior Year	Governmental Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	\$ 555,606	\$ 465,189	\$ (2,000,454)	\$ (1,923,436)	\$ 704,689
Adjustments to reconcile operating income (loss) to net cash flows provided by operating activities					
Depreciation	1,304,891	1,245,740	2,205,203	2,172,379	3,510,094
Amortization	12,657	5,745	(12,657)	(12,659)	-
Provision for doubtful accounts	-	-	-	-	-
Nonoperating revenues	101,677	92,987	45	-	101,722
(Increase) decrease in assets and deferred outflows of resources	(37,417)	4,498	(84,563)	(29,651)	(121,980)
Accounts receivable	16,338	11,409	15,566	(10,067)	31,904
Prepaid expense	-	2,291	-	2,291	-
Pension assets	6,124	2,139	3,611	630	9,735
Deferred outflows of resources	4,042	918	-	918	4,042
(Increase) decrease in liabilities and deferred inflow of resources	(157,727)	182,720	112,547	41,489	(45,180)
Accounts payable	1,158	540	(24,741)	8,686	(23,583)
Accrued liabilities	(5,414)	5,414	-	5,414	(5,414)
Deferred inflow of resources	(4,813)	(10,263)	6,124	(10,263)	1,311
Post employment retirement benefit	1,241,516	1,593,271	2,221,135	2,169,017	109,355
Total adjustments	1,797,122	2,058,470	2,220,681	2,455,581	2,017,803
Net cash flows provided by (used in) operating activities	\$ 1,797,122	\$ 2,058,470	\$ 220,681	\$ 245,581	\$ 814,044
Noncash Capital Activities					
Cost of Utility plant installed and/or financed by external parties or the City	\$ 3,876,083	\$ 4,529,075	\$ 6,902,992	\$ 2,899,058	\$ 10,779,075
	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the financial statements.

See accompanying notes to the financial statements.

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2020

Exhibit K

	Employee Benefit Trust Funds	Custodial Funds
ADDITIONS		
Tax collections	-	\$ 75,554,712
Contributions		
City of Franklin	1,300,788	-
Retirees	146,308	-
	2,125,978	-
Net investment earnings (losses)	3,573,074	-
Total additions	<u>3,573,074</u>	<u>75,554,712</u>
DEDUCTIONS		
Tax distributions		75,554,712
Incurred claims	638,632	-
Prescription drug claims	69,774	-
Claims fees	50,190	-
Stop loss premiums less claims received	61,488	-
Total deductions	<u>820,084</u>	<u>75,554,712</u>
Change in net position	2,752,990	-
Net Position Beginning of year	17,134,931	-
Net Position End of year	<u>\$ 19,887,921</u>	<u>\$ -</u>

See accompanying notes to the financial statements. Page 46

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

Page 47

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. REPORTING ENTITY (continued)

Blended Component Unit

The Community Development Authority (Authority) was created by the City in 1992 to serve as a financing vehicle for certain Tax Incremental Districts (TID) development within the City. That District was closed in 2012. The Authority is governed by a seven member board appointed by the Mayor and confirmed by the Common Council. Although it is legally separate from the City, the Authority is reported as if it were part of the primary government because its sole purpose is to finance and manage certain TID development projects for the benefit of the City. The Authority had no financial transactions during 2020, nor does the Authority own any assets or liable for any debt. Therefore, no financial statements are presented in this report. The Authority does not issue separate financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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 and deferred outflows, liabilities and deferred inflows, 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.

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

Major Governmental Funds

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

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

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

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Major Enterprise Funds (continued)

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

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

In addition the City reports:

Nonmajor Governmental Funds

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

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

Other Fund Types

Internal Service 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.

Custodial Funds – used to account for and report assets controlled by the City and the assets are for the benefit of individuals, private organizations and for other governmental entities.

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Government-Wide Financial Statements

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

Taxes receivable for the following year are recorded as receivables and deferred inflows of resources. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Receivables are recorded as revenue when services are performed. At December 31, 2020, there were \$405,606 of anticipated future assessments. This is not reported as receivables because collection is subject to certain events occurring in the future and no formal repayment schedule has been established.

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

Fund Financial Statements

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

Property taxes are recorded the year levied as receivable and deferred inflow of resources 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 inflows of resources.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

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

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

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

Proprietary funds distinguish operating revenue and expenses from 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 Sewerage District and local operation and maintenance expenses. The principal operating revenue of the internal service fund is charges to other funds for group health coverage.

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

All Financial Statements

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Investments

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

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

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

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

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Cash and Investments (continued)

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

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

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

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

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 3.A. 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 (loss). Investment income (loss) on commingled investments of various City Funds is allocated based on average investment balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of LGIP assets was substantially equal to the amount reported in these statements.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Receivables

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

Property tax calendar – 2020 tax roll:

Lien date and levy date	December 2020
Tax bills mailed	December 2020
Payment in full, or	January 31, 2021
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Personal property taxes in full	January 31, 2021
Final tax settlement with County	August 20, 2021
Tax deed by County – 2020	
Delinquent real estate taxes	October 2023

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

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

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

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

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As notes are repaid, revenue is recognized. When new notes are made from the repayments,

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

expenditures are recorded, interest received from loan repayments is recognized as revenue when received in cash.

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. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. 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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Mandatory segregation of assets are presented as restricted assets. Such segregation is required by agreements with external parties. Current liabilities payable from restricted assets are so classified. The Pension Asset, if any, is reported as restricted. This asset represents funds held by the Plan Trust, which can only be used to settle Plan obligations. The excess of restricted assets over current liabilities will be used first for equipment replacement. The remainder, if generated from earnings, is shown as restricted net position.

5. Benefit Obligations

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Benefit Obligations (continued)

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

6. Capital Assets

Government-Wide Statements

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

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 the applicable function.

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

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Capital Assets (continued)

Fund Financial Statements

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

7. Deferred Inflows of Resources and Deferred Outflows of Resources

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

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

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

8. Compensated Absences

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Compensated Absences (continued)

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

9. Long-term Obligations/Conduit Debt

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

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

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

The City has approved issuance of industrial development revenue bonds (IDRB) for the benefit of private business enterprises. IDRB's are secured by mortgages or revenue agreements on associated projects of the business enterprises. The IDRB's do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the financial statements. An Industrial Revenue Bond originally issued with an aggregate principal amount of \$3,750,000 is outstanding with a December 31, 2020 balance of \$2,800,000.

10. Claims and Judgments

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Equity Classifications

Government-Wide Statements

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

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

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

	Governmental Activities	Business-type Activities	Adjustment	Total
Net investment in capital assets	\$ 122,636,518	\$ 101,401,639	\$ (9,031,200)	\$ 215,006,957
Unrestricted	(14,608,991)	4,681,817	9,031,200	(895,974)

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Equity Classifications (continued)

Fund Statements

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

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (Common Council) has by resolution authorized the Director of Finance & Treasurer to assign fund balance (Resolution 2014-7025). The Common Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, as additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

The City has adopted a fund balance policy (Res. 2016-7216) for all governmental funds supported by tax levy as follows: the ratio of year end fund balance to current year Expenditures shall target a range between 20 and 30%. The amount of Fund Balance will be taken into consideration when establishing the following year's budget. At least 15% of the succeeding year expenditure budget be maintained for working capital. Any non-spendable fund balance of the General Fund shall be excluded from the ratio. As of the year ended December 31, 2020, the City exceeded the 30% upper level by 5.2%.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. 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, 2020 from which the data was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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 significant. Budgets are adopted for personnel and non-personnel expenditures at the function level.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)

B. LIMITATIONS ON THE CITY'S TAX LEVY

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

C. EXCESS EXPENDITURES OVER APPROPRIATIONS

The City controls General Fund expenditures at the Department personnel and non-personnel level (e.g. police personnel). Other funds are controlled activity level. For the year ended December 31, 2020 the following funds had expenditures exceeding budget:

Fund/Function	Budget		Actual		Excess Expenditures Over Budget
		Expenditures		Expenditures	
General Fund					
Elections - Personnel	\$	70,404	\$	77,959	\$ 7,555
Finance - Other Services		123,310		124,008	698
Library Operating Fund					
Culture and recreation	\$	1,312,619	\$	1,314,671	\$ 2,052
Solid Waste Fund					
Public Works	\$	1,971,287	\$	2,013,227	\$ 41,940
Grant Fund					
Culture and recreation	\$	-	\$	8,790	\$ 8,790
Capital Outlay		25,000		28,528	3,528

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

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

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - 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 per financial institution. However, although the fund had reserves available at December 31, 2020, the future availability of resources to cover the losses cannot be projected because provisions of the 1985 Wisconsin Act 35 provided that the amount in the fund will be used to repay public depositors for losses until the appropriation is exhausted at which time the fund is abolished. This coverage has not been considered in computing custodial credit risk.

The City maintains a collateral arrangement with its main bank to provide collateralization in excess of deposits maintained at the bank. The collateral is maintained in the form of a letter of credit from the Federal Home Loan Bank of Cincinnati in the amount of \$20,000,000.

The City maintains both Non-FDIC insured and collateralized balances with an investment manager that deposits funds with US Banks. The funds are held in accounts 'As Agent for its Customers'. The manager utilizes FDIC insurance, third party insurance and Federal Home Loan Bank letters of credit as collateral for balances.

Cash and investments as shown on the December 31, 2020 statement of net position are subject to the following risks:

	Carrying Value	Bank & Investment Balances	Risks
Local Government Investment Pool	\$ 3,286,284	\$ 3,286,284	Credit
Money market funds	35,780	35,780	Custodial credit
Certificates of deposit	2,813,629	2,813,629	Custodial credit
U.S. treasuries	7,075,625	7,075,625	Custodial credit, interest rate and concentration risk
U.S. agencies	7,198,853	7,198,853	
Municipal bonds	505,300	505,300	
Total fixed income investments	20,915,471	20,915,471	
Equity funds	13,086,862	13,086,862	Custodial credit
Fixed income funds	6,657,535	6,657,535	Credit and interest rate
Cash and demand deposits	77,043,383	68,122,486	Custodial credit
Total	\$ 117,703,251	\$ 108,782,354	

Reconciliation to the financial statements is shown below:

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

Per Statement of Net Position	
Primary Government:	
Unrestricted cash and investments	\$ 39,815,345
Restricted cash and investments	482,900
Per Statement of Fiduciary Net Position - Fiduciary Funds	
Custodial Fund	57,500,485
Employee Benefit Trust Funds	19,904,521
	<u>\$ 117,703,251</u>

Custodial Credit Risk For deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City. As of December 31, 2020, none of the City's total bank balances were 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. All of the City's investments have a tri-party relationship with the investments held by a party independent of the party managing the investment.

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

As of December 31, 2020, 99% of the fixed income investments were in rated fixed income investments and subject to credit risk. The ratings as a percentage of the total investment portfolio were as follows: Aaa at 96% and Aa2 at 3%.

The portfolio makeup of fixed income investments was treasury and agency securities at 38%, Local Government Investment Pool at 9%, municipal bonds at 1% and money market funds at <1%. The Local Government Investment Pool is not rated. Equities and fixed income mutual funds held in trust at 52% make up the remainder of the investments and are not individually rated.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to a large investment position in a single issuer. As of December 31, 2020, no issuer other than U.S. Treasury and Agency securities that have the full faith guarantee of the U.S. government had a position of greater than ten 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.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

A. CASH AND INVESTMENTS (continued)

The portfolio policy limits this risk by limiting the length of permitted investments and limits the purchase of investments highly sensitive to market changes.

As of December 31, 2020, the City's investments exposed to interest rate risk were as follows:

Investment type	Fair Value	Investment Maturity in years				
		Less than 1	2 - 3	4 - 5	6 - 7	
US treasuries	\$ 7,075,625	\$ 7,075,625	\$ -	\$ -	\$ -	
US agencies	7,198,853	2,015,933	5,182,920	-	-	
Municipal bonds	505,300	505,300	-	-	-	
Fixed income funds	6,657,535	575,255	748,521	414,618	4,919,141	
Total	\$ 14,361,688	\$ 3,096,488	\$ 5,931,441	\$ 414,618	\$ 4,919,141	

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

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

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

Investment Type	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
US treasuries	\$ -	\$ 7,075,625	\$ -	\$ 7,075,625
US agencies	-	7,198,853	-	7,198,853
Municipal bonds	-	505,300	-	505,300
Total	-	14,779,778	-	14,779,778
Equity funds	13,086,862	-	-	13,086,862
Fixed income funds	6,657,535	-	-	6,657,535
Total	\$ 19,744,397	\$ 14,779,778	\$ -	\$ 34,524,175

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - 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, special assessments and ambulance revenue, was \$128,526 at December 31, 2020. Other than the special assessment receivables, all other receivables are expected to be collected within one year.

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

	Unavailable	Unearned	Total
Governmental funds:			
Subsequent year property taxes	\$ -	\$ 25,640,920	\$ 25,640,920
Charges for services on tax roll	-	1,548,034	1,548,034
Intergovernmental grant receivable	508,000	-	508,000
Note receivable	4,500,000	-	4,500,000
Interest on note receivable	90,000	-	90,000
Special assessments not yet due	287,206	-	287,206
Total deferred inflows of resources for governmental funds	\$ 5,385,206	\$ 27,188,954	\$ 32,574,160

C. DUE FROM OTHER GOVERNMENTS

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

C. DUE FROM OTHER GOVERNMENTS (continued)

Year Ending December 31	Business-type Activities	
	Principal	Interest
2021	\$ 1,306,669	\$ 384,731
2022	1,338,839	352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026-2030	7,750,547	670,952
2031	1,666,455	41,028
Total	\$ 16,280,068	\$ 2,301,853

D. RESTRICTED ASSETS

In accordance with the City's ordinance enacting a sewer user charge system and regulations of the Department of Natural Resources, the Sanitary Sewer Fund – an Enterprise Fund,

incorporated an equipment replacement charge as a component of the rate structure to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources. Revenue generated from this charge is accumulated and used for replacement of certain equipment. The balance in this account at December 31, 2020 is \$482,900.

Restricted assets have been reported in connection with the net position asset balance since this balance must be used to fund employee benefits. The balance as of December 31, 2020 is \$3,396,344.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 25,450,016	\$ 917,780	\$ -	\$ 26,367,796
Construction in progress	1,986,204	5,122,777	1,478,116	5,630,865
Total capital assets not depreciated	27,436,220	6,040,557	1,478,116	31,998,661
Capital assets depreciated:				
Buildings & improvements	28,404,573	1,603,897	950,750	29,057,720
Machinery & equipment	20,023,758	1,454,771	1,305,686	20,172,843
Infrastructure	119,046,303	4,957,446	88,623	123,915,126
Total capital assets depreciated	167,474,634	8,016,114	2,345,059	173,145,689
Less: Accumulated depreciation for:				
Buildings & improvements	11,845,819	828,685	391,831	12,282,673
Machinery & equipment	13,042,842	1,065,503	1,281,444	12,826,901
Infrastructure	34,432,036	2,118,645	88,623	36,462,058
Total accumulated depreciation	59,320,697	4,012,833	1,761,898	61,571,632
Net capital assets depreciated	108,153,937	4,003,281	583,161	111,574,057
Governmental activities capital assets, net of accumulated depreciation	\$ 135,590,157	\$ 10,043,838	\$ 2,061,277	\$ 143,572,718

Depreciation expense was charged to functions as follows:

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

E. CAPITAL ASSETS (continued)

Governmental Activities

General government	\$ 287,449
Public safety	716,965
Public works	2,503,554
Health & human services	894
Culture & recreation	502,603
Conservation & development	1,368
Total governmental activities depreciation expense	\$ 4,012,833

Business-Type Activities

	Beginning Balance	Additions	Dispositions	Transfers	Ending Balance
Capital Assets not depreciated:					
Land	\$ 888,480	\$ -	\$ -	\$ -	888,480
Construction in progress	1,160,686	5,449,095	-	-	6,609,781
Total capital assets not depreciated	2,049,166	5,449,095	-	-	7,498,261
Capital assets depreciated:					
Buildings & improvements	6,328,241	37,584	-	373,975	6,739,800
Machinery & equipment	6,129,239	252,347	175,587	(373,975)	5,832,024
Infrastructure	142,378,650	5,472,268	-	-	147,850,918
Total capital assets depreciated	154,836,130	5,762,199	175,587	-	160,422,742
Less: Accumulated depreciation for:					
Buildings & improvements	2,131,866	216,994	-	-	2,348,860
Machinery & equipment	3,879,262	300,113	175,587	-	4,003,788
Infrastructure	39,940,980	2,992,987	-	-	42,933,967
Total accumulated depreciation	45,952,108	3,510,094	175,587	-	49,286,615
Net capital assets depreciated	108,884,022	2,252,105	-	-	111,136,127
Business-type Activities Capital Assets:					
Net of Accumulated Depreciation	\$ 110,933,188	\$ 7,701,200	\$ -	\$ -	\$ 118,634,388

Depreciation expense was charged to functions as follows:

Business-Type Activities:	
Water	\$1,304,891
Sewer	2,205,204
Total Business-Type Activities Depreciation Expense	\$3,510,095

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

F. LEASE DISCLOSURES

OPERATING LEASES

The City has entered into several lease agreements with telecommunications companies, wherein the City has agreed to allow the use of water utility property for the purpose of telecommunication relays. Revenue from this activity totaled \$167,037 for the year ended December 31, 2020. Future minimum lease payments receivable in conjunction with the leases are as follows:

	Governmental Activities	Business-Type Activities	Total
2021	\$ 76,550	\$ 76,550	\$ 153,100
2022	76,457	76,457	152,914
2023	78,367	78,367	156,734
2024	46,457	46,457	92,914
2025	15,750	15,750	31,500

G. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund receivables/payables result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. In all cases amounts are repaid within one year.

There were no interfund receivables and payables at December 31, 2020.

Advances

The City of Franklin provides short and long term advances to its TIF Districts and Water Utility. The amounts advanced are either from proceeds of a borrowing or from fund reserves. They are used to enable the TIF Districts to carry out approved project plans. The TIF Districts interest rate is based upon the interest rate incurred by the Debt Service Fund on its borrowings or the reinvestment rate available to other funds. The advances will be repaid as the TIF District resources are available. In 2017, the City made an advance payment on the Public Works Defined Benefit Pension Plan. In doing so, advanced \$155,700 to the Water Utility on a ten year note to aid the Water Utility portion of the payment. In 2019, the Development Fund advanced \$1.5 million to TIF District 7 as funding for a 10-year Mortgage to a Developer. In 2020, the General Fund Advanced TID8 to pay for organizational expenses. The balances at December 31, 2020 were:

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

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

Payable Fund	Receivable Fund		Due within one year
	General	Total	
TIF Districts Fund	\$ 100,000	\$ 4,345,000	\$ 1,345,000
Water Utility	106,450	106,450	17,250
	<u>\$ 206,450</u>	<u>\$ 4,245,000</u>	<u>\$ 1,362,250</u>

Transfers

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

Transfers as presented on the fund financial statements during the year ended December 31, 2020 were as follows:

Transfers In	Transfers Out			
	General Fund	Debt Service	Nonmajor Governmental Funds	Fund Totals
General Fund	\$ -	\$ -	\$ -	\$ 1,003,388
Debt Service Fund	-	-	397,950	397,950
Nonmajor Governmental Funds	48,379	600,000	303,587	951,966
Total	<u>\$ 48,379</u>	<u>\$ 600,000</u>	<u>\$ 701,537</u>	<u>\$ 2,353,304</u>

Current year transfers into the debt service fund from nonmajor governmental funds were completed for principal and interest payments. Transfers from the enterprise funds to the general fund were for tax-equivalent payments. All other transfers were completed for general operational purposes and capital activities.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

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

Transfers (continued)

A reconciliation of fund statement transfers to government wide transfers for the year ended December 31, 2020 is as follows:

	Governmental Funds	Enterprise Funds
Transfers in per fund statements	\$ 2,353,304	\$ -
Transfers out per fund statements	(1,349,916)	(1,003,388)
Municipality financed addition to Utility Plant	(8,287,474)	8,287,474
Government Wide Transfers	<u>\$ (7,284,086)</u>	<u>\$ 7,284,086</u>

H. LONG TERM OBLIGATIONS

General Obligation Debt

Long-term liabilities for the year ended December 31, 2020 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Governmental Activities					
General obligation debt	\$ 53,300,000	\$ 12,590,000	\$ 15,570,000	\$ 50,320,000	\$ 2,445,000
Premium	446,398	294,322	86,040	614,680	-
Sub-total	<u>53,746,398</u>	<u>12,844,322</u>	<u>15,656,040</u>	<u>50,934,680</u>	<u>2,445,000</u>
Compensated absences					
Accrued vacation pay	475,103	1,159,085	1,159,525	474,663	474,661
Accrued severance pay	1,478,576	308,034	108,991	1,677,619	73,200
Accrued compensatory time	<u>194,705</u>	<u>270,572</u>	<u>259,601</u>	<u>205,676</u>	<u>205,675</u>
Total compensated absences	<u>2,148,384</u>	<u>1,737,691</u>	<u>1,528,117</u>	<u>2,357,958</u>	<u>753,536</u>
Net pension obligation - WRS	3,258,799	-	3,258,799	-	-
Net pension obligation - City of Franklin Defined Benefit Retirement Plan	1,450,175	-	1,450,175	-	-
Net OPEB obligation	<u>1,791,904</u>	<u>-</u>	<u>956,110</u>	<u>835,794</u>	<u>-</u>
Total benefit obligations	<u>8,649,262</u>	<u>1,737,691</u>	<u>7,193,201</u>	<u>3,193,752</u>	<u>753,536</u>
Governmental activities Long-term liabilities	<u>\$ 62,395,660</u>	<u>\$ 14,582,013</u>	<u>\$ 22,849,241</u>	<u>\$ 54,128,432</u>	<u>\$ 3,198,536</u>

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

General Obligation Debt (continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts due within one year
Business-type Activities					
General obligation debt	\$ 1,015,000	\$ -	\$ 55,000	\$ 960,000	\$ 60,000
General obligation bonds from direct borrowings	17,555,341	-	1,275,272	16,280,069	1,306,669
Discount	(8,318)	998	-	(7,320)	-
Subtotal	18,562,023	998	1,330,272	17,232,749	1,366,669
Compensated absences					
Accrued vacation pay	47,722	48,456	49,816	46,362	46,362
Accrued severance pay	79,926	3,290	-	83,216	8,612
Accrued compensatory time	24,152	2,928	2,542	24,538	24,538
Total compensated absences	151,800	54,674	52,358	154,116	79,512
Net OPEB obligation	28,052	12,248	-	40,300	-
Net pension obligation - City of Franklin Defined Benefit Retirement Plan	707,824	-	707,824	-	-
Total Benefit Obligations	887,676	66,922	760,182	194,416	79,512
Business-type activities Long-term liabilities	\$ 19,449,699	\$ 67,920	\$ 2,090,454	\$ 17,427,165	\$ 1,446,181

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

Details of general obligation notes and bonds payable as of December 31, 2020 are as follows:

Type	Date of Issue	Interest Rate	Principal Payable	Interest Payable	Original Amount	Balance Outstanding 12/31
General obligation Refunding Bonds						
	4/20/2016	2.0%	3/1/17-21	3/1 & 9/1	\$ 5,770,000	\$ 1,115,000 ⁴
General obligation Promissory Notes						
	12/18/14	2.0% - 2.5%	3/1/15-24	3/1 & 9/1	5,320,000	1,170,000 ¹
General obligation Notes						
	12/21/17	2.5% - 3.0%	3/1/19-27	3/1 & 9/1	1,630,000	1,515,000 ⁴
General obligation Bonds - 2019A						
	2/20/19	3.0% - 3.5%	3/1/20 - 32	3/1 & 9/1	13,685,000	13,020,000 ⁶
General obligation Bonds - 2019B						
	2/20/19	3.0% - 4.0%	3/1/22 - 34	3/1 & 9/1	6,365,000	6,365,000 ⁷
General obligation Bonds - 2019C						
	12/4/19	1.75% - 3.05%	3/1/22 - 37	3/1 & 9/1	12,360,000	12,360,000 ⁸
General obligation Notes - 2019D						
	12/4/19	2.0% - 3.0%	3/1/20 - 27	3/1 & 9/1	2,285,000	2,185,000 ⁴
General obligation Bonds - 2020A						
	12/10/20	1.6% - 2.05%	3/1/20 - 37	3/1 & 9/1	9,545,000	9,545,000 ⁵
General obligation Bonds - 2020B						
	12/10/20	1.0% - 2.0%	3/1/20 - 34	3/1 & 9/1	3,045,000	3,045,000 ⁹
Total Governmental Activities Debt						<u>\$ 50,320,000</u>
Business-type Activity Debt						
General obligation Clean Water Fund Loan - direct						
	1/25/12	2.46%	5/1/14-31	5/1 & 11/1	27,562,754	\$ 16,280,069 ²
General obligation Bonds						
	12/18/14	2.0% - 3.125%	3/1/15-34	3/1 & 9/1	1,290,000	960,000 ³
Total Business-type Activities Debt						<u>\$ 17,240,069</u>

¹ Issued 63% for capital TIF purposes and 37% for general capital purposes. ² Issued for a sewer extension on W Ryan Rd. ³ Issued for water building purposes. ⁴ Issued for general Capital Improvement purposes. ⁵ Refunded 2018A NAN for projects in TID5. ⁶ Issued to Refund \$10 mil of the 2018A NAN's and a Developer Grant in TID 3. ⁷ Issued for infrastructure projects in TID 6. ⁸ Issued to refund \$4 million of the 2018A NAN, capital projects in TID 5 & 7 and finance a Developer Mortgage in TID 7. ⁹ Issued for Capital projects in TID6.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

H. LONG TERM OBLIGATIONS (continued)

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

Year Ending December 31	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 2,445,000	\$ 1,220,236	\$ 60,000	\$ 28,288
2022	2,775,000	1,212,066	60,000	26,488
2023	2,365,000	1,138,360	60,000	24,688
2024	2,820,000	1,065,598	60,000	22,888
2025	2,890,000	985,310	65,000	21,013
2026-30	18,975,000	3,517,124	345,000	75,063
2031-35	14,645,000	1,191,880	310,000	19,688
2036-37	3,405,000	83,090	-	-
Total	\$ 50,320,000	\$ 10,413,664	\$ 960,000	\$ 218,116

	Business-type Activities	
	Notes from Direct Borrowings	Interest
2021	\$ 1,306,669	\$ 384,730
2022	1,338,839	352,164
2023	1,371,802	318,796
2024	1,405,575	284,607
2025	1,440,181	249,575
2026-30	7,750,547	691,467
2031	1,666,456	20,514
Total	\$ 16,280,069	\$ 2,301,853

The City's statutory debt limit and margin of indebtedness at December 31, 2020 are \$220,686,245 and \$153,126,176, respectively. By City debt policy, the debt limit and margin of indebtedness limit are \$88,274,498 (40% of the limit prescribed by law) and \$20,714,429, respectively.

In 2018, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$2 million, and is payable to the developer solely from tax increments collected from a development in TID #3. A \$684,000 payment was made in 2020. The MRO bears interest at 4.5% payable March 1 annually. The balance of the MRO was \$1,005,000 at December 31, 2020.

In 2018, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$3.5 million, and is payable to the developer solely from tax increments collected from a development in TID #5. The MRO bears interest at 5.5% payable March 1 annually. No payments have been made on the MRO. The balance of the MRO was \$3.5 million at December 31, 2020.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 – DETAILED NOTES ON ALL FUNDS (continued)

In 2020, the City issued a municipal revenue obligation (MRO) as part of a development agreement. The amount of the obligation was \$14,952,000, and is payable to the developer solely from tax increments collected from a development in TID #7. The MRO bears no interest. It is payable from tax increment collected until 2040.

The obligations do not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligations, the obligations terminate with no further liability to the City. Since the amount of future payments is contingent on the collection of future TID increments, the obligations are not reported as a liability in the accompanying financial statements. The balance of the outstanding MRO principal at year end was \$19,457,000.

On December 4, 2019, the City issued 2019C, \$12,360,000 of taxable general obligation bonds with an average coupon rate of 2.43% to partially refund \$4,000,000 of outstanding notes with a coupon rate of 2.50%. \$4,000,000 of the proceeds along with existing funds were used to prepay the outstanding debt on March 1, 2020.

On December 10, 2020, the City issued 2020A, \$9,545,000 of taxable general obligation bonds with an average coupon rate of 1.91% to refund \$9,480,000 of outstanding notes with a coupon rate of 2.50%. The net proceeds along with existing funds were used to prepay the outstanding debt.

The cash flow requirements on the five year Note Anticipation Notes prior to the current two refundings were \$13,480,000 due March 1, 2023. The cash flow requirements on the refunding bonds are \$13,590,000 from March 1, 2022 thru March 1, 2037. The two current refundings resulted in an economic gain of \$297,968.

I. NET POSITION/FUND BALANCES

Governmental Activities

Governmental activities net position reported on the government-wide statement of net position at December 31, 2020 include the following:

Net investment in capital assets	
Land	\$ 26,367,796
Construction in process	5,630,865
Other capital assets, net of accumulated depreciation	111,574,057
Less: related long term debt outstanding, net of unspent bond proceeds	(20,936,200)
Net investment in capital assets	<u>\$ 122,636,518</u>

Business-type Activities

Business-type activities net position reported on the government-wide statement of net position include the following

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 3 -- DETAILED NOTES ON ALL FUNDS (continued)

I. NET POSITION/FUND BALANCES (continued)

Net investment in capital assets	\$ 888,480
Land	6,609,781
Construction in process	111,136,127
Other capital assets, net of accumulated depreciation	(17,232,749)
Less: related long term debt outstanding	<u>\$ 101,401,639</u>
Net investment in capital assets	

Reported on the fund financial statements at December 31, 2020 include the following:

Nonspendable fund balances	\$ 206,450
General Fund - advances	38,684
General Fund - prepaid items and inventory	<u>\$ 245,134</u>
Total nonspendable fund balance	
Restricted fund balances	\$ 476,871
Debt service	2,388,177
Utility improvements	8,891,715
Development	1,353,308
TIF Districts	235,736
Donations	272,376
Health services	689,390
Library services	412,407
Solid waste	72,904
Recreational services	388,940
Tourism commission	<u>\$ 15,181,824</u>
Total restricted fund balance	
Assigned Fund balances:	\$ 315,823
General Fund - purchases on order	
Capital Projects:	692,243
Capital outlay	2,389,836
Equipment replacement	2,022,793
Capital improvement	<u>\$ 6,023,685</u>
Street improvement	
Total assigned fund balances	
Unassigned fund balances	\$ 8,638,056
General Fund	(2,904,148)
TIF Districts (Deficit)	<u>\$ 5,733,908</u>
Total unassigned fund balances	

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION

A. DEFINED BENEFIT PENSION PLANS

Wisconsin Retirement System (Protective Occupation Employees only)

General Information about the Pension Plan

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

ETF issued a standalone WRS Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

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

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

The WRS also provides death and disability benefits for employees.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

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

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2010	(1.3)	2.2
2011	(1.2)	1.1
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	2.5
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)

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

During the reporting period, the WRS recognized \$1,273,388 in contributions from the employer.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

General Information about the Pension Plan (continued)

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

Contribution rates as of December 31, 2020 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.55%	6.55%
Protective with Social Security	6.55%	10.55%

At December 31, 2020, the City reported an asset of \$3,338,448 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was 0.10353524%, which was an increase of 0.01193641%, from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized pension expense of \$1,220,654, which includes amounts paid to WRS related to duty disability payments.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,337,139	\$ 3,171,314
Changes in assumptions	260,153	-
Net differences between projected and actual earnings on pension plan investments	-	6,824,976
Changes in proportion and differences between employer contributions and proportionate share of contributions	141,619	23,762
Employer contributions subsequent to the measurement date	1,568,169	-
Total	\$ 8,307,080	\$ 10,020,052

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

\$1,568,169 reported as deferred outflows resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	
2021	\$ (981,119)
2022	(721,671)
2023	151,584
2024	(1,729,935)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected	
		Nominal Rate of Return %	Expected Real Rate of Return %
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6
Variable Fund Asset Class			
US Equities	70	7.5	4.6
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%
Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

Wisconsin Retirement System (continued)

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

Single discount rate. A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.75% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the city's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the city's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the city's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 8,597,102	\$ (3,338,448)	\$ (12,261,645)

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan

General Information about the Pension Plan

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

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

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

The factors influencing the benefit are: (1) average compensation at retirement, (2) years of creditable service, and (3) a formula factor.

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

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

The plan also provides death and disability benefits for employees.

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

Active employees	27
Terminated vested participants	9
Retirees	26
Total	62

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

General Information about the Pension Plan (continued)

Contributions - Contribution requirements are established through action of the City Council and may be amended only through city ordinance. Employees make a non-elective and non-discretionary pension contribution that is equal to 8.2% of their payroll. The City contributes all remaining amounts necessary to fund the pension plan. During the reporting period, contributions of \$256,000 were made by the City to the plan.

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

At December 31, 2020, the City reported an asset of \$57,896 for its net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

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

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2019	\$ 11,268,865	\$ 9,110,866	\$ 2,157,999
Changes for the year:			
Service cost	157,837	-	157,837
Interest	662,710	-	662,710
Difference between expected and actual experience	(466,918)	-	(466,918)
Changes of assumptions	(615,012)	-	(615,012)
Contributions - employer	-	256,000	(256,000)
Net investment income	-	1,724,318	(1,724,318)
Benefit payments	(469,209)	(469,209)	-
Administrative Expense	-	(25,806)	25,806
Balance at December 31, 2020	<u>\$ 10,538,273</u>	<u>\$ 10,596,169</u>	<u>\$ (57,896)</u>
Plan fiduciary net position as a percentage of the total pension liability			100.55%

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,170	\$ 319,261
Changes in assumptions	506,328	420,465
Net differences between projected and actual earnings on pension plan investments	-	603,737
Employer contributions subsequent to measurement date	503,702	-
Total	<u>\$ 1,068,200</u>	<u>\$ 1,343,463</u>

The \$503,702 reported as deferred outflows resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31:	
2021	\$ (119,900)
2022	(403,348)
2023	(26,965)
2024	(228,752)

Actuarial assumptions - The pension liability in the December 31, 2019 actuarial valuation was determined use the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset):	December 31, 2019
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Market Value
Long-Term Expected Rate of Return:	6.50%
Discount Rate:	6.50%
Salary Increase - Seniority/Merit:	4.00%
Mortality:	2020 IRS Prescribed Mortality - Optional Combined Table for Small Plans

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

Actuarial assumptions are based upon an experience study conducted in 2018 using historical experience. The total pension liability for December 31, 2020 is based upon the liability calculated from the December 31, 2019 actuarial valuation.

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

Asset Class	Long-Term Real Rate of Return	Target Allocation
US Equity - Large Cap	7.70%	35.76%
US Equity - Mid Cap	7.95%	4.15%
US Equity - Small Cap	8.50%	2.05%
Non-US Equity	7.95%	13.70%
Core Bonds	4.00%	36.50%
High Yield	6.45%	1.98%

Discount rate - A discount rate of 6.50% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.50% and a long-term bond rate of 3.97%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

A. DEFINED BENEFIT PENSION PLANS (continued)

City of Franklin Defined Benefit Retirement Income Plan (continued)

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

Sensitivity of the net pension liability to changes in the discount rate - The following presents the City's net pension liability calculated using the discount rate of 6.50%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease to Discount Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase to Discount Rate (7.50%)
City's net pension liability (asset)	\$ 1,060,026	\$ (57,896)	\$ (1,012,477)

For the year ended December 31, 2020, the City recognized pension expense of \$400,102.

B. DEFINED CONTRIBUTION PLAN

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

Employees after completing six months of service with the City are eligible to participate. The Plan requires the City to make periodic contributions to each participant's account equal to 10% of such participant's annual compensation. Employees are required to make contributions of 5% of wages. A participant's accrued benefit for City contributions is 100% vested and non-forfeitable upon death, normal retirement, early retirement or permanent and total disability as defined in the Plan. If employment is terminated for any other reason, each participant's accrued benefit vests at various percentages, based on years of service. During 2020, total contributions of \$84,104 or 10% of covered payroll were made. The City contributed \$42,049 and employees \$42,049. The City may make amendments to the Plan.

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS

General Information About the OPEB Plan

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

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

Employees covered by benefit terms. At December 31, 2020, the following employees were covered by the benefit terms:

Active employees	174
Inactive employees entitled to by not yet receiving benefits	-
Retirees receiving benefits	26
Total	<u>200</u>

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

Employee Group	#	City Amount	Age	Years Service
Non-represented	33	75% of Premium at Retirement	62	20
Police	71	75% of Premium at Retirement	53	15
Dispatch	13	75% of 2005 Premium	62	20
Fire	54	75% of Premium at Retirement	53	20
DPW	29	75% of Premium at Retirement	60	15

Investments

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity (maximum)	75%	10.0%
Domestic equity (minimum)	25	10.0
Fixed income (maximum)	50	2.5
Fixed income (minimum)	25	2.5

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

Rate of return. The annual money-weighted rate of return on investments, net of investment expense for 2020 was 10.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The City's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	2.00 percent, average, including inflation
Investment rate of return	6.50 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	2021 and 2022 6.75%, 2023 and 2024 6.25%, 2025 and 2026 5.75%, 2027 and 2028 5.25%, and 2029+ 5.00%

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Net OPEB Liability

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

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2017.

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

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at December 31, 2019	\$ 8,358,716	\$ 6,538,760	\$ 1,819,956
Changes for the year:			
Service cost	223,819	-	223,819
Interest	557,865	-	557,865
Difference between expected and actual experience	-	190,666	(190,666)
Contributions - employer	-	719,788	(719,788)
Contributions - employees	-	146,308	(146,308)
Net investment income	-	421,249	(421,249)
Benefit payments	(469,392)	(469,392)	-
Estimated Balance at December 31, 2020	\$ 8,671,008	\$ 7,547,379	\$ 1,123,629
Difference between estimated and actual Plan Fiduciary Net Position	-	247,535	(247,535)
Actual Balance at December 31, 2020	\$ 8,671,008	\$ 7,794,914	\$ 876,094
Plan fiduciary net position as a percentage of the total OPEB liability			89.90%

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current discount rate:

	1% Decrease to Discount Rate (-5.5%)	Current Discount Rate (-6.50%)	1% Increase to Discount Rate (-7.50%)
City's net OPEB liability	\$ 1,644,937	\$ 876,094	\$ 182,970

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$312,292.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 111,862	\$ 176,000
Changes in assumptions	176,555	-
Net differences between projected and actual earnings on pension plan investments	-	399,071
Total	\$ 288,417	\$ 575,071

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

C. POST-EMPLOYMENT HEALTH CARE BENEFITS (continued)

Changes in the Net OPEB Liability

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Deferred Outflow of Resources and Deferred Inflows of Resources (net)
2021	\$ (62,358)
2022	(62,355)
2023	(190,192)
2024	(37,954)
2025	11,553
Thereafter	54,652

Payable to the OPEB Plan

The City does not report a payable for any outstanding amount of contributions to the City OPEB Plan required for the year ended December 31, 2020.

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.

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

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

D. CONTINGENCIES AND COMMITMENTS

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

E. RISK MANAGEMENT

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

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

Changes in the balance of claims payable for the years ended December 31, 2019 and 2020 are as follows:

Fiscal Year	Balance Beginning of Year	Current Claims and Changes in Estimates	Claims Payments	Balance End of Year
2020	\$ 175,000	\$ 2,656,379	\$ 2,519,579	\$ 311,800
2019	290,700	2,537,281	2,652,981	175,000

CITY OF FRANKLIN, WISCONSIN
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

NOTE 4 - OTHER INFORMATION (continued)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY
INFORMATION

CITY OF FRANKLIN, WISCONSIN

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) -
WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2020**

WRS Fiscal Year Ending Date	Proportion of the Net Pension Asset	Proportionate Share of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
			Covered Payroll	Covered Payroll	
12/31/14	0.084116700%	\$ (2,065,567)	\$ 8,071,472	25.59%	102.74%
12/31/15	0.082739220%	1,344,496	8,459,850	15.89%	98.20%
12/31/16	0.084036620%	682,662	8,682,689	7.98%	99.12%
12/31/17	0.087815360%	(2,607,342)	8,950,304	29.13%	102.93%
12/31/18	0.091598830%	3,258,799	9,094,718	35.83%	96.45%
12/31/19	0.103535240%	(3,338,448)	13,827,279	24.14%	102.96%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS - WISCONSIN RETIREMENT SYSTEM
For the Year Ended December 31, 2020**

City Fiscal Year Ending Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	Contributions as a Percentage of Covered Payroll	
		Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions		Covered Payroll	Payroll
12/31/15	\$ 689,692	\$ 689,692	\$ -	\$ -	8,459,850	8.15%
12/31/16	869,137	869,137	-	-	8,682,689	10.01%
12/31/17	1,074,037	1,074,037	-	-	8,950,304	12.00%
12/31/18	1,119,560	1,119,560	-	-	9,094,719	12.31%
12/31/19	1,380,924	1,380,924	-	-	13,827,280	9.99%
12/31/20	1,568,169	1,568,169	-	-	15,176,375	10.33%

This page intentionally left blank

See independent auditors' report and accompanying notes to required supplementary information

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
For the Year Ended December 31, 2020

	2015	2016	2017	2018	2019	2020
Total Pension Liability						
Service Costs	\$ 185,130	\$ 180,074	\$ 154,890	\$ 182,107	\$ 161,806	\$ 157,837
Interest on the Total Pension Liability	531,550	603,514	686,747	651,297	675,093	682,710
Benefit Charges					(656,529)	
Difference between Expected and Actual Experience	527,384	(460,357)	425,998	(154,963)	149,778	(466,918)
Assumption Changes	213,402	12,332	709,323	(203,418)	1,303,694	(615,012)
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)
Net Change in Total Pension Liability	1,246,391	95,702	1,600,492	104,877	1,199,034	(730,592)
Total Pension Liability - Beginning	7,022,369	8,268,760	8,384,462	9,964,954	10,069,831	11,268,865
Total Pension Liability - Ending	\$ 8,268,760	\$ 8,364,462	\$ 9,984,954	\$ 10,069,831	\$ 11,268,865	\$ 10,538,273
Plan Fiduciary Net Position						
Employer Contributions	293,632	339,927	302,518	1,133,559	251,009	256,000
Pension Plan Net Investment Income	377,842	(41,577)	409,272	1,372,321	(363,980)	1,724,318
Benefit Payments	(191,375)	(239,861)	(296,465)	(370,146)	(434,808)	(469,209)
Pension Plan Administrative Expense	(27,941)	(22,802)	(20,307)	(31,410)	(28,890)	(25,806)
Other	-	-	-	-	(4,564)	-
Net Change in Plan Fiduciary Net Position	452,158	35,687	385,018	2,104,324	(581,233)	1,485,303
Plan Fiduciary Net Position - Beginning	6,704,912	7,197,070	7,192,757	7,587,775	9,692,099	9,110,866
Plan Fiduciary Net Position - Ending	\$ 7,157,070	\$ 7,192,757	\$ 7,587,775	\$ 9,692,099	\$ 9,110,866	\$ 10,596,169
Net Pension Liability (Asset) Ending	\$ 1,111,690	\$ 1,171,705	\$ 2,377,179	\$ 377,732	\$ 2,157,999	\$ (57,896)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87%	86%	76%	96%	81%	101%
Covered Payroll	\$ 1,792,628	\$ 1,876,995	\$ 1,853,074	\$ 1,792,628	\$ 1,776,639	\$ 1,731,027
Net Pension Liability as a Percentage of Covered Payroll	62%	62%	128%	21%	121%	-3%

See independent auditors' report and accompanying notes to required supplementary information.
Page 100

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CONTRIBUTIONS
CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN
For the Year Ended December 31, 2020

Fiscal Year Ending Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
12/31/15	\$ 293,632	\$ 293,632	\$ -	\$ 1,792,628	16%
12/31/16	339,927	339,927	-	1,876,995	18%
12/31/17	302,518	302,518	-	1,853,074	16%
12/31/18	233,559	1,133,559	(900,000)	1,792,628	63%
12/31/19	251,009	251,009	-	1,776,639	14%
12/31/20	255,552	256,000	(448)	1,731,027	15%

See independent auditors' report and accompanying notes to required supplementary information.
Page 101

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

OPEB PLAN

For the Year Ended December 31, 2020

	2017	2018	2019	2020
Total OPEB Liability				
Service Cost	\$ 223,719	\$ 238,261	\$ 210,159	\$ 223,819
Interest on the Total OPEB Liability	489,875	509,975	516,342	557,865
Difference between Expected and Actual Experience	-	-	132,200	-
Assumption Changes	(418,905)	(622,193)	208,654	(469,392)
Benefit Payments	294,689	125,043	(442,196)	312,292
Net Change in Total OPEB Liability	7,312,825	7,807,514	7,735,557	8,358,716
Total OPEB Liability - Beginning	\$ 7,607,514	\$ 7,739,557	\$ 8,358,716	\$ 8,671,008
Total OPEB Liability - Ending				
Plan Fiduciary Net Position				
Employer Contributions	422,684	444,364	377,172	719,788
Employee Contributions	91,969	128,294	215,296	146,308
OPEB Plan Net Investment Income	673,624	(294,824)	1,159,084	421,249
Benefit Payments	(500,350)	(622,193)	(442,196)	(469,392)
Deferred Inflows	-	-	-	438,201
Net Change in Plan Fiduciary Net Position	687,927	(344,359)	1,309,356	1,256,154
Plan Fiduciary Net Position - Beginning	4,885,836	5,573,763	5,229,404	6,538,760
Plan Fiduciary Net Position - Ending	\$ 5,573,763	\$ 5,229,404	\$ 6,538,760	\$ 7,794,914
Net OPEB Liability Ending	\$ 2,033,751	\$ 2,504,153	\$ 1,819,956	\$ 876,094
Plan Fiduciary	1,568,169	1,568,169	1,568,169	1,568,169
Covered Payroll	73%	68%	78%	90%
Net OPEB Liability as a Percentage of Covered Payroll	15%	18%	13%	6%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF FRANKLIN, WISCONSIN

SCHEDULE OF CONTRIBUTIONS

OPEB PLAN

For the Year Ended December 31, 2020

	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 422,684	\$ 441,859	\$ 377,172	\$ 394,788
Actual Contribution	422,684	444,364	377,172	719,788
Contribution Deficiency (Excess)	\$ -	\$ (2,505)	\$ -	\$ (325,000)
Covered Payroll	\$ 13,879,896	\$ 14,188,222	\$ 14,300,000	\$ 14,300,000
Actual Contribution as a Percentage of Covered Payroll	3%	3%	3%	5%

See independent auditors' report and accompanying notes to required supplementary information.

CITY OF FRANKLIN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
As of and for the Year Ended December 31, 2020

NOTE 1 – PRESENTATION

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

NOTE 2 – WISCONSIN RETIREMENT SYSTEM

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

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

Changes of assumptions. There were no changes in the assumptions.

NOTE 3 – CITY OF FRANKLIN DEFINED BENEFIT RETIREMENT INCOME PLAN

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

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

Changes of assumptions. There were no changes in the assumptions.

NOTE 4 – OPEB PLAN

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

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

Changes of assumptions. There were no changes in the assumptions.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

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

Library Operating Fund – This fund accounts for the budgetary operation of the Library.

Library Auxiliary Fund – This fund accounts for Library donations, fines and forfeitures.

Solid Waste Collection Fund – This fund accounts for solid waste collection activities.

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

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

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

Tourism Commission – The State mandated that certain portions of the Hotel Tax be dedicated for tourism promotion. The Common Council formed a Tourism Commission which determines how those funds are spent.

Grant Fund – The City reports its grant activities in this fund. Grant activities include Fire Department, Police Department, Health Department, Community Development Block Grants and miscellaneous grants received by the City that are not accounted for elsewhere.

This page intentionally left blank

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 landfill siting fees) for replacement of vehicles and similar equipment in lieu of using borrowed monies.

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

Street Improvement Fund – This fund accounts for the activities of the local road improvement program. Funding is provided by landfill siting fees and a portion of General Transportation Aids and an every other year local road improvement grant from the State.

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

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

Schedule 1

CITY OF FRANKLIN, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2026

	Library Operating Fund	Library Auxiliary Fund	Solid Waste Collection Fund	St Martin's Fair Fund	Special Revenue Funds	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	Total
ASSETS									
Cash and investments	\$ 547,196	\$ 140,842	\$ 815,575	\$ 3,636	\$ 241,256	\$ 69,668	\$ 448,905	\$ 224,650	\$ 2,461,628
Receivables	-	-	-	1,645	-	-	-	-	1,645
Accounts payable	1,337,200	-	1,548,035	-	-	-	32,832	96,855	2,914,930
Due from other governments	45,595	-	-	-	-	-	-	-	45,595
Total assets	\$ 1,929,991	\$ 140,842	\$ 2,363,255	\$ 3,636	\$ 241,256	\$ 69,668	\$ 481,737	\$ 321,505	\$ 5,563,700
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 42,289	\$ -	\$ 404,596	\$ -	\$ 5,520	\$ 300	\$ 92,797	\$ 48,129	\$ 594,021
Accounts receivable	-	80	-	-	-	-	-	-	80
Total liabilities	44,103	80	404,596	-	5,520	300	92,797	48,129	598,020
DEFERRED INFLOWS OF RESOURCES									
Unearned revenue	1,337,200	-	1,548,035	-	-	-	-	-	2,885,235
FUND BALANCES									
Restricted:									
Donations	-	-	-	-	235,736	-	-	-	235,736
Library services	548,628	140,762	-	-	-	-	-	272,376	961,766
Solid waste	-	-	412,407	-	-	-	-	-	412,407
Library services	-	-	-	3,636	-	69,668	-	-	73,304
Tourism Commission	-	-	-	-	235,736	69,285	388,940	-	683,961
Total fund balances	548,628	140,762	412,407	3,636	235,736	69,285	388,940	272,376	2,071,133
Total liabilities, deferred inflows and fund balances	\$ 1,929,991	\$ 140,842	\$ 2,363,255	\$ 3,636	\$ 241,256	\$ 69,668	\$ 481,737	\$ 321,505	\$ 5,563,700

(Continued)

This page intentionally left blank

CITY OF FRANKLIN, WISCONSIN
Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2020

	Library Operating Fund	Library Auxiliary Fund	Solid Waste Fund	St. Martin's Fair Fund	Special Revenue Funds	Donation Fund	Civic Celebrations Fund	Tourism Commission Fund	Grant Fund	Total
REVENUE										
Library	\$ 1,340,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,871	\$ -	\$ 1,372,371
Investment earnings	45,595	-	68,834	-	-	-	-	-	1,059,037	1,173,466
Public charges for services	20,000	5,149	1,893,329	-	-	-	-	-	-	1,908,478
Investment earnings	13,404	1,713	16,344	-	-	-	-	2,633	-	34,084
Miscellaneous revenue	-	32,477	2,002	-	103,511	-	-	500	14,203	152,693
Total revenue	1,419,489	39,339	1,970,509	-	103,511	-	-	35,004	1,073,240	4,641,102
EXPENDITURES										
Current:										
General government	-	-	-	-	-	149	-	-	44,700	44,849
Public safety	-	-	-	-	-	28,968	-	-	559,539	588,507
Public works	-	-	2,013,227	-	-	-	-	-	11,147	2,024,374
Public utility	-	-	-	-	-	-	-	-	3,713	3,713
Public human services	-	-	-	-	-	-	-	-	8,790	8,790
Culture and recreation	1,314,671	37,942	-	-	-	-	8,048	-	-	1,396,451
Conservation and development	-	-	-	-	-	-	-	6,429	-	6,429
Capital outlay	119,627	8,090	-	-	-	-	-	109,596	28,528	265,821
Total expenditures	1,434,298	46,032	2,013,227	-	29,117	8,048	8,048	116,015	999,425	4,646,152
Excess (deficiency) of revenue over expenditures	(14,799)	(6,693)	(42,718)	-	74,394	(8,048)	(8,048)	(81,011)	73,815	(6,050)
Fund balances - beginning	583,427	147,445	455,125	3,636	161,342	77,316	469,951	198,961	2,076,803	
Fund balances - ending	\$ 568,628	\$ 140,752	\$ 412,407	\$ 3,636	\$ 235,736	\$ 69,268	\$ 388,940	\$ 272,376	\$ 2,071,753	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Combining Balance Sheet
Nonmajor Governmental Funds
As of December 31, 2020

	Capital Outlay Fund	Equipment Replacement Fund	Capital Improvement Fund	Capital Projects Funds	Utility Improvement Fund	Development Fund	Total	Total Nonmajor Governmental Funds
ASSETS								
Investments	\$ 768,627	\$ 2,435,786	\$ 2,016,864	\$ 602,990	\$ 2,335,424	\$ 5,122,360	\$ 13,282,051	\$ 15,773,679
Receivables	-	-	737,130	-	-	-	742,230	840,730
Accounts	5,100	-	-	-	59,763	-	65,863	3,687,500
Prepaid expenses	286,000	-	-	-	286,514	-	572,514	3,687,500
Due from other governments	-	-	-	-	-	-	-	45,595
Long-term advances	-	-	-	-	-	4,245,000	4,245,000	4,245,000
Total assets	\$ 1,059,727	\$ 2,435,786	\$ 2,753,994	\$ 602,990	\$ 2,656,691	\$ 9,367,360	\$ 18,886,548	\$ 24,440,338
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 81,484	\$ 45,950	\$ 223,201	\$ -	\$ -	\$ 182	\$ 350,617	\$ 945,438
Accrued liabilities	-	-	-	-	-	475,463	475,463	477,644
Total liabilities	\$ 81,484	\$ 45,950	\$ 223,201	\$ -	\$ -	\$ 475,645	\$ 826,080	\$ 1,423,082
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	508,000	-	268,514	-	776,514	776,514
Unearned revenue	286,000	-	-	-	-	-	286,000	3,181,235
Total Unavailable and Unearned Revenue	286,000	-	508,000	-	268,514	-	1,072,514	3,957,749
FUND BALANCES								
Restricted:								
Utility improvements	-	-	-	-	2,386,177	-	2,386,177	2,386,177
Capital equipment	-	-	-	-	-	8,891,715	8,891,715	8,891,715
Donations	-	-	-	-	-	-	-	6,335,736
Health services	-	-	-	-	-	-	-	272,376
Library services	-	-	-	-	-	-	-	689,390
Recreational services	-	-	-	-	-	-	-	47,004
Tourism Commission	-	-	-	-	-	-	-	388,940
Assigned:								
Capital projects	692,243	2,389,836	2,022,793	602,990	-	-	5,707,862	5,707,862
Total fund balances	\$ 692,243	\$ 2,389,836	\$ 2,022,793	\$ 602,990	\$ 2,386,177	\$ 8,891,715	\$ 16,987,754	\$ 19,059,507
Total liabilities, deferred inflows and fund balances	\$ 1,059,727	\$ 2,435,786	\$ 2,753,994	\$ 602,990	\$ 2,656,691	\$ 9,367,360	\$ 18,886,548	\$ 24,440,338

CITY OF FRANKLIN, WISCONSIN

General Fund
Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
--	--------------------	---------------------	-----------------	--------	---

TAXES

General property taxes	\$ 19,015,200	\$ -	\$ 19,015,200	\$ 19,015,333	\$ 133
Water Utility - tax equivalent	1,050,000	-	1,050,000	1,003,388	(46,612)
Cable TV franchise fees	480,000	-	480,000	441,950	(38,050)
Hotel/Room Tax	175,400	-	175,400	175,400	-
Mobile home assessments	21,000	-	21,000	18,157	(2,843)
	20,741,600	-	20,741,600	20,654,228	(87,372)

INTERGOVERNMENTAL REVENUE

State shared revenue	502,000	-	502,000	553,060	51,060
State expenditure restraint revenue	150,000	-	150,000	118,605	(31,395)
Fire insurance - dues	185,000	-	185,000	175,674	10,674
Local, state and federal grants and aids	-	-	-	-	-
Computer aid	228,000	-	228,000	228,051	51
Transportation aids	535,000	-	535,000	534,980	(20)
Personal Property Aids	95,600	-	95,600	77,988	(17,612)
Video Service Provider Aids	-	-	-	50,004	50,004
Other	70,800	-	70,800	51,772	(19,028)
	1,746,400	-	1,746,400	1,790,134	43,734

LICENSES, FEES AND PERMITS

Licenses:					
Beer and liquor	31,400	-	31,400	31,606	206
Bar/tenders	16,500	-	16,500	16,605	105
Amusement and related	9,800	-	9,800	11,335	1,535
Peddlers	4,650	-	4,650	3,597	(1,053)
Food and related	4,200	-	4,200	5,231	1,031
Dog and cat	9,300	-	9,300	9,820	520
Health	76,100	-	76,100	78,432	2,332
Other	12,550	-	12,550	22,795	10,245
Permits:					
Building	500,000	-	500,000	530,498	30,498
Electrical	100,000	-	100,000	174,396	74,396
Plumbing	90,000	-	90,000	124,634	34,634
Sign	12,000	-	12,000	14,329	2,329
Park	18,900	-	18,900	10,657	(8,243)
Fire	4,000	-	4,000	3,600	(400)
Other	16,300	-	16,300	23,953	7,653
	905,700	-	905,700	1,061,488	155,788

FINES, FORFEITURES AND PENALTIES

	546,000	-	546,000	390,124	(155,876)
--	---------	---	---------	---------	-----------

(Continued)

Schedule 2
(Continued)

CITY OF FRANKLIN, WISCONSIN

Combining Schedule of Revenue, Expenditures and Changes in Fund Balances
Normal Governmental Funds
For the Year Ended December 31, 2020

	Capital Fund	Equipment Replacement Fund	Capital Improvement Fund	Street Improvement Fund	Utility Improvement Fund	Development Fund	Total	Normal Governmental Funds
REVENUE								
Taxes	\$ 295,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 295,700	\$ 1,668,071
Intergovernmental revenue	18,573	187,106	608,365	868,993	-	-	1,683,037	2,856,903
Public charges for services	472,300	400,000	878,313	350,015	-	-	2,100,628	4,009,106
Special assessments	-	-	-	167,773	1,230,313	-	1,398,086	1,398,086
Investment earnings	10,544	59,471	15,721	7,942	137,294	-	259,579	250,073
Miscellaneous revenue	22,203	-	-	-	22,205	-	44,408	44,408
Total revenue	819,322	646,577	1,502,399	1,226,950	193,380	1,387,607	5,756,235	10,397,357
EXPENDITURES								
Current:								
General government	-	-	-	-	-	27,769	27,769	72,618
Public safety	-	-	-	-	-	-	-	588,507
Health and human services	-	-	-	-	-	-	-	2,024,374
Conservation and development	-	-	-	-	-	-	-	1,369,451
Capital outlay	722,791	806,366	2,395,669	1,130,167	-	580,045	5,635,038	5,900,959
Total expenditures	722,791	806,366	2,395,669	1,130,167	-	607,814	5,662,807	10,308,959
Excess (deficiency) of revenue over expenditures	96,531	(159,789)	(893,270)	96,783	193,380	759,793	93,428	88,378
OTHER FINANCING SOURCES (USES)								
Sale of capital assets	55,622	21,563	-	-	-	-	77,185	77,185
Transfers in	48,379	-	903,597	-	-	-	951,966	951,966
Transfers out	-	-	-	-	(701,537)	(701,537)	(701,537)	(701,537)
Total other financing sources (uses)	104,001	21,563	903,597	-	(701,537)	(701,537)	327,614	327,614
Net change in fund balances	200,532	(138,226)	10,317	96,783	193,380	58,256	421,042	415,992
Fund balances - beginning	491,711	2,528,062	2,012,476	506,207	2,194,797	8,833,459	16,566,712	18,643,515
Fund balances - ending	\$ 692,243	\$ 2,389,836	\$ 2,022,793	\$ 602,990	\$ 2,388,177	\$ 8,891,715	\$ 16,987,754	\$ 19,059,507

Page 111

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Revenues and Transfers In - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
PUBLIC CHARGES FOR SERVICES					
General government					
Property reports and document fees	\$ 12,400	\$ -	\$ 12,400	\$ 12,469	\$ 69
Public safety	800	-	800	783	(17)
Public safety					
Police Department and related	6,800	50,000	56,800	13,088	(43,712)
Ambulance service	1,350,000	-	1,350,000	1,123,907	(226,093)
Fire Department and related	61,000	-	61,000	13,296	(47,704)
Quarry reimbursement	43,000	-	43,000	50,345	7,345
Weights and measures	7,600	-	7,600	8,395	795
Public works					
Weed cutting	7,000	-	7,000	3,991	(3,009)
Street lighting	10,000	-	10,000	8,853	(1,147)
Engineering and DPW fees	323,500	252,600	576,100	549,441	(26,659)
Landfill tippage fees	518,000	(238,000)	280,000	267,344	(12,656)
Health and human services					
Health clinics and other health fees	114,400	-	114,400	40,648	(73,752)
Conservation and development					
Zoning, subdivision and other filing fees	72,800	-	72,800	74,420	1,620
	2,527,300	64,600	2,591,900	2,172,980	(418,920)
INTERGOVERNMENTAL CHARGES FOR SERVICES	182,000	-	182,000	183,423	1,423
INVESTMENT EARNINGS	343,580	-	343,580	317,064	(26,516)
MISCELLANEOUS REVENUE					
Municipal property rental	50,000	-	50,000	83,518	33,518
Property sales	10,750	-	10,750	14,379	3,629
Refunds and reimbursements	35,000	-	35,000	54,199	19,199
Insurance dividend	40,000	-	40,000	58,683	18,683
Other revenue	1,000	-	1,000	196	(804)
	136,750	-	136,750	210,975	74,225
Total Revenues	\$ 27,129,330	\$ 64,600	\$ 27,193,930	\$ 26,780,416	\$ (413,514)

1. Unexpected Engineering Inspection services resources

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
CURRENT					
General Government					
Mayor - Personnel Services	\$ 18,482	\$ 25	\$ 18,507	\$ 18,487	\$ 20
Mayor - Other Services	7,850	(25)	7,825	6,025	1,800
Aldermen - Personnel Services	47,409	-	47,409	47,403	6
Aldermen - Other Services	25,651	-	25,651	22,481	3,170
Municipal court - Personnel Services	193,490	-	193,490	188,068	5,422
Municipal court - Other Services	19,625	-	19,625	15,709	3,916
City clerk - Personnel Services	353,001	-	353,001	330,949	22,052
City clerk - Other Services	27,200	-	27,200	19,517	7,683
Elections - Personnel Services	16,500	2,062	18,562	77,959	(7,585)
Elections - Other Services	429,878	105,000	534,878	11,132	7,430
Information services - Personnel Services	131,451	3	131,454	130,927	527
Information services - Other Services	429,878	(104,894)	324,884	320,952	3,932
Administration - Personnel Services	171,714	-	171,714	238,619	166,905
Administration - Other Services	129,655	20,000	149,655	138,619	11,036
Finance - Personnel Services	419,877	(7,600)	412,277	404,363	7,914
Finance - Other Services	115,710	1,600	117,310	124,008	(6,698)
Assessor - Other Services	30,050	11,000	41,050	36,480	4,570
Legal counsel	233,350	-	233,350	230,743	2,607
Municipal buildings - Personnel Services	357,000	-	357,000	287,565	69,435
Municipal buildings - Other Services	114,001	40,000	154,001	111,927	42,074
Refunded Taxes	117,515	147,899	265,414	245,272	20,142
Property and liability insurance	95,850	-	95,850	89,748	6,102
Anticipated Underexpenditure	(315,000)	-	(315,000)	-	(315,000)
Contingency	125,000	(64,278)	60,722	-	60,722
Total General Government	3,202,982	136,689	3,339,671	3,078,205	261,466
Public Safety					
Police - Personnel Services	7,970,358	50,000	8,020,358	7,714,579	305,779
Police - Other Services	1,226,530	11,138	1,237,668	1,036,129	199,539
Dispatch - Personnel Services	1,197,247	-	1,197,247	1,147,151	50,096
Fire - Personnel Services	6,286,453	-	6,286,453	5,943,165	343,288
Fire - Other Services	268,524	722	269,246	268,141	1,105
Fire - Other charges	293,300	-	293,300	279,995	3,305
Building inspection - Personnel Services	768,655	78,300	846,955	736,213	110,742
Building inspection - Other Services	140,335	80,488	220,823	134,314	86,509
Sealer of weights and measures	7,600	-	7,600	7,600	-
Total Public Safety	18,446,978	220,648	18,667,626	17,499,307	1,168,319

1. Re-allocation of Contingency appropriations for Pandemic expenditures
2. Council authorized use of 2019 surplus as one time contribution to employee benefit plans - to address underfunded status
3. Transfer for open staff positions funded by Professional services
4. Un-used assistance to City of Milwaukee for cancelled special event.

(Continued)

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Expenditures and Transfers Out - Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
CURRENT					
Public Works					
Engineering - Personnel Services	\$ 590,261	\$ -	\$ 590,261	\$ 538,588	\$ 51,673
Engineering - Other Services	342,820	240,000 ⁴	582,820	581,501	1,319
Highway - Personnel Services	1,974,746	515,000 ^{2,3}	2,489,746	1,892,905	596,841
Highway - Other Services	890,800	90,108 ⁵	980,908	903,973	76,935
Street lighting	346,000	-	346,000	325,273	20,727
Weed control	7,050	-	7,050	3,662	3,388
Total Public Works	4,151,677	845,108	4,996,785	4,245,902	750,883
Health and Human Services					
Public health - Personnel Services	628,585	-	628,585	558,154	70,431
Public health - Other Services	65,250	-	65,250	60,133	5,117
Animal control	43,800	2,000	45,800	45,687	113
Total Health and Human Services	737,635	2,000	739,635	663,974	75,661
Culture and Recreation					
Senior activities and travel program	24,000	-	24,000	3,280	20,720
Parks - Personnel Services	119,998	115,000 ^{3,5}	234,998	230,253	4,745
Parks - Other Services	66,450	7,385 ¹	73,835	59,397	14,438
Total Culture and Recreation	210,448	122,385	332,833	292,930	39,903
Conservation and Development					
Planning - Personnel Services	359,680	-	359,680	352,347	6,333
Planning - Other Services	24,480	44,000	68,480	64,131	4,349
Economic development - Personnel Services	126,770	-	126,770	124,863	1,877
Economic development - Other Services	59,000	8,000	67,000	(1,471)	68,471
Total Conservation and Development	619,400	52,000	671,400	566,860	101,510
Total Expenditures	27,369,120	1,378,830	28,747,950	26,350,208	2,397,742
Transfers to Other Funds	524,000	48,379 ¹	572,379	48,379	524,000
Total Expenditures and Transfers Out	\$27,893,120	\$ 1,427,209	\$29,320,329	\$26,398,587	\$ 2,921,742

1. Re-allocation of Contingency appropriations for Pandemic expenditures
2. Council authorized use of 2019 surplus as one time contribution to employee benefit plans - to address underfunded status
3. Transfer labor from Highway to Parks for shared staffing costs
- 4 - Professional Services charged to Developers
- 5 - Shared Labor costs between Highway and Parks

CITY OF FRANKLIN, WISCONSIN
Debt Service Fund
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2020

	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - Excess (Deficiency)
REVENUE					
Taxes	\$ 1,100,000	\$ -	\$ 1,100,000	\$ 1,100,000	\$ -
Special assessments	65,000	-	65,000	17,853	(47,147)
Investment earnings	12,000	-	12,000	19,726	7,726
Total revenue	1,177,000	-	1,177,000	1,137,579	(39,421)
EXPENDITURES					
Debt service					
Principal	1,387,500	38,000	1,425,500	1,425,000	500
Interest	200,272	(38,000)	162,272	152,218	10,054
Total expenditures	1,587,772	-	1,587,772	1,577,218	10,554
Excess (deficiency) of revenue over expenditures	(410,772)	-	(410,772)	(439,639)	(28,867)
OTHER FINANCING SOURCES (USES)					
Transfers in	453,682	-	453,682	397,950	(55,732)
Transfers out	(600,000)	-	(600,000)	(600,000)	-
Total other financing sources (uses)	(146,318)	-	(146,318)	(202,050)	(55,732)
Net change in fund balances	(557,090)	\$ -	(557,090)	(641,689)	(84,599)
Fund balances - beginning				1,118,560	
Fund balances - ending				\$ 476,871	

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Solid Waste Fund			St Martin's Fair Fund		
	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Taxes	\$ 69,000	\$ 68,834	\$ (166)	\$ -	\$ -	\$ -
Intergovernmental revenue	1,899,349	1,883,329	(16,020)	-	-	-
Public charges for services	-	-	-	27,000	-	(27,000)
Licenses and permits	20,000	16,344	(3,656)	-	-	-
Investment earnings	1,500	2,002	502	-	-	-
Miscellaneous revenue	1,989,849	1,970,509	(19,340)	27,000	-	(27,000)
Total revenue						
EXPENDITURES						
Current:						
Public works	1,971,287	2,013,227	(41,940)	-	-	-
Culture and recreation	-	-	-	57,866	-	57,866
Total expenditures	1,971,287	2,013,227	(41,940)	57,866	-	57,866
Excess (Deficiency) of Revenue over (Under) Expenditures	18,562	(42,718)	(61,280)	(30,866)	-	30,866
OTHER FINANCING SOURCES						
Transfers in	-	-	-	11,000	-	(11,000)
Net change in fund balances	\$ 18,562	(42,718)	\$ (61,280)	\$ (19,866)	-	\$ 19,866
Fund balances (deficit) - beginning		455,125			3,636	
Fund balances - ending		\$ 412,407			\$ 3,636	

Page 118

CITY OF FRANKLIN, WISCONSIN
General Fund
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Library Operating Fund			Library Auxiliary Fund		
	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)	Original & Final Budget	Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Taxes	\$ 1,340,500	\$ 1,340,500	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	60,000	45,595	(14,405)	10,000	5,149	(4,851)
Investment earnings	15,000	2,364	(12,636)	100	1,713	1,613
Miscellaneous revenue	-	13,404	(1,596)	59,400	32,477	(26,923)
Total revenue	1,415,500	1,419,499	3,999	69,500	39,339	(29,161)
EXPENDITURES						
Current:						
Culture and recreation	1,312,619	1,314,671	(2,052)	52,100	37,942	14,158
Capital outlay	154,000	121,142	32,858	18,400	8,060	8,320
Total expenditures	1,466,619	1,435,813	30,806	69,500	46,002	22,476
Excess (deficiency) of revenue over (under) expenditures	(51,119)	(16,314)	34,805	-	(6,663)	(6,663)
Net change in fund balances - budgetary basis	\$ (51,119)	(16,314)	\$ 34,805	\$ -	(6,663)	\$ (6,663)
Adjustments to generally accepted accounting principles basis 2020 encumbrances		1,515			-	
Net change in fund balances - generally accepted accounting principles basis		(14,799)			(6,663)	
Fund balances - beginning		563,427			147,445	
Fund balances - ending		\$ 548,628			\$ 140,782	

Page 117

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue and Expenditures and Changes in Fund Balances -
For the Year Ended December 31, 2020

	Donations Fund			Civic Celebrations Fund		
	Original Budget	Change Inc (Dec)	Final Budget - Actual	Original & Budget	Final Budget - Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Taxes	\$ 11,000	\$ 15,000	\$ 26,000	\$ 85,000	\$ -	\$ (65,000)
Intergovernmental revenue	-	-	103,511	21,000	-	(21,000)
Miscellaneous revenue	11,000	15,000	26,000	106,000	-	(106,000)
Total revenue			139,511			
EXPENDITURES						
Current:						
General Government	68,950	-	68,950	-	-	(68,950)
Public Safety	-	-	28,968	-	-	28,968
Culture and recreation	-	-	30,982	104,028	8,048	96,400
Capital outlay	-	15,000	15,000	-	-	15,000
Total expenditures	68,950	15,000	113,950	104,028	8,048	96,400
Excess (deficiency) of revenue over (under) expenditures	(57,950)	-	(57,950)	1,472	(8,048)	(6,520)
OTHER FINANCING SOURCES						
Transfers in	-	-	-	13,000	-	(13,000)
Net change in fund balances	\$ (57,950)	\$ -	\$ (57,950)	\$ 14,472	\$ (8,048)	\$ (22,520)
Fund balances - beginning	-	-	161,342	-	77,316	84,026
Fund balances - ending			\$ 255,726		\$ 69,268	

(Continued)

CITY OF FRANKLIN, WISCONSIN
Special Revenue Funds
Schedule of Revenue and Expenditures and Changes in Fund Balances -
For the Year Ended December 31, 2020

	Grant Fund			Tourism Commission		
	Original Budget	Change Inc (Dec)	Final Budget - Actual	Original Budget	Final Budget - Actual	Variance with Final Budget - Excess (Deficiency)
REVENUE						
Taxes	\$ 254,750	\$ 650,000	\$ 904,750	\$ 210,179	\$ 31,871	\$ (178,308)
Intergovernmental revenue	-	-	1,059,037	-	-	1,059,037
Miscellaneous revenue	2,080	-	2,080	-	-	2,080
Total revenue	256,830	650,000	1,073,240	210,179	31,871	1,042,369
EXPENDITURES						
Current:						
General Government	-	50,000	50,000	-	-	50,000
Public Safety	8,000	870,000	878,000	-	-	870,000
Public works	-	15,000	15,000	-	-	15,000
Health and human services	298,054	70,000	368,054	-	-	368,054
Culture and recreation	-	-	8,790	-	-	8,790
Capital outlay	25,000	-	25,000	439,000	(108,620)	547,620
Total expenditures	327,054	705,000	1,032,054	439,000	1,371	1,030,683
Excess (Deficiency) of Revenue Over (Under) Expenditures	(70,224)	(50,000)	(120,224)	(228,821)	(1,371)	(230,192)
Net change in fund balances - budgetary basis			73,815			73,815
Adjustments to generally accepted accounting principles basis			-			(1,371)
2019 encumbrances			-			25,424
2020 encumbrances			-			(81,011)
Net change in fund balances - generally accepted accounting principles basis			73,815			469,951
Fund balances - beginning			-			\$ 388,940
Fund balances - ending			\$ 272,370			

1 - Encumbrance from prior year

CITY OF FRANKLIN, WISCONSIN
Capital Projects Fund
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Capital Improvement Fund					Street Improvement Fund				
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - (Deficiency)	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - (Deficiency)
REVENUE										
Intergovernmental revenue	\$ 500,000	\$ 943,000	\$ 1,443,000	\$ 608,395	\$ (834,635)	\$ 845,000	\$ -	\$ 845,000	\$ 868,983	\$ 23,983
Public charges for services - Landfill siting	722,000	(942,000)	180,000	878,313	698,313	348,500	(18,500)	330,000	350,015	20,015
Investment earnings (loss)	25,000	-	25,000	25,000	-	25,000	-	25,000	25,000	-
Miscellaneous revenue	1,247,000	401,000	1,648,000	1,502,336	(145,664)	1,218,300	(18,300)	1,199,900	1,238,906	27,156
Total revenue	4,500,000	1,782,400	6,282,400	2,170,042	4,112,358	1,300,000	(87,000)	1,213,000	1,028,454	484,546
EXPENDITURES										
Capital outlay	4,850,000	1,762,470	6,612,470	2,170,042	4,442,428	1,300,000	(87,000)	1,213,000	1,028,454	484,546
Total expenditures	4,850,000	1,762,470	6,612,470	2,170,042	4,442,428	1,300,000	(87,000)	1,213,000	1,028,454	484,546
Excess (deficiency) of revenue over expenditures	(350,000)	(1,381,470)	(1,731,470)	(698,443)	4,365,327	(87,000)	(206,439)	(293,439)	200,468	498,622
OTHER FINANCING SOURCES										
Transfers in	284,150	71,400	2,912,900	900,587	(2,008,313)	-	-	-	-	-
Net change in fund balances - budgetary basis	(831,500)	\$ (1,280,070)	\$ (2,121,570)	235,444	\$ 2,357,014	\$ (81,700)	\$ (206,439)	\$ (288,139)	200,468	\$ 488,622
Adjustments to generally accepted accounting principles basis	-	-	-	(1,356,570)	1,356,570	-	-	-	(103,703)	103,703
2019 encumbrances	-	-	-	1,131,443	(1,131,443)	-	-	-	-	-
2020 encumbrances	-	-	-	-	-	-	-	-	-	-
Net change in fund balances - generally accepted accounting principles basis	-	-	-	10,517	10,517	-	-	-	96,763	96,763
Fund balances - beginning	-	-	-	2,012,476	(2,012,476)	-	-	-	506,207	506,207
Fund balances - ending				\$ 2,022,730					\$ 602,980	
1 - Extended Intergovernmental Grant										
2 - Reduced Landfill Siting Resources										
3 - Encumbrances and Carryovers										

(continued)

CITY OF FRANKLIN, WISCONSIN
Capital Projects Fund
Schedule of Revenue, and Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Capital Outlay Fund					Equipment Replacement Fund				
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - (Deficiency)	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with final budget - (Deficiency)
REVENUE										
Intergovernmental revenue	\$ 298,700	\$ 39,900	\$ 338,600	\$ 298,700	\$ (39,900)	\$ -	\$ -	\$ -	\$ 187,106	\$ 187,106
Public charges for services - Landfill siting	4,000	(8,900)	4,900	472,300	(2,700)	677,600	(277,600)	400,000	400,000	-
Investment earnings (loss)	7,600	-	7,600	7,600	-	37,400	-	37,400	59,471	22,071
Miscellaneous revenue	793,400	48,125	841,525	819,322	(22,203)	715,000	(277,600)	437,400	646,577	209,177
Total revenue	983,350	180,025	1,163,375	827,882	351,795	850,000	237,142	1,087,142	869,690	217,452
EXPENDITURES										
Capital outlay	983,350	180,025	1,163,375	827,882	351,795	850,000	237,142	1,087,142	869,690	217,452
Total expenditures	983,350	180,025	1,163,375	827,882	351,795	850,000	237,142	1,087,142	869,690	217,452
Excess (deficiency) of revenue over expenditures	(15,000)	(140,900)	(155,900)	(34,882)	121,018	(35,000)	(514,742)	(649,742)	(223,113)	(426,529)
OTHER FINANCING SOURCES										
Transfers in	25,000	48,379	73,379	55,822	(17,557)	56,500	-	56,500	21,563	(34,937)
Net change in fund balances - budgetary basis	(170,000)	(92,521)	(262,521)	37,239	239,781	(56,500)	-	(56,500)	21,563	(34,937)
Adjustments to generally accepted accounting principles basis	-	-	-	(83,823)	83,823	-	-	-	(208,974)	208,974
2019 encumbrances	-	-	-	159,471	(159,471)	-	-	-	472,250	(472,250)
2020 encumbrances	-	-	-	-	-	-	-	-	-	-
Net change in fund balances - generally accepted accounting principles basis	-	-	-	200,532	200,532	-	-	-	(18,228)	18,228
Fund balances - beginning	-	-	-	491,711	(491,711)	-	-	-	2,529,852	(2,529,852)
Fund balances - ending				\$ 692,243					\$ 2,389,836	
1 - Encumbrances & Carryovers of 2019 Budget										
2 - Reduced Landfill Siting Resources										

(Continued)

CITY OF FRANKLIN, WISCONSIN
Capital Projects Fund
Schedule of Revenues, and Expenditures and Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	Development Fund				Utility Development Fund				Variance with Prior Period Excess
	Original Budget	Change Inc (Dec)	Original and final Budget	Actual	Original and final Budget	Change Inc (Dec)	Actual	Final	
REVENUE									
Investment earnings	25,000	8,553	33,553	22,559	-	-	-	-	-
Investment earnings	120,000	36,256	156,256	137,294	94,600	(19,600)	167,773	92,773	-
Total revenue	2,253,320	-	2,253,320	1,387,607	27,600	(9,600)	25,607	7,607	-
EXPENDITURES					122,500	(29,500)	193,380	100,380	-
General government	75,000	8,553	83,553	22,559	-	-	-	-	-
Capital outlay	1,200,000	36,256	1,236,256	1,032,515	-	-	-	-	-
Total expenditures	1,275,000	376,989	1,651,989	1,055,074	-	-	-	-	-
Excess of revenue over expenditures	978,320	(376,989)	576,222	1,545,438	93,000	(29,500)	193,380	100,380	-
OTHER FINANCING SOURCES (USES)					(1,120,000)	-	-	1,120,000	-
Transfer out	(1,075,442)	(71,450)	(1,146,892)	(701,537)	(1,120,000)	-	-	-	-
Net change in fund balances - budgetary basis	\$ (122,242)	\$ (448,388)	\$ (570,630)	\$ 338,901	\$ (877,500)	\$ (29,500)	\$ 193,380	\$ 1,220,380	-
Adjustments to generally accepted accounting principles basis									
2019 encumbrances				(570,640)					-
2020 encumbrances				98,321					-
Net change in fund balances - principles basis				58,261			193,380		-
Fund balances - beginning				8,833,459			2,194,797		-
Fund balance - ending				\$ 8,891,716			\$ 2,388,177		-

CITY OF FRANKLIN, WISCONSIN
Capital Projects Fund
Schedule of Revenues, and Expenditures and Fund Balances -
Combining Balance Sheet
As of December 31, 2020

	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Legion & Ryn District #6	Volo Village District #7	Bar Development District #8	Total
ASSETS							
Cash and investments	1,164,562	1,100,460	444,650	3,526,359	424,467	69,430	\$ 6,729,948
Accounts receivable	-	-	23,264	-	-	-	23,264
Interest receivable	-	-	-	-	90,000	-	90,000
Taxes receivable	2,067,579	1,160,642	478,853	-	11,911	-	3,718,985
Note receivable	-	-	-	-	4,500,000	-	4,500,000
Total assets	\$ 3,232,141	\$ 2,261,102	\$ 946,767	\$ 3,526,359	\$ 5,026,368	\$ 69,430	\$ 15,062,197
LIABILITIES AND FUND BALANCES							
Accounts payable	865,126	120,884	157	747	-	32,641	\$ 154,429
Advances from other funds	-	2,500,000	-	2,939,497	1,745,000	100,000	7,244,523
Total liabilities	865,126	2,620,884	157	2,940,244	1,745,000	132,641	8,304,952
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	2,067,579	1,160,642	478,853	-	4,500,000	-	8,147,074
Unassigned (deficit)	2,067,579	1,160,642	478,853	-	11,911	-	3,718,985
Total deferred inflows of resources	4,135,158	2,321,284	957,706	-	4,601,911	-	11,016,059
FUND BALANCES (DEFICIT)							
Restricted	299,436	(1,520,424)	467,757	586,115	(1,320,513)	(63,211)	(1,359,989)
Unassigned (deficit)	299,436	(1,520,424)	467,757	586,115	(1,320,513)	(63,211)	(2,304,148)
Total fund balances (deficit)	598,872	(3,040,848)	935,514	1,172,230	(2,641,024)	(126,422)	(2,369,283)
Total liabilities, deferred inflows and fund balances	\$ 3,232,141	\$ 2,261,102	\$ 946,767	\$ 3,526,359	\$ 5,026,368	\$ 69,430	\$ 15,062,197

CITY OF FRANKLIN, WISCONSIN
TIF Districts
Schedule of Revenue, Expenditures and Changes in
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2010

District 1 - Northwestern Mutual					District 1 - Northwestern Mutual			District 1 - Northwestern Mutual		
	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with first budget - (deficiency)	Original Budget	Change Inc (Dec)	Final Budget	Actual	Variance with first budget - (deficiency)
REVENUE										
Intergovernmental revenue	\$ 1,493,000	\$ -	\$ 1,493,000	\$ 1,401,748	\$ (91,252)	\$ 1,264,700	\$ -	\$ 1,264,700	\$ 1,212,892	\$ (52,808)
Investment revenue	507,900	-	507,900	510,433	2,533	48,900	-	48,900	53,731	4,831
Interest earnings (loss)	1,841,100	-	1,841,100	1,820,736	(20,364)	1,877,600	-	1,877,600	1,838,443	(48,157)
EXPENSES										
General government	12,950	-	12,950	7,300	5,250	7,500	15,000	22,500	22,714	23,864
Public works	711,705	48,000	760,705	780,705	20,000	23,040	1,520,975	1,543,715	506,111	98,604
Health and development	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	700	10,238,990	10,237,606	6,266,464	3,033,112
Debt service	988,000	-	988,000	986,000	(2,000)	-	-	-	-	-
Interest	910,925	-	910,925	892,265	(18,660)	-	-	-	-	-
Total expenditures	1,693,520	48,000	1,741,520	1,513,710	5,250	31,200	(1,762,281)	(1,814,571)	7,144,991	4,669,680
Excess (deficiency) of revenue over expenditures	471,180	(48,000)	422,980	407,526	(15,454)	1,396,110	(1,762,281)	(10,267,371)	(6,805,148)	4,621,923
OTHER FINANCING SOURCES										
General obligation debt issued	-	-	-	-	-	6,200,000	-	6,200,000	-	(6,200,000)
Net change in fund balances - budgetary basis	\$ 471,180	\$ (48,000)	\$ 422,980	\$ 407,526	\$ (15,454)	\$ 7,596,110	\$ (1,762,281)	\$ 4,226,371	\$ (6,805,148)	\$ (1,278,177)
Adjustments to generally accepted accounting principles basis	-	-	-	-	-	-	-	-	(783,281)	(783,281)
Net change in fund balances - 2019 unincorporated basis	-	-	-	-	-	-	-	-	(1,000,065)	(1,000,065)
Net change in fund balances - generally accepted accounting principles basis	-	-	-	407,526	-	-	-	-	(5,386,364)	(5,386,364)
Fund balances (deficit) - beginning	-	-	-	(109,092)	-	-	-	-	4,097,940	4,097,940
Fund balances (deficit) - ending	-	-	-	\$ 298,434	-	-	-	-	\$ 1,120,424	\$ 1,120,424

Schedule 10

CITY OF FRANKLIN, WISCONSIN
TIF Districts Fund
Combining Schedule of TIF Districts Revenue, Expenditures
and Changes in Fund Balances

For the Year Ended December 31, 2020									
	Northwestern Mutual District #3	Ascension Hospital District #4	Ballpark Commons District #5	Loomis & Ryan District #6	Volo Village District #7	Bear Development District #8			
REVENUE									Total
Taxes	\$ 1,401,768	\$ 1,219,682	\$ 412,891	\$ -	\$ -	\$ -			\$ 3,037,981
Interest on governmental revenue	510,095	1,000,000	88,853	28,169	130,043	-			2,568,867
Investment earnings (loss)	8,995	73,020	52,917	28,169	130,043	-			253,174
Total revenue	1,920,796	1,339,443	876,721	28,169	130,043	-			4,297,202
EXPENDITURES									
Grant	7,300	12,286	17,045	29,941	10,129	9,370			86,074
County government	-	-	-	-	-	-			-
Public works	-	465,510	2,305	167,721	10,129	23,133			658,669
Conservation and development	760,705	700	700	17,200	4,600,700	15,000			5,296,005
Capital outlay	-	6,449,311	-	7,525,939	166,663	15,393			14,157,306
Debt	-	-	-	-	-	-			-
Principal	665,000	-	13,480,000	-	-	-			14,145,000
Interest and fiscal charges	80,265	-	942,653	220,100	116,072	312			1,359,402
Debt issuance costs	-	-	127,500	62,827	-	-			190,327
Total expenditures	1,513,270	6,927,807	14,570,203	8,023,728	4,793,564	63,211			35,897,763
Excess (deficiency) of revenue over expenditures	407,526	(5,558,364)	(13,697,482)	(7,995,529)	(4,663,521)	(63,211)			(31,594,581)
OTHER FINANCING SOURCES									
General obligation debt issued	-	-	9,545,000	-	-	-			9,045,000
Debt refund	-	-	159,526	-	-	-			159,526
Premium (Discount) on debt issued	-	-	94,704	-	-	-			264,320
Total other financing sources (uses)	-	-	9,704,526	-	-	-			12,844,320
Net change in fund balances	407,526	(5,558,364)	(3,986,956)	(4,855,785)	(4,663,521)	(63,211)			(18,750,261)
Fund balances (deficit) - beginning	(108,000)	4,067,940	4,454,713	5,441,850	3,343,008	-			(17,198,421)
Fund balances (deficit) - ending	\$ 299,436	\$ (1,520,424)	\$ 467,757	\$ 586,115	\$ (1,320,513)	\$ (63,211)			\$ (1,550,840)

CITY OF FRANKLIN, WISCONSIN
TIF Districts
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	District 7 - Veb Village				Variances with final budget (Deficiency)
	Original Budget	Change in the (Use)	Final Budget	Actual	
REVENUE	\$ 270,000	\$ -	\$ 270,000	\$ 130,043	\$ (139,957)
Investment earnings (loss)	-	-	-	-	-
Total revenue	270,000	-	270,000	130,043	(139,957)
EXPENDITURES	13,500	-	13,500	13,129	371
General government	-	-	-	-	-
Conservation and development	700	4,534,100	4,534,800	4,497,500	37,300
Capital outlay	-	170,000	170,000	166,663	3,337
Debt service	268,549	-	268,549	116,072	152,477
Total expenditures	269,249	4,694,100	4,976,549	4,780,364	196,285
Excess (deficiency) of revenue over expenditures	(12,549)	(4,694,100)	(4,706,649)	(4,650,321)	46,328
Net change in fund balances - budgetary basis	(12,549)	(4,694,100)	(4,706,649)	(4,650,321)	46,328
Adjustments to generally accepted accounting principles basis	-	-	-	(6,100)	5,900
2019 encumbrances	-	-	-	5,900	-
2020 encumbrances	-	-	-	-	-
Net change in fund balances - generally accepted accounting principles basis	-	-	-	(4,693,521)	3,343,008
Fund balances - beginning	-	-	-	-	3,343,008
Fund balances (deficit) - ending	\$ (12,549)	\$ (4,694,100)	\$ (4,706,649)	\$ (4,693,521)	\$ (1,350,513)
1- Mortgage granted to Developer	-	-	-	-	-

CITY OF FRANKLIN, WISCONSIN
TIF Districts
Schedule of Revenue, Expenditures and Changes in Fund Balances -
Budget and Actual (on a Budgetary Basis)
For the Year Ended December 31, 2020

	District 6 - Leomin & Ryan Roads				Variances with final budget - (Deficiency)
	Original Budget	Change in the (Use)	Final Budget	Actual	
REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings (loss)	-	-	-	-	-
Total revenue	-	-	-	-	-
EXPENDITURES	30,650	-	30,650	29,841	809
General government	29,841	-	29,841	29,841	-
Conservation and development	16,644	-	16,644	16,644	-
Capital outlay	9,000,000	7,225,939	16,225,939	16,225,939	-
Debt service	-	-	-	-	-
Total expenditures	9,036,694	7,225,939	16,262,633	16,252,424	10,209
Excess (deficiency) of revenue over expenditures	(9,036,694)	(7,225,939)	(16,262,633)	(16,252,424)	10,209
Net change in fund balances - budgetary basis	(9,036,694)	(7,225,939)	(16,262,633)	(16,252,424)	10,209
Adjustments to generally accepted accounting principles basis	-	-	-	(205,000)	205,000
2019 encumbrances	-	-	-	205,000	-
2020 encumbrances	-	-	-	-	-
Net change in fund balances - generally accepted accounting principles basis	-	-	-	(4,843,424)	4,843,424
Fund balances - beginning	-	-	-	-	4,843,424
Fund balances (deficit) - ending	\$ (9,036,694)	\$ (7,225,939)	\$ (16,262,633)	\$ (16,252,424)	\$ (1,409,000)
1- Mortgage granted to Developer	-	-	-	-	-

	District 6 - Leomin & Ryan Roads				Variances with final budget - (Deficiency)
	Original Budget	Change in the (Use)	Final Budget	Actual	
REVENUE	\$ 750,000	\$ 815,921	\$ 1,565,921	\$ 1,565,921	\$ -
Taxes	750,000	815,921	1,565,921	1,565,921	-
Investment earnings (loss)	-	-	-	-	-
Total revenue	750,000	815,921	1,565,921	1,565,921	-
EXPENDITURES	38,000	5,186	43,186	43,186	-
General government	38,000	5,186	43,186	43,186	-
Conservation and development	7,700	(3,300)	4,400	4,400	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	45,700	1,886	47,586	47,586	-
Excess (deficiency) of revenue over expenditures	704,300	810,035	1,514,335	1,514,335	-
Net change in fund balances - budgetary basis	704,300	810,035	1,514,335	1,514,335	-
Adjustments to generally accepted accounting principles basis	-	-	-	(1,514,335)	1,514,335
2019 encumbrances	-	-	-	1,514,335	-
2020 encumbrances	-	-	-	-	-
Net change in fund balances - generally accepted accounting principles basis	-	-	-	-	-
Fund balances - beginning	-	-	-	-	-
Fund balances (deficit) - ending	\$ (45,700)	\$ 810,035	\$ 764,335	\$ 764,335	\$ -

CITY OF FRANKLIN, WISCONSIN
Statement of Fiduciary Net Position - Employee Benefit Trust Funds
As of December 31, 2020

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
ASSETS			
Cash	\$ -	\$ 160,124	\$ 160,124
Investments:			
Fixed Income Securities	4,233,335	2,424,200	6,657,535
Domestic Equities	6,056,549	4,642,272	10,700,821
International Equities	1,801,125	584,916	2,386,041
Total Cash & Investments	12,093,009	7,811,512	19,904,521
Total assets	\$ 12,093,009	\$ 7,811,512	\$ 19,904,521
LIABILITIES			
Accrued liabilities	\$ -	\$ 16,600	\$ 16,600
Net Position			
Restricted for employee benefits	12,093,009	7,794,912	19,887,921
Total Net Position	\$ 12,093,009	\$ 7,794,912	\$ 19,887,921

CITY OF FRANKLIN, WISCONSIN
Statement of Changes in Fiduciary Net Position - Employee Benefit Trust Funds
For the Year Ended December 31, 2020

	City of Franklin Defined Benefit Retirement Income Plan	City of Franklin Post Employment Benefits Trust	Total Employee Benefit Trust Funds
ADDITIONS			
Contributions			
City of Franklin	\$ 581,000	\$ 719,788	\$ 1,300,788
Retirees	-	146,308	146,308
Net investment earnings (losses)	1,457,194	668,784	2,125,978
Total additions	2,038,194	1,534,880	3,573,074
DEDUCTIONS			
Incurred claims	\$ 513,694	\$ 124,938	\$ 638,632
Prescription drug claims	-	69,774	69,774
Claims fees	27,661	22,529	50,190
Stop loss premiums less claims received	-	61,488	61,488
Total deductions	541,355	278,729	820,084
Change in net position	1,496,839	1,256,151	2,752,990
Net Position Beginning of year	10,596,170	6,538,761	17,134,931
Net Position End of year	\$ 12,093,009	\$ 7,794,912	\$ 19,887,921

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
As of December 31, 2020

Governmental funds capital assets:

Land	\$ 26,367,796
Buildings and improvements	29,057,720
Machinery and equipment	20,172,843
Infrastructure improvements	123,915,126
Construction in process	5,630,865
Total governmental funds capital assets	\$ 205,144,350

Investment in governmental capital assets by source:

General Fund	\$ 630,097
Special Revenue Funds	3,444,194
Capital Projects Funds	121,434,891
Donations	79,635,168
Total governmental funds capital assets	\$ 205,144,350

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended December 31, 2020

Function and Activity	Land	Buildings and Improvements	Machinery and Equipment	Infrastructure Improvements	Construction in process	Total
General Government:						
Mayor	-	-	2,202	-	-	2,202
Aldermen	-	-	9,584	-	-	9,584
Municipal court	-	-	35,210	-	-	35,210
City clerk	-	-	21,416	-	-	21,416
Elections	-	-	20,860	-	-	20,860
Information services	-	-	851,356	-	-	851,356
Administration	-	-	261,310	-	-	261,310
Human resources	-	-	9,617	-	-	9,617
Finance	-	-	189,179	-	-	189,179
Assessor	-	-	46,080	-	-	46,080
Attorney	-	-	906	-	-	906
Municipal buildings	597,437	4,801,351	557,969	-	-	5,956,757
Total General Government	597,437	4,801,351	2,015,719	-	-	7,414,507
Public Safety:						
Police	1,201,829	8,925,444	2,841,499	-	-	12,968,772
Fire	63,248	4,351,456	4,417,534	-	-	8,832,238
Building inspection	-	-	278,406	-	-	278,406
Total Public Safety	1,265,077	13,276,900	7,537,439	-	-	22,079,416
Public Works:						
Engineering	-	-	365,555	-	-	365,555
Highways	357,407	3,173,572	6,502,947	-	-	10,033,926
Street Lighting	-	-	1,097	-	-	1,097
Infrastructure	19,790,621	-	-	123,915,126	-	143,705,747
Construction in process	-	-	-	-	5,630,865	5,630,865
Total Public Works	20,148,028	3,173,572	6,869,599	123,915,126	5,630,865	159,737,190
Health & Human Services:						
Health	-	-	141,889	-	-	141,889
Culture and Recreation:						
Library	-	4,984,942	2,764,069	-	-	7,749,010
Parks	4,357,254	2,820,955	795,944	-	-	7,974,153
Total Culture and Recreation	4,357,254	7,805,897	3,560,012	-	-	15,723,163
Conservation and Development:						
Planning	-	-	48,185	-	-	48,185
Total Conservation and Development	-	-	48,185	-	-	48,185
Total governmental funds capital assets	\$ 26,367,796	\$ 29,057,720	\$ 20,172,843	\$ 123,915,126	\$ 5,630,865	\$ 205,144,350

CITY OF FRANKLIN, WISCONSIN
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended December 31, 2020

Function and Activity	Governmental Funds Capital Assets		
	12/31/19	Additions	Deletions 12/31/20
General Government:			
Mayor	\$ 2,202	\$ -	\$ 2,202
Aldermen	9,584	-	9,584
Municipal court	35,210	-	35,210
City clerk	21,416	-	21,416
Elections	24,610	6,280	30,890
Information services	851,356	-	851,356
Administration	261,310	-	261,310
Human resources	9,617	-	9,617
Finance	189,179	-	189,179
Assessor	46,080	-	46,080
Attorney	906	-	906
Municipal buildings	5,697,862	258,875	5,956,737
Total General Government	7,149,352	265,155	7,414,507
Public Safety:			
Police	12,289,612	1,826,083	1,145,923
Fire	9,088,548	262,298	518,608
Building inspection	278,406	-	-
Total Public Safety	21,656,566	2,088,381	1,665,531
Public Works:			
Engineering	359,023	6,532	-
Highway	9,814,514	594,119	374,707
Street lighting	1,097	-	-
Infrastructure	138,244,144	5,550,226	88,623
Construction in process	1,986,204	5,122,777	1,478,116
Total Public Works	150,404,982	11,273,654	1,941,446
Health & Human Services:			
Health	141,889	-	-
Culture and Recreation:			
Library	7,860,727	104,481	216,198
Parks	7,649,153	325,000	-
Total Culture and Recreation	15,509,880	429,481	216,198
Conservation and Development:			
Planning	48,185	-	-
Total Conservation and Development	48,185	-	-
Total governmental funds capital assets	\$ 194,910,854	\$ 14,056,671	\$ 3,823,175
			\$ 205,144,350

STATISTICAL SECTION

Statistical Section

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

Financial Trends

Table 1

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

Revenue Capacity

Table 5

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

Debt Capacity

Table 11

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

Demographic and Economic Information

Table 14

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

Operating Information

Table 17

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

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

This page intentionally left blank

This page intentionally left blank

Table 1

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

	2020	2019	2018 *	2017	2016	2015	2014	2013	2012 ⁽²⁾	2011
Governmental activities										
Net investment in capital assets	\$ 122,636,518	\$ 123,769,857	\$ 113,400,761	\$ 115,417,617	\$ 110,638,152	\$ 107,184,603	\$ 106,031,877	\$ 104,721,982	\$ 104,097,428	\$ 94,637,222
Restricted:										
Infrastructure	-	127,711	586,594	652,375	659,091	482,773	590,605	722,710	535,337	4,076,267
Utility improvements	2,656,621	2,586,422	2,374,552	2,169,298	2,103,487	1,999,759	1,918,450	1,522,969	1,623,569	1,895,774
Development	8,891,715	9,066,099	6,140,196	4,169,500	4,058,562	3,851,653	4,170,339	5,052,168	4,614,731	3,895,040
Capital assets	15,250,000	15,250,000	15,250,000	15,250,000	15,250,000	15,250,000	15,250,000	15,250,000	15,250,000	15,250,000
Donations and other	2,515,971	3,694,542	4,850,568	3,426,760	3,301,860	602,811	560,306	507,965	541,765	300,582
Pensions	(332,334)	(11,675,511)	2,607,342	11,303,345	14,522,376	16,401,941	8,948,660	4,880,704	1,487,025	2,852,464
Unrestricted (deficit)	(14,522,376)	(11,675,511)	2,607,342	11,303,345	14,522,376	16,401,941	8,948,660	4,880,704	1,487,025	2,852,464
Total governmental activities net position	\$ 126,113,558	\$ 129,279,792	\$ 134,415,358	\$ 137,616,975	\$ 135,778,188	\$ 131,047,147	\$ 122,708,989	\$ 118,000,700	\$ 113,442,958	\$ 107,969,822
Business-type activities										
Net investment in capital assets	\$ 101,401,639	\$ 92,371,165	\$ 85,170,183	\$ 86,594,598	\$ 88,115,672	\$ 88,861,706	\$ 89,567,257	\$ 89,095,184	\$ 89,398,082	\$ 89,550,594
Restricted:										
Infrastructure	462,600	480,000	-	175,590	384,227	356,106	513,558	277,230	334,568	293,844
Long term receivable - ROI	16,280,068	17,655,340	16,799,969	20,014,892	21,200,228	2,853,228	4,015,630	3,017,843	2,518,834	3,171,123
Unrestricted (deficit)	(16,280,068)	(17,655,340)	(16,799,969)	(20,014,892)	(21,200,228)	(2,853,228)	(4,015,630)	(3,017,843)	(2,518,834)	(3,171,123)
Total business-type activities net position	\$ 122,910,434	\$ 114,403,941	\$ 108,581,292	\$ 110,657,113	\$ 113,169,645	\$ 92,071,540	\$ 92,898,445	\$ 92,360,256	\$ 92,251,624	\$ 93,015,561
Total	\$ 249,023,992	\$ 238,683,733	\$ 242,996,650	\$ 248,274,086	\$ 248,947,833	\$ 223,118,687	\$ 215,607,434	\$ 210,355,436	\$ 205,694,582	\$ 200,985,383
Net position	\$ 249,023,992	\$ 242,683,733	\$ 243,386,650	\$ 248,574,898	\$ 248,939,033	\$ 223,118,687	\$ 215,607,434	\$ 210,355,436	\$ 205,694,582	\$ 200,985,383

Notes:

- (1) Ryan Creek Interceptor Sewer brought on Sewer Fund Balance Sheet in 2016
(2) Amounts do not crossfoot related to Business-type assets financed by Government debt - see footnotes
(3) Amounts do not crossfoot related to Business-type assets financed by Government debt - see footnotes
* revised amounts for TD balances

Table 2
continued

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
				(1)	(2)	(3)	(4)	(5)	(6)	(7)
Net Expense/Revenue										
Governmental activities	\$ (22,805,167)	\$ (30,161,593)	\$ (31,247,332)	\$ (22,737,594)	\$ (22,227,213)	\$ (23,279,785)	\$ (21,182,328)	\$ (20,818,481)	\$ (22,053,255)	\$ (23,302,123)
Business-type activities	807,487	(43,816)	(1,797,454)	(1,793,637)	(1,657,359)	(697,347)	(331,517)	(57,736)	(200,477)	99,206
Total net expense	<u>\$ (22,997,680)</u>	<u>\$ (30,205,409)</u>	<u>\$ (33,044,786)</u>	<u>\$ (24,531,231)</u>	<u>\$ (23,884,572)</u>	<u>\$ (23,977,132)</u>	<u>\$ (21,513,845)</u>	<u>\$ (20,876,217)</u>	<u>\$ (22,253,732)</u>	<u>\$ (23,262,917)</u>
General Revenue and other Changes in Net Position										
Governmental activities	\$ 20,038,037	\$ 20,068,272	\$ 19,860,774	\$ 19,209,536	\$ 19,057,468	\$ 19,022,087	\$ 18,905,872	\$ 18,864,009	\$ 18,696,907	\$ 19,058,282
Business-type activities	1,100,000	1,300,000	1,300,000	1,300,000	1,500,000	1,600,000	1,600,000	1,650,000	1,750,000	1,900,000
Transfers	3,683,115	3,683,115	3,683,115	3,683,115	3,683,115	3,683,115	3,683,115	3,683,115	3,683,115	3,683,115
Investment earnings	813,188	554,542	548,647	529,004	437,569	593,128	642,227	569,444	318,669	32,320
Transfers	7,284,086	4,966,526	(1,511,352)	(899,652)	(931,959)	(1,044,459)	(144,661)	86,726	(1,008,126)	(345,101)
Total business-type activities	<u>7,898,086</u>	<u>5,616,205</u>	<u>(934,117)</u>	<u>(774,650)</u>	<u>(193,952)</u>	<u>(677,720)</u>	<u>837,706</u>	<u>676,568</u>	<u>(693,590)</u>	<u>(251,231)</u>
Total General Revenue and other Changes in Net Position	<u>\$ 28,537,829</u>	<u>\$ 29,642,292</u>	<u>\$ 27,717,236</u>	<u>\$ 26,498,554</u>	<u>\$ 26,934,465</u>	<u>\$ 27,042,134</u>	<u>\$ 26,798,223</u>	<u>\$ 28,053,791</u>	<u>\$ 26,861,901</u>	<u>\$ 30,739,533</u>
Change in Net Position										
Governmental activities	\$ (2,166,254)	\$ (6,156,566)	\$ (3,201,617)	\$ 4,136,618	\$ 4,523,660	\$ 4,140,079	\$ 4,706,189	\$ 4,558,742	\$ 5,472,236	\$ 7,686,641
Business-type activities	8,506,483	5,572,649	(2,125,021)	(2,168,292)	(1,473,767)	(776,977)	906,189	138,832	(794,137)	(212,029)
Total	<u>\$ 6,340,229</u>	<u>\$ 656,917</u>	<u>\$ (5,327,638)</u>	<u>\$ 2,968,326</u>	<u>\$ 3,049,893</u>	<u>\$ 3,363,102</u>	<u>\$ 5,612,378</u>	<u>\$ 4,697,574</u>	<u>\$ 4,678,099</u>	<u>\$ 7,474,612</u>

(1) Reverted - in 2012 the Solid Waste Fee began
(2) Implemented GASB 68
(3) Implemented GASB 68
(4) Implemented GASB 68

Table 2
CITY OF FRANKLIN, WISCONSIN
Changes in Net Position, Last Ten Years
(actual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses										
Governmental activities:										
Public safety	\$ 1,499,595	\$ 3,979,782	\$ 3,412,150	\$ 3,310,893	\$ 3,302,842	\$ 2,900,355	\$ 2,919,940	\$ 2,915,597	\$ 2,794,497	\$ 2,745,207
Public works	18,498,506	18,695,104	18,429,742	18,839,063	18,398,530	16,950,091	16,194,631	16,484,947	17,228,769	16,622,396
Human services	10,307,778	9,942,127	7,898,298	7,498,298	8,394,563	8,394,563	7,231,238	6,500,868	6,182,086	6,586,316
Culture and recreation	2,310,199	2,331,957	2,073,116	2,202,090	1,972,691	1,868,532	1,838,700	1,870,573	1,880,330	1,880,330
Conservation and development	1,510,684	1,510,684	1,510,684	1,510,684	1,510,684	1,510,684	1,510,684	1,510,684	1,510,684	1,510,684
Capital grants and contributions	1,231,380	1,414,559	8,145,655	1,414,559	1,414,559	1,414,559	1,414,559	1,414,559	1,414,559	1,414,559
Total governmental activities expenses	<u>\$ 38,392,433</u>	<u>\$ 45,447,414</u>	<u>\$ 42,766,445</u>	<u>\$ 35,471,644</u>	<u>\$ 33,952,154</u>	<u>\$ 31,930,769</u>	<u>\$ 29,712,367</u>	<u>\$ 30,481,161</u>	<u>\$ 31,018,049</u>	<u>\$ 31,018,049</u>
Business-type activities										
Water	5,674,035	5,385,192	5,514,057	5,429,843	5,632,322	5,766,088	5,077,744	5,064,149	5,064,149	4,251,187
Sewer	1,270,361	1,270,361	1,270,361	1,270,361	1,270,361	1,270,361	1,270,361	1,270,361	1,270,361	1,270,361
Transfers	1,581,181	1,581,181	1,581,181	1,581,181	1,581,181	1,581,181	1,581,181	1,581,181	1,581,181	1,581,181
Total business-type activities expenses	<u>\$ 8,525,577</u>	<u>\$ 8,236,934</u>	<u>\$ 8,365,699</u>	<u>\$ 8,281,385</u>	<u>\$ 8,483,864</u>	<u>\$ 8,617,630</u>	<u>\$ 7,929,286</u>	<u>\$ 7,915,691</u>	<u>\$ 7,915,691</u>	<u>\$ 7,102,729</u>
Program Revenue										
Governmental activities:										
Public safety	\$ 229,917	\$ 188,620	\$ 195,685	\$ 150,098	\$ 138,723	\$ 150,792	\$ 213,328	\$ 251,473	\$ 153,947	\$ 217,360
Public works	2,558,496	3,189,400	2,895,771	2,371,577	2,325,154	2,362,176	2,268,334	2,459,946	2,225,205	2,170,060
Human services	5,207,303	3,296,931	2,699,891	2,828,139	2,718,866	2,638,717	2,388,273	2,417,109	1,490,348	1,490,348
Culture and recreation	59,478	193,019	191,951	204,845	176,065	148,594	113,317	113,317	45,992	189,414
Conservation and development	1,550,970	1,602,597	1,602,597	1,602,597	1,602,597	1,602,597	1,602,597	1,602,597	1,602,597	1,602,597
Capital grants and contributions	3,652,279	4,158,787	2,655,953	3,143,677	3,677,886	1,144,757	1,447,524	1,659,659	1,440,439	1,334,295
Total governmental activities program revenue	<u>\$ 15,492,206</u>	<u>\$ 15,287,821</u>	<u>\$ 15,250,111</u>	<u>\$ 15,250,111</u>	<u>\$ 15,250,111</u>	<u>\$ 15,250,111</u>	<u>\$ 15,250,111</u>	<u>\$ 15,250,111</u>	<u>\$ 15,250,111</u>	<u>\$ 15,250,111</u>
Business-type activities:										
Water	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559	\$ 6,196,559
Sewer	3,972,298	3,972,298	3,972,298	3,972,298	3,972,298	3,972,298	3,972,298	3,972,298	3,972,298	3,972,298
Transfers	1,268,000	1,268,000	1,268,000	1,268,000	1,268,000	1,268,000	1,268,000	1,268,000	1,268,000	1,268,000
Total business-type activities program revenue	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>	<u>\$ 11,436,857</u>
Total program revenue	<u>\$ 26,929,063</u>	<u>\$ 26,724,678</u>	<u>\$ 26,686,968</u>	<u>\$ 26,686,968</u>	<u>\$ 26,686,968</u>	<u>\$ 26,686,968</u>	<u>\$ 26,686,968</u>	<u>\$ 26,686,968</u>	<u>\$ 26,686,968</u>	<u>\$ 26,686,968</u>

-- Reverted - in 2012 the Solid Waste Fee began
--- Implemented GASB 68
--- Implemented GASB 68

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

changes in Fund Balances, Governmental Activities

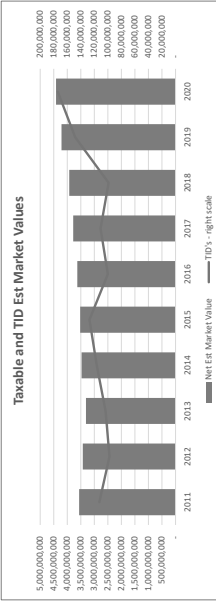
[illegible]

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

Table 5A

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

Value As of 1/1	Total Estimated Actual Value	TID_3	Value of TID's TID_1	TID_5	TID_7	Pct of Total	Total TID's	Net of TID's Estimated Actual Value	Equalized Tax Rate
2020 #	\$ 4,587,752,500	\$ 97,386,600	\$ 54,666,200	\$ 21,439,500	\$ 533,300	3.79%	\$ 174,027,600	\$ 4,413,724,900	4.97
2019 #	4,360,269,000	64,781,500	52,629,500	30,859,200		3.40%	148,270,200	4,211,988,800	5.16
2018 #	4,022,941,400	51,181,600	46,431,200	1,261,200		2.46%	98,874,000	3,924,067,400	5.36
2017 #	3,888,926,200	62,049,100	47,593,400	1,211,500		2.85%	110,854,000	3,778,072,200	5.43
2016 #	3,729,003,100	55,256,200	44,691,300			2.68%	99,947,500	3,629,055,600	5.65
2015	3,649,185,900	72,829,800	54,274,300			3.48%	127,104,200	3,522,081,700	5.82
2014	3,589,694,100	72,785,000	43,675,300			3.24%	115,460,900	3,473,223,200	5.90
2013 #	3,414,276,600	64,305,700	39,050,100			3.03%	103,355,800	3,310,920,800	6.19
2012	3,524,105,900	63,917,800	33,693,500			2.77%	97,611,300	3,426,494,600	5.97
2011 *	3,676,379,700	72,652,600	40,050,300			3.07%	112,702,900	3,563,676,800	5.88



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

Table 5

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

Value As of 1/1	Real property Assessed Value	Personal property Assessed Value	Total Assessed Value	Direct Tax Rate	Total Estimated Actual Value	Ratio of Assessed to Estimated Value
2020 #	\$ 4,460,061,600	\$ 4,534,361,500	\$ 51,812,400	\$ 5.05	\$ 4,587,752,500	98.35%
2019 #	4,307,636,600	4,307,636,600	52,632,400	5.32	4,360,269,000	97.00%
2018 # &	3,892,949,730	3,968,886,600	39,302,100	5.43	4,022,941,400	97.75%
2017 #	3,780,102,600	3,815,928,100	74,663,600	5.62	3,888,926,200	99.12%
2016 #	3,623,999,925	3,658,026,300	80,479,000	5.69	3,729,003,100	99.34%
2015	3,320,369,500	3,558,087,200	76,174,600	6.26	3,649,185,900	93.08%
2014	3,279,586,200	3,498,464,700	85,006,600	6.28	3,589,694,100	93.73%
2013 #	3,265,704,200	3,314,653,800	94,023,900	6.29	3,414,276,600	98.40%
2012	3,557,806,088	3,436,681,800	95,404,700	5.78	3,524,105,900	103.66%
2011 *	3,555,065,388	3,587,535,800	90,644,700	5.79	3,676,379,700	99.17%

Assessed Valuation by School District - 2019			
Reassessment year #	Franklin School District	Whitnall School District	Total
	\$ 3,208,068,400	\$ 771,293,045	\$ 250,064,300
			Total Assessed Value
			\$ 4,229,425,745

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

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

Table 7

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

Budget Year	City of Franklin Direct Rates					Overlapping Rates										Total Rate
	Debt Service		Capital Outlay	Equipment Replacement	Street Improvement	School Districts			Milwaukee Area Technical College			Metropolitan Sewerage District		State		
	General	Library				Franklin	Oak Creek	Whitnall	School Credits	Technical College	Milwaukee County	Metropolitan District				
2020 #	\$ 4.65	\$ 0.33	\$ 0.27	\$ 0.07	\$ -	\$ 0.00	\$ 5.32	\$ 10.92	\$ 9.12	\$ 9.50	\$ (1.87)	\$ 1.22	\$ 4.93	\$ 1.70	\$ -	\$ 22.22
2019 #	4.62	0.33	0.33	0.11	0.04	0.00	5.43	11.21	8.58	9.76	(1.97)	1.22	4.89	1.69	-	22.47
2018 #	4.52	0.35	0.34	0.12	0.09	0.19	5.61	11.64	8.82	10.29	(2.08)	1.27	5.10	1.74	-	23.28
2017 #	4.56	0.36	0.36	0.12	0.10	0.20	5.69	12.03	9.38	10.08	(1.97)	1.27	5.13	1.76	0.17	24.09
2016	4.97	0.39	0.45	0.13	0.10	0.21	6.26	13.29	10.57	10.88	(2.14)	1.35	5.52	1.87	0.18	26.33
2015	4.96	0.38	0.49	0.13	0.10	0.21	6.28	13.21	9.76	11.11	(1.88)	1.36	5.44	1.83	0.18	26.42
2014 #	4.98	0.38	0.49	0.13	0.10	0.21	6.29	13.26	9.10	10.67	(1.86)	2.16	5.21	1.73	0.17	26.97
2013	4.60	0.35	0.47	0.11	0.08	0.17	5.78	11.72	9.09	9.72	(1.69)	2.04	4.87	1.57	0.16	24.45
2012	4.59	0.35	0.49	0.11	0.08	0.17	5.79	11.62	8.83	9.56	(1.70)	1.96	4.76	1.52	0.17	24.12
2011 *	5.04	0.35	0.56	0.11	0.04	0.12	6.22	12.22	8.69	10.40	(1.72)	1.93	4.49	1.45	0.17	24.76

Note: * Reassessment impact
Revaluation year

** The City has three 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.

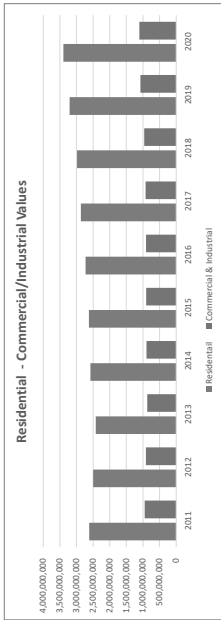
The Budget year is the year following the fiscal year in which the taxes are levied.
In 2014 State law changed, which provided Technical Colleges additional state aid reducing their tax levy approximately 35%.

Source: City of Franklin budget documents

Table 6

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

Fiscal Year	(1)					(2)					(2)				
	Estimated Actual Property Value					Construction					Construction				
	Residential	% of Total	Commercial and Industrial	Manufacturing	Other	Total	# of Units	# of Units	Value	Permits	Residential	% of Total	Commercial and Industrial	Manufacturing	Other
2020	\$ 3,396,938,200	74.9%	\$ 1,110,601,200	\$ 26,822,100	\$ 4,534,361,500	81	32,389,500	11	\$ 8,214,000	58	69,386,000	75.1%	2,881,326,700	75.1%	962,690,500
2019	3,205,292,500	74.4%	1,075,752,300	26,591,800	4,307,636,600	79	27,938,500	63	52,927,728	58	69,386,000	75.1%	2,881,326,700	75.1%	962,690,500
2018	2,981,326,700	75.1%	962,690,500	24,897,400	3,968,886,600	45	13,044,120	13	28,861,659	3	7,350,000	74.5%	2,726,337,800	74.5%	907,823,500
2017	2,870,690,200	75.2%	920,578,100	23,865,800	3,815,928,100	18	8,991,610	34	13,912,735	44	16,589,580	73.8%	2,628,835,800	73.8%	894,256,900
2016	2,726,337,800	74.5%	907,823,500	23,865,800	3,658,026,300	34	13,464,139	44	19,734,951	68	17,904,034	73.0%	2,498,514,100	72.7%	871,715,000
2015	2,628,835,800	73.9%	905,420,400	23,831,000	3,558,087,200	34	14,780,900	68	2,902,692	17	27,991,474	73.0%	2,418,991,400	73.0%	894,256,900
2014	2,580,859,500	73.8%	894,256,900	23,348,300	3,498,464,700	44	14,780,900	68	19,322,659	44	17,904,034	73.0%	2,418,991,400	73.0%	894,256,900
2013	2,418,991,400	73.0%	871,715,000	23,947,400	3,314,653,800	65	19,322,659	44	9,955,820	41	17,904,034	73.0%	2,418,991,400	73.0%	894,256,900
2012	2,498,514,100	72.7%	914,654,100	23,513,600	3,436,681,800	55	19,322,659	44	9,955,820	41	17,904,034	73.0%	2,418,991,400	73.0%	894,256,900
2011	2,619,125,600	73.0%	948,708,000	19,702,200	3,587,535,800	30	9,955,820	41	9,955,820	41	17,904,034	73.0%	2,418,991,400	73.0%	894,256,900



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

(2) Source: City's Building Inspection Department. - from Building Permits Issued

Table.8

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

Taxpayer	Type of Business	2020			2011		
		Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percent of Total Taxable Assessed Valuation
Northwestern Mutual	Insurance Services	\$ 105,068,600	1	2.33%	\$ 124,393,300	1	3.41%
Ascension Wisconsin	Medical facilities	40,524,600	2	0.90%			
Aurora Healthcare - W Rawson Ave	Healthcare Provider	31,310,900	3	0.69%	30,841,800	2	0.85%
TI Investors of Franklin, LLC	Apartments	29,796,700	4	0.66%			
Whitnall Pointe Apartments	Apartments	28,695,400	5	0.64%			
VTLC Development	Packaging manufacturing	22,866,000	6	0.51%	20,590,800	4	0.56%
Manchester Oaks	Apartments	22,594,400	7	0.50%	19,937,000	5	0.55%
Wal-Mart	Retailer	20,228,600	8	0.45%	19,761,500	6	0.54%
Franklin Wyndham, LLC	Land held for Development	16,033,000	9	0.36%	29,270,100	3	0.80%
Baptist's Bakery, Inc	Manufacturing	15,136,000	10	0.34%			
Menard Inc	Retail - Home Improvement				16,483,100	8	0.45%
All Glass Aquarium	Aquariums and fluorescent lights				13,448,500	9	0.37%
Hailey Davidson	Motorcycle manufacturing				18,101,600	7	0.50%
Waste Management	Landfill and refuse collection				12,664,900	10	0.35%
		\$ 332,214,400		7.36%	\$ 305,492,600		8.38%

Source: City of Franklin Assessor's Office

Table.9

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

Fiscal Year	City Tax Levy					Tax Incremental Financing	Total	Total collections	% of levy collected	Outstanding Delinquent P/R Levies
	General Fund	Library Fund	Capital Funds	Debt Service	Total					
2020	\$ 19,005,700	\$ 1,340,500	\$ 295,700	\$ 1,100,000	\$ 21,741,900	\$ 3,261,911	\$ 25,003,811	\$ 25,001,212	99.99%	2,599
2019	18,139,675	1,312,700	646,000	1,300,000	21,398,375	2,156,858	23,555,233	23,552,311	99.99%	2,922
2018	16,909,449	1,303,200	1,615,200	1,300,000	21,027,849	2,471,104	23,498,953	23,493,585	99.98%	5,368
2017	16,414,900	1,296,600	1,497,500	1,300,000	20,509,000	2,267,466	22,776,466	22,772,590	99.98%	3,886
2016	16,248,900	1,287,000	1,473,200	1,300,000	20,509,000	3,020,350	23,529,350	23,567,148	100.16%	2,603
2015	16,209,000	1,240,000	1,460,000	1,600,000	20,509,000	2,690,637	23,199,637	23,212,140	100.05%	57,995
2014	16,230,000	1,240,000	1,448,600	1,600,000	20,509,000	2,526,624	23,035,624	23,015,525	99.92%	57,995
2013	16,330,000	1,240,000	1,389,000	1,600,000	20,509,000	2,363,758	22,872,758	22,851,675	99.81%	52,481
2012	16,226,000	1,222,000	1,268,000	1,750,000	20,467,000	2,560,324	23,027,324	22,981,469	99.80%	75,164
2011	16,975,000	1,175,000	910,000	1,300,000	20,360,000	6,737,305	27,097,305	27,095,567	99.99%	53,569

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. Repayment of the City's debt is made by the City's annual payment 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.

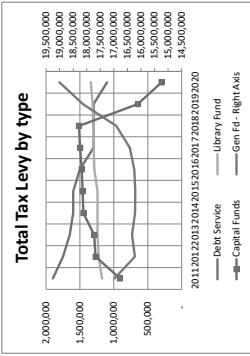
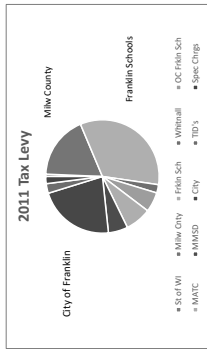
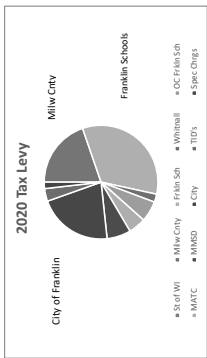


Table 10

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

Levy Year	State of Wisconsin	Milwaukee County	School Districts		MMSD	City of Franklin		Total
			Franklin	Whitnall		Local	Special Charges	
2020	\$ -	\$ 20,332,889	\$ 34,714,826	\$ 2,355,428	\$ 6,079,237	\$ 21,918,100	\$ 1,870,233	\$ 103,062,030
2019	-	20,157,046	34,714,826	2,375,394	5,994,101	21,741,900	3,261,911	102,075,293
2018	-	19,244,848	34,188,665	2,349,780	5,535,027	21,388,375	1,914,605	102,072,255
2017	-	19,090,000	33,763,303	2,346,376	5,425,692	21,027,849	1,646,735	97,977,101
2016	632,834	18,496,961	33,404,863	2,224,862	5,478,697	20,509,000	1,759,435	95,969,042
2015	619,289	18,063,210	33,404,871	2,223,327	5,928,300	20,509,000	3,020,350	96,089,767
2014	609,183	17,713,835	32,762,988	2,285,650	5,557,471	20,509,000	2,690,638	94,283,686
2013	579,423	16,986,670	32,764,006	2,174,981	5,254,726	20,509,000	2,526,924	92,294,310
2012	599,662	16,287,141	31,767,042	2,207,434	5,363,401	20,509,000	2,563,758	90,970,255
2011	623,804	16,812,497	31,435,718	2,208,303	5,286,377	20,467,000	2,560,324	89,400,157



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

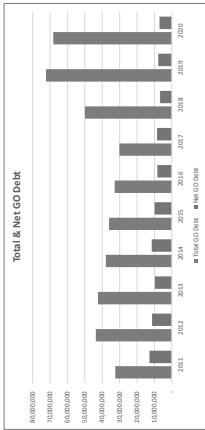
Note: Each taxing jurisdiction above submits to the City of Franklin their approved tax levy in November of the levy year for use in the following year. The City of Franklin totals the levy requests, produces tax bills for all taxable properties, collects amounts billed and remits collections to the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

In 2014, State aids to technical colleges increased, reducing the tax levy by approximately 35%.

Table 11

CITY OF FRANKLIN, WISCONSIN
Rates of Net General Fund Debt Outstanding
Last Ten Years

Fiscal Year	General Obligation Bonds	General Obligation Notes	General Fund Debt		Total Bonded Debt	Less Debt Service Fund Balances	Less Amounts due from Tax Incremental Financing Districts	Net General Obligation Debt	(1) Estimated Property Value	(2) Percent of Personal Income
			Swear Bonds	Water Obligation Bonds						
2020	\$44,490,000	\$ 4,870,000	\$16,280,969	\$ 980,000	\$67,360	\$68,967,429	\$ (476,871)	\$ (44,336,000)	\$ (16,280,969)	1.50%
2019	34,620,000	18,860,000	17,565,341	1,015,000	464,716	72,325,637	(1,118,569)	(45,830,000)	(17,565,341)	1.69%
2018	3,385,000	26,625,000	18,799,370	1,070,000	150,083	50,030,653	(982,718)	(23,480,000)	(18,799,370)	1.28%
2017	4,490,000	4,285,000	20,014,893	1,125,000	207,187	30,917,890	(755,022)	(886,000)	(20,014,893)	0.79%
2016	6,790,000	4,475,000	21,200,228	1,180,000	246,576	32,871,804	(601,298)	(2,860,000)	(21,200,228)	0.90%
2015	7,916,000	5,325,000	23,367,276	1,255,000	191,221	36,033,497	(607,283)	(3,310,000)	(23,367,276)	1.01%
2014	7,695,000	5,300,000	23,866,222	1,290,000	252,273	37,863,795	(434,721)	(3,330,000)	(23,866,222)	1.09%
2013	8,185,000	8,865,000	24,666,423	-	21,387	42,466,810	1,491,385	(9,886,000)	(24,666,423)	1.28%
2012	8,606,000	12,865,000	22,064,433	-	43,744,433	2,863,267	(12,866,000)	(22,064,433)	11,362,267	3.59%
2011	9,526,000	22,970,000	-	-	32,865,000	(4,094,759)	(15,520,000)	-	12,860,245	2.89%



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

(2) Population and personal income can be found in Table 14.

Amounts due from tax incremental financing districts represent future receipt of non-repayable property tax levies restricted to the payment of debt service.

In 2017 the City issued \$2,000,000 of New Anticipation Notes to support infrastructure costs in TID #1, Milwaukee Commons, on a portion of the police station, fire station, library and a wildlife road project.

In 2016 the City issued \$6,770,000. Proceeds were used to enhance existing general obligation bonds issued in 2007.

In 2012 the City issued \$5,320,000. Proceeds were used to provide funding for TID projects and Capital Improvement projects.

In 2012 the City issued \$27,662,754. Proceeds were used to provide funding for Ryan Creek Sewer extension with repayment scheduled to be completed in 2031.

Table 11A

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

Fiscal Year	TID 3	TID 5	TID 6	TID 7	Total	Unpaid Accrued Interest
2020	\$ 1,005,000	\$ 3,500,000	\$ -	\$ 14,952,000	\$ 19,457,000	\$ 513,333
2019	1,689,000	3,500,000	-	-	5,189,000	320,833
2018	1,891,000	3,500,000	-	-	5,391,000	128,333
2017	-	-	-	-	-	-
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
2012	-	-	-	-	-	-
2011	-	-	-	-	-	-

TID 3 - The City Granted a \$2,000,000 MRO for removal of a blighted building.
TID 5 - The City Granted a \$3,500,000 MRO to add in development of a closed landfill.
TID 6 - The City Granted a \$3,500,000 MRO to add in development of a closed landfill.
TID 7 - The City has committed to a \$3,100,000 MRO upon delivery of certain infrastructure.
MROs are payable only from available TID increment after TID related GO Debt Service

Table 12

CITY OF FRANKLIN, WISCONSIN
Schedule of Direct and Overlapping Debt Governmental Activities
December 31, 2020

Jurisdiction	Net general obligation bonded debt outstanding	Percentage applicable to City	Amount applicable to City
Milwaukee County	\$ 486,443,105	6.67%	\$ 33,112,755
Winthal School District	12,755,000	14.27%	1,820,139
Oak Creek - Franklin School District	147,615,000	15.36%	22,986,417
Franklin School District	61,035,000	100.00%	61,035,000
Milwaukee Area Technical College	100,970,000	5.31%	5,361,507
Milwaukee Metropolitan Sewerage District	72,752,551	6.80%	4,950,362
Overlapping Debt	1,580,445,556		176,119,291
City of Franklin	53,300,000	100.00%	53,300,000
Total	\$ 1,633,742,556		\$ 227,062,501

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

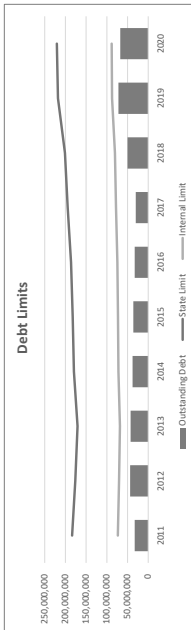
Note: Debt outstanding provided by each governmental unit and percentage determined by the Department of Revenue. Overlapping governments are those that have overlapping jurisdictions with the City of Franklin. The entire debt burden borne by the resident and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping district.

2 In 2013 Franklin Public Schools issued \$33 million of Debt to renovate the high school.
3 In 2017 Franklin Public Schools issued \$41.39 million to build a new middle school.
4 In 2019 Winthal School District issued \$1.5 million for school construction & repair costs.
5 In 2019 - Oak Creek Franklin District issued \$80.9 million for school construction.
6 In 2019 Winthal School District issued \$6.16 million in support of school building additions and improvements

Table 13

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

Fiscal Year	(1) Equalized Valuation	5% of Equalized Value	Total Debt Applicable to Limit	Legal Debt Margin	Percent Used	City Policy**		
						2% of Equalized Value	Debt Margin	Percent Used
2020	\$ 4,413,724,900	\$ 220,686,245	\$ 67,560,069	\$ 153,126,176	30.61%	\$ 88,274,498	\$ 20,714,429	76.53%
2019	4,360,269,000	218,013,450	71,570,341	146,143,109	32.97%	87,205,360	15,335,039	82.42%
2018	4,022,941,400	201,147,070	49,573,970	151,267,100	24.80%	80,458,828	30,578,658	61.99%
2017	3,886,926,200	194,446,310	29,984,693	164,461,617	15.42%	77,778,524	47,793,831	38.55%
2016	3,729,003,100	186,450,155	32,925,228	153,824,927	17.50%	74,580,062	41,954,834	43.75%
2015	3,649,185,900	182,469,295	35,912,276	146,547,019	19.68%	72,983,718	37,071,442	49.21%
2014	3,589,694,100	179,484,705	37,711,522	141,773,183	21.01%	71,793,882	34,082,360	52.53%
2013	3,414,276,600	170,713,830	42,446,423	128,268,407	24.86%	68,285,532	25,840,109	62.16%
2012	3,524,105,900	176,205,295	43,734,833	132,470,462	24.82%	70,482,118	26,747,285	62.05%
2011	3,676,379,700	183,818,985	32,495,000	151,323,985	17.68%	73,527,594	41,032,594	44.19%



(1) From Table 5

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

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

Page 152

Table 14

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

Fiscal Year	(1) Population	(2) Personal Income	(2) Per capita adjusted gross income		(3) Unemployment rates	
			City of Franklin	State of Wisconsin	City of Franklin	State of Wisconsin
2020	36,514	n/a	n/a	n/a	4.7%	7.1%
2019	35,996	\$1,435,496,002	\$ 39,879	\$ 27,220	3.5%	3.1%
2018	35,779	1,387,644,109	38,784	25,780	2.5%	3.0%
2017	36,046	1,347,878,092	37,393	24,269	3.2%	3.1%
2016	35,741	1,346,060,081	37,662	24,327	3.4%	3.9%
2015	35,655	1,286,727,609	36,088	23,939	4.0%	5.2%
2014	35,702	1,252,194,890	35,074	22,507	4.2%	6.0%
2013	35,810	1,199,623,750	33,500	22,411	4.8%	7.2%
2012	35,520	1,218,584,060	34,307	21,433	5.6%	8.0%
2011	35,504	1,098,257,160	30,933	20,681	5.4%	7.0%
2010	35,451	1,085,585,506	30,622	20,486	6.2%	8.1%

(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

Page 153

Table 15

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

Taxpayer	Type of Business	2020			2011		
		Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
Northwestern Mutual	Insurance/Investment Services	2,402	1	14.35%	2,133	1	11.26%
Krones, Incorporated	High speed labeling/filler machines	659	2	3.94%	480	4	2.43%
Franklin Public Schools	K-12 Education	615	3	3.67%	548	3	2.89%
Ascension Health Care	Medical & surgical hospital	482	4	2.88%	657	2	3.47%
Baptista's Bakery	Commercial Bakery	425	5	2.54% *			
Milwaukee County	Government						
County Corrections South	Medical Device Contract Manufacturer	400	6	2.39% *	381	5	2.01%
Vesta Inc	Animal Processing	360	7	2.15% *			
A • Strauss Veal & Lamb Int'l Inc	Wire harnesses	270	9	1.61% *	269	8	1.42%
Carlisle Interconnect Technologies	Off-road engine components mfg.	241	8	1.44%	235	10	1.24%
Senior Flexonics - GA Precision	Aquariums and fluorescent lights	160	10	0.96%	379	6	2.00%
Central Aquatics	Retailer	-		-	330	7	1.74%
Wal-Mart	Trucking				257	9	1.36%
Conway Trucking	Landfill and refuse collection						
Waste Management							
		6,014		35.93%	5,649		31.46%

* estimated

Source: Past Debt offering Official Statements and employer surveys

Table 16

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

Department	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Mayor	-	-	-	-	-	-	-	-	-	-
Municipal Court	250	250	250	250	250	250	250	250	250	200
Clerk	450	412	412	412	412	412	414	414	414	400
Information services	100	100	100	100	100	-	-	-	-	-
Administration	400	300	300	300	300	300	400	300	300	360
Assessor	478	673	600	600	600	600	600	600	600	600
Municipal buildings	-	-	-	-	-	100	100	100	100	100
Total general government	2284	2138	2125	2125	2125	2125	2102	2148	2148	2155
Public safety										
Police	7775	7675	7675	7675	7675	7675	7675	7575	7675	7725
Fire	4750	4600	4600	4650	4650	4650	4650	4650	4645	4648
Building inspection	900	915	830	830	800	800	700	700	700	800
Total public safety	13425	13190	13105	13155	13125	13125	12925	12925	13020	13173
Public works										
Engineering	825	825	825	825	825	825	825	825	825	825
Highway	2300	2200	2200	2200	2200	2200	2248	2200	2200	2200
Parks	175	200	200	200	200	200	200	200	200	200
Total public works	3300	3225	3225	3225	3225	3225	3273	3225	3225	3225
Public health										
Planning	705	795	795	750	675	675	675	675	615	625
Economic Development	400	400	400	400	400	400	400	400	460	560
Total general fund	20214	19848	19750	19855	19650	19650	19433	19313	19478	19738
Public health - grant	100									
Library	1547	1537	1537	1668	1694	1694	1719	1770	1682	1712
Tourism	050									
Sewer & water	1180	1180	1080	1080	1150	1150	1155	1155	1153	1153
Total	23091	22565	22367	22603	22424	22494	22307	22238	22313	22603

Source: City of Franklin Budget Document

Table 17

CITY OF FRANKLIN, WISCONSIN
Operating and Maintenance Statistics by Function/Program
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Crimes Against Persons	133	118	105	129						
Crimes Against Property	972	849	833	976						
Crimes Against Society	437	580	558	482	780	844	859	673	852	689
Crimes Against Children	58	58	58	58	58	58	58	58	58	58
Arrests	929	1,151	975	803	1,265	1,312	1,290	1,117	1,799	1,554
Traffic & parking citations	8,200	7,626	8,661	7,800	6,866	7,859	8,163	7,431	9,449	11,093
Police training	35,520	35,520	35,520	35,520	35,520	35,520	35,520	35,520	35,520	35,520
Number of sworn officers	60	60	60	60	60	60	59	58	58	58
Fire										
Fire responses	800	803	735	664	641	689	621	679	584	540
EMS responses	3,880	3,441	3,226	3,309	3,406	2,976	2,863	2,754	2,688	2,605
Number of fire engines	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Number of fire trucks	47	47	47	45	45	45	45	45	45	45
Number of fire hydrants	1,132	1,122	966	861	966	1,059	1,055	1,162	1,137	1,099
Basic Life Support Transports	938	1,221	1,185	1,401	1,185	1,212	1,091	977	910	863
Paramedic Transports										
Highway										
Number of road sealing	10	20	20	15	31	26	38	28	52	39
Number of road cleaning	150	836	877	1533	1326	1509	679	704	1,053	1,427
Vehicles maintained	177	177	177	171	170	168	167	167	167	165
Sanitation										
Non-recyclable refuse collected (tons)	9,138	8,421	8,407	8,384	8,179	8,259	7,923	7,972	8,205	8,353
Recyclables collected (tons)	2,893	2,980	2,718	2,766	2,766	2,735	3,479	3,174	2,737	2,813
House waste (tons)	463	285	285	285	360	332	221	322	355	274
Sanitization clinic visits	1,300	1,133	1,414	1,133	1,334	2,032	2,130	1,825	2,488	2,653
Sanitization inspections	300	275	246	298	356	340	429	383	438	298
Animal control										
Animal control pickups	148	121	141	129	106	116	122	104	92	120
Library										
Circulation	300,000	373,943	390,701	409,974	438,962	474,668	465,656	477,991	502,889	514,163
Books checked out	13,500	14,471	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Interlibrary loan**	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Sanitation										
Number of customers	10,450	10,350	10,300	10,200	10,231	10,198	10,090	10,080	10,010	9,970
Feet of sewer cleaned	215,000	220,000	250,000	248,000	255,000	260,000	255,000	250,000	250,000	217,000
Water										
Number of customers average daily consumption	8,500	8,475	8,475	8,270	8,220	8,172	7,978	7,930	7,931	7,850
Peak daily consumption	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
Peak daily consumption	4,653,000	4,620,000	4,375,000	4,001,000	4,793,000	4,889,200	4,889,000	6,770,000	6,770,000	5,904,000

** in 2013 Internet session length increased to 2 hours from one.

Page 156

Page 157

Table 18

CITY OF FRANKLIN, WISCONSIN
Operating and Maintenance Statistics by Function/Program
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Area in square miles										
Taxable acres (approximate)	15,030	15,027	14,963	14,432	14,367	14,384	15,038	14,889	14,804	15,474
Acres developed (approximate)	9,803	9,658	9,711	9,175	9,679	9,681	9,694	9,540	9,410	11,396
Acres in park and open space	5,031	5,069	5,242	5,257	5,286	5,363	5,107	4,869	4,804	3,873
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	19.69	19.69	19.69	19.69	19.69	19.69	19.69	19.69	19.69	19.69
Local	179.75	179.75	177.00	177.00	169.25	167.05	166.32	166.07	166.51	165.97
Fire protection and ambulance service:										
Number of manned fire stations	3	3	3	3	3	3	3	3	3	3
Police protection:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Sewer and water service:										
Miles of sewer	203.0	197.0	195.5	195	194	193	191	185	185	185
Miles of watermain	181.6	173.0	171.5	171	170	169	168	167	167	167
Number of fire hydrants	2,765	2,630	2,595	2,579	2,565	2,155	2,145	2,130	2,120	2,115
Recreation and culture:										
Miles of trails	12.5	12.5	12.2	12.0	11.0	11.0	11.0	10.0	10.0	7.0
Number of city parks	13.0	13.0	13.0	13.0	12.0	12.0	12.0	12.0	12.0	12.0
Number of city parks	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Number of libraries	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Municipal buildings (square footage):										
City hall	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206	47,206
Law enforcement building	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300	68,300
Fire stations	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750	37,750
Library	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Parks & recreation building	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Sewer & water building	23,215	23,215	23,215	23,215	23,215	23,215	23,215	23,215	23,215	23,215

Source: City of Franklin records

FORM OF LEGAL OPINION

(See following pages.)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

December 2, 2021

Re: City of Franklin, Wisconsin ("Issuer")
\$6,710,000 General Obligation Corporate Purpose Bonds, Series 2021B,
dated December 2, 2021 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$100,000	___%
2023	100,000	___
2024	100,000	___
2025	110,000	___
2026	225,000	___
2027	295,000	___
2028	315,000	___
2029	320,000	___
2030	340,000	___
2031	350,000	___
2032	365,000	___
2033	380,000	___
2034	395,000	___
2035	415,000	___
2036	435,000	___
2037	450,000	___
2038	475,000	___
2039	490,000	___
2040	510,000	___
2041	540,000	___

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2022.

The Bonds maturing on March 1, 2030 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2029 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within

each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption.

【The Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.】

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals. The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

QB\70751593.1

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

FORM OF CONTINUING DISCLOSURE CERTIFICATE

(See following pages.)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Franklin, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$6,710,000 General Obligation Corporate Purpose Bonds, Series 2021B, dated December 2, 2021 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on September 21, 2021 and November 16, 2021 (collectively, the "Resolution") and delivered to _____ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

Section 1(b). Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2. Definitions. In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Final Official Statement dated November 17, 2021 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the Common Council of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the City of Franklin, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Director of Finance & Treasurer of the Issuer who can be contacted at City Hall, 9229 West Loomis Road, Franklin, Wisconsin 53132, phone (414) 427-7514, fax finance@franklinwi.gov.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 365 days after the end of the Fiscal Year, commencing with the year ending December 31, 2021, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 365 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. DEBT - DIRECT DEBT
2. DEBT - DEBT LIMIT
3. VALUATIONS - CURRENT PROPERTY VALUATIONS
4. TAX LEVIES AND COLLECTIONS - TAX LEVIES AND COLLECTIONS

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12 above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 2nd day of December, 2021.

(SEAL)

Stephen R. Olson
Mayor

Sandra L. Wesolowski
City Clerk

NOTICE OF SALE

**\$6,710,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2021B
CITY OF FRANKLIN, WISCONSIN**

Bids for the purchase of \$6,710,000* General Obligation Corporate Purpose Bonds, Series 2021B (the "Bonds") of the City of Franklin, Wisconsin (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:30 A.M. Central Time, on November 16, 2021, at which time they will be opened, read and tabulated. The bids will be presented to the Common Council for consideration for award by resolution at a meeting to be held at 6:30 P.M., Central Time, on the same date. The bid offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all bids are rejected.

PURPOSE

The Bonds are being issued pursuant to Section 67.04, Wisconsin Statutes, for the public purposes of paying the cost of sewerage system projects and providing financial assistance to community development projects under Section 66.1105, Wisconsin Statutes, by paying project costs of the City's Tax Incremental Districts. The Bonds are general obligations of the City, and all the taxable property in the City is subject to the levy of a tax to pay the principal of and interest on the Bonds as they become due which tax may, under current law, be levied without limitation as to rate or amount.

DATES AND MATURITIES

The Bonds will be dated December 2, 2021, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on March 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2022	\$100,000	2029	\$320,000	2036	\$435,000
2023	100,000	2030	340,000	2037	450,000
2024	100,000	2031	350,000	2038	475,000
2025	110,000	2032	365,000	2039	490,000
2026	225,000	2033	380,000	2040	510,000
2027	295,000	2034	395,000	2041	540,000
2028	315,000	2035	415,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Bids for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on March 1 and September 1 of each year, commencing March 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected Bond Trust Services Corporation, Roseville, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after March 1, 2030 shall be subject to optional redemption prior to maturity on March 1, 2029 or any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of such call shall be given by sending a notice by registered or certified mail, facsimile or electronic transmission, overnight delivery service or in any other manner required by DTC, not less than 30 days nor more than 60 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about December 2, 2021, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL MATTERS

An opinion as to the validity of the Bonds and the exemption from federal taxation of the interest thereon will be furnished by Quarles & Brady LLP, Bond Counsel to the City, and will be available at the time of delivery of the Bonds. The legal opinion will be issued on the basis of existing law and will state that the Bonds are valid and binding general obligations of the City; provided that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights and by equitable principles (which may be applied in either a legal or equitable proceeding) (See "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

Quarles & Brady LLP has also been retained by the City to serve as Disclosure Counsel to the City with respect to the Bonds. Although, as Disclosure Counsel to the City, Quarles & Brady LLP has assisted the City with certain disclosure matters, Quarles & Brady LLP has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady LLP makes no representation as to the suitability of the Bonds for any investor.

SUBMISSION OF BIDS

Bids must not be for less than \$6,626,125 nor more than \$7,045,500 plus accrued interest on the principal sum of \$6,710,000 from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of bids, interested parties may submit a bid as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Electronically via **PARITY** in accordance with this Notice of Sale until 10:30 A.M. Central Time, but no bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Bids must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of bids. Each bid must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$134,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the bid is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the bid is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No bid can be withdrawn after the time set for receiving bids unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each bid, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all bids and to waive any informality in any bid.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will designate the Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the winning bidder. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the winning bidder on its bid form to determine the issue price for the Bonds. On its bid form, each bidder must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule").

(d) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the hold-the-offering-price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

(i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,

(ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and

(iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable

to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(e) If all of the requirements of a "competitive sale" are not satisfied and the winning bidder selects the 10% test, the winning bidder agrees to promptly report to the City, Bond Counsel and Ehlers the prices at which the Bonds have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to each maturity of the Bonds, provided that, the winning bidder's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(f) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

(A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.

(B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

(A) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(B) to acknowledge that, unless otherwise advised by the underwriter, dealer or broker-dealer, the winning bidder shall assume that each order submitted by the underwriter, dealer or broker-dealer is a sale to the public.

(g) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(i) "public" means any person other than an underwriter or a related party,

(ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with

a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the bid opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the bid acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and bid forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the Common Council

Paul Rotzenberg, Director of Finance & Treasurer
City of Franklin, Wisconsin

BID FORM

The Common Council
City of Franklin, Wisconsin

November 16, 2021

RE: **\$6,710,000* General Obligation Corporate Purpose Bonds, Series 2021B (the "Bonds")**
DATED: **December 2, 2021**

For all or none of the above Bonds, in accordance with the Notice of Sale and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$6,626,125 nor more than \$7,045,500) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2022	_____ % due	2029	_____ % due	2036
_____ % due	2023	_____ % due	2030	_____ % due	2037
_____ % due	2024	_____ % due	2031	_____ % due	2038
_____ % due	2025	_____ % due	2032	_____ % due	2039
_____ % due	2026	_____ % due	2033	_____ % due	2040
_____ % due	2027	_____ % due	2034	_____ % due	2041
_____ % due	2028	_____ % due	2035		

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

A good faith deposit ("Deposit") in the amount of \$134,200 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the bid opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of bids. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best bid provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith. We agree to the conditions and duties of Ehlers and Associates, Inc., as escrow holder of the Deposit, pursuant to the Notice of Sale. This bid is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Notice of Sale. Delivery is anticipated to be on or about December 2, 2021.

This bid is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the bid acceptance.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale.

By submitting this bid, we confirm that we are an underwriter and have an established industry reputation for underwriting new issuances of municipal bonds.
YES: ____ NO: ____.

If the competitive sale requirements are not met, we elect to use either the: ____ 10% test, or the ____ hold-the-offering-price rule to determine the issue price of the Bonds.

Account Manager: _____ By: _____

Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 2, 2021 of the above bid is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Franklin, Wisconsin, on November 16, 2021.

By: _____ By: _____
Title: _____ Title: _____