

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 26, 2026

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; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 Bonds shall NOT be "qualified tax-exempt obligations" pursuant to Section 265 (b)(3) of the Internal Revenue Code of 1986, as amended.

New Issue

Rating Application Made: Moody's Investors Service, Inc.

FRANKLIN PUBLIC SCHOOL DISTRICT, WISCONSIN (Milwaukee County)

\$15,930,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026A

BID OPENING: February 4, 2026, 9:30 A.M., C.T.

CONSIDERATION: February 4, 2026, 6:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$15,930,000* General Obligation Refunding Bonds, Series 2026A (the "Bonds") are authorized pursuant to Section 67.04, Wisconsin Statutes, by Franklin Public School District, Wisconsin (the "District"), for the purpose of effecting a current refunding of certain outstanding general obligations of the District as more fully described herein. The Bonds are general obligations of the District for which its full faith and credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin.

DATE OF BONDS: February 25, 2026

MATURITY: April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$1,120,000	2030	\$1,305,000	2033	\$2,250,000
2028	1,185,000	2031	1,370,000	2034	3,500,000
2029	1,235,000	2032	2,100,000	2035	1,865,000

***MATURITY**

ADJUSTMENTS:

The District 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: October 1, 2026 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing on April 1, 2034 and thereafter are subject to call for prior optional redemption on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

MINIMUM BID: \$15,770,700.

GOOD FAITH DEPOSIT: A good faith deposit in the amount of \$318,600 shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: The District.

ESCROW AGENT: Zions Bancorporation, National Association.

BOND 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 District 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 District. ***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 Underwriter (Syndicate Manager). 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 of the District and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the District, 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 District 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 District 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 District 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 District which indicates that the District 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.

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FRANKLIN PUBLIC SCHOOL DISTRICT SCHOOL BOARD

		<u>Term Expires</u>
Mike Spragg	President	April 2028
Ann Sepersky	Vice President	April 2027
Angela Bier	Clerk	April 2027
Maqsood Khan	Treasurer	April 2027
Debbie Larson	Member	April 2028
Linda Witkowski	Member	April 2026
Mary Yank	Member	April 2026

ADMINISTRATION

Annalee Bennin, District Administrator

Andy Chromy, Assistant Superintendent of Business & Operations

PROFESSIONAL SERVICES

Quarles & Brady LLP, Bond Counsel, Milwaukee, Wisconsin

Ehlers and Associates, Inc., Municipal Advisors, Minneapolis, Minnesota
(Other office located in Waukesha, Wisconsin)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding Franklin Public School District, Wisconsin (the "District") and the issuance of its \$15,930,000* General Obligation Refunding Bonds, Series 2026A (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 authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the School Board on February 4, 2026.

Inquiries may be directed to Ehlers and Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Minneapolis, Minnesota, (651) 697-8500, the District'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 February 25, 2026. The Bonds will mature on April 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on April 1 and October 1 of each year, commencing October 1, 2026, 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"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%).** 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 District will select District officials to act as the paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois to act as escrow agent (the "Escrow Agent"). The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor. The District will pay any applicable charges for Paying Agent and Escrow Agent services.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after April 1, 2034 shall be subject to optional redemption prior to maturity on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 District. If only part of the Bonds having a common maturity date are called for redemption, then the District 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 authorized pursuant to Section 67.04, Wisconsin Statutes, by the District, for the purpose of effecting a current refunding of the District's General Obligation School Building and Improvement Bonds, dated March 15, 2017 (the "Series 2017A Bonds") as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 355188
Series 2017A Bonds	3/15/17	4/1/26	Par	2027	3.00%	\$1,440,000	HT3
				2028	4.00%	1,495,000	HU0
				2029	3.00%	1,540,000	HV8
				2030	3.50%	1,595,000	HW6
				2031	3.75%	1,655,000	HX4
				2032	3.75%	2,370,000	HY2
				2033	3.75%	2,505,000	HZ9
				2034	3.50%	3,725,000	KA0
				2035	3.50%	<u>2,065,000</u>	KE2
Total Series 2017A Bonds Being Refunded						<u>\$18,390,000</u>	

Proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The District will pay the principal and interest payment due on April 1, 2026 from the Debt Service Fund Account for the Series 2017A Bonds.

ESTIMATED SOURCES AND USES*

Sources

Par Amount of Bonds	\$15,930,000	
Reoffering Premium	1,756,118	
Planned Issuer Equity Contribution	<u>825,600</u>	
Total Sources		\$18,511,718

Uses

Total Underwriter's Discount (0.500%)	\$79,650	
Costs of Issuance	142,500	
Deposit to Current Refunding Fund	18,289,533	
Rounding Amount	<u>35</u>	
Total Uses		\$18,511,718

*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 District will be irrevocably pledged. The District will levy a direct, annual, irrepealable tax on all taxable property in the District 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

General obligation debt of the District, with the exception of any outstanding credit enhanced issues, is currently rated "Aa1" by Moody's Investors Service, Inc. ("Moody's").

The District has requested a rating on the Bonds from Moody's, and bidders will be 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 District 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 District 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 of the Bonds, the District shall execute and deliver a Continuing Disclosure Certificate, under which the District 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 District are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

A failure by the District 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.

The District failed to include certain operating data in their annual financial information and operating data reports for fiscal years ending 2020 through 2023. Except to the extent that the preceding is deemed to be material, the District believes it has not failed to comply in the previous five years in all material respects with its prior undertakings under the Rule. The District 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 District.

LEGAL OPINION

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 District ("Bond Counsel"), 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 District; 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).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for the Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

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; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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 District 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 District 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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the District 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 Preliminary 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. Ehlers makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Preliminary Official Statement, and its assistance in preparing this Preliminary Official Statement should not be construed as a representation that it has independently verified such information.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("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 District, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the District under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the District for the fiscal year ended June 30, 2025 have been audited by KerberRose SC, Oshkosh, 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 Preliminary Official Statement.

RISK FACTORS

The 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.

Taxes: The Bonds are general obligations of the District, the ultimate payment of which rests in the District'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 District 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 of Wisconsin (the "State") may affect the overall financial condition of the District, the taxable value of property within the District, and the ability of the District to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District 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 District or the taxing authority of the District.

State Economy; School District Aids: State cash flow problems could delay or reduce the level of school aids anticipated by the District for operation expense and reimbursement for debt payments made. This could reduce District fund balances and adversely affect the value of the Bonds.

Ratings; Interest Rates: In the future, the District'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 District 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 District 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 District 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 District, 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 District 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 District 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 District will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

The District's vendor of its K-12 software, including its student information system (SIS), PowerSchool, suffered a network breach in December 2024. The breach provided unauthorized parties access to student and staff data. PowerSchool has offered identity protection services including, if applicable, credit monitoring services, for involved students and educators. The District has worked with PowerSchool to increase security to prevent any future security breaches. At this time, there has not been any financial ramification to the District.

The District has reviewed all current systems and has ascertained appropriate security protocols.

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement and the Appendices hereto.

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.

CURRENT PROPERTY VALUATIONS

2025 Equalized Value	\$5,577,035,205
2025 Equalized Value Reduced by Tax Increment Valuation	\$5,315,985,505

2025 EQUALIZED VALUE BY MUNICIPALITY

	2025 Equalized Value ¹	Percent of Total Equalized Value
City of Franklin	\$5,577,035,205	100.00%

TREND OF VALUATIONS

Year	Equalized Value Reduced by Tax Increment	Equalized Value ¹	Percent Increase/Decrease in Equalized Value
2021	\$3,669,334,609	\$3,745,055,009	7.49%
2022	4,051,529,045	4,151,009,045	10.84%
2023	4,593,746,771	4,720,379,171	13.72%
2024	4,851,950,389	4,996,799,889	5.86%
2025	5,315,985,505	5,577,035,205	11.61%

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

¹ Includes tax increment valuation.

LARGER TAXPAYERS¹

Taxpayer	Type of Business/Property	2024 Equalized Value ²	Percent of District's Total Equalized Value
BPC County Land, LLC	Sports equipment	\$60,050,567	1.20%
Whitnall Pointe, LP	Apartments	46,388,731	0.93%
Velo Village Apartments	Apartments	41,558,997	0.83%
Foresthill Highlands, LLC	Apartments	32,569,349	0.65%
Aurora Healthcare	Health/medical facilities	29,320,893	0.59%
Franklin RE, LLC	Apartments	28,331,164	0.57%
All Glass Aquarium Co.	Aquarium/lights	27,169,238	0.54%
Franklin Mission Hills, LLC	Apartments	25,041,766	0.50%
Waste Management	Landfill/recycling	22,870,543	0.46%
PGI, LLC	Manufacturing facility	<u>20,257,590</u>	<u>0.41%</u>
Total		\$333,558,838	6.68%
District's Total 2024 Equalized Value ³		\$4,996,799,889	

DEBT

DIRECT DEBT⁴

General Obligation Debt (see schedules following)

Total General Obligation Debt (includes the Bonds)*	<u><u>\$170,830,000</u></u>
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*Preliminary, subject to change.

¹ Provided by municipalities within the District.

² Calculated by dividing the 2024 Assessed Values by the 2024 Aggregate Ratio of assessment for the municipality in which the property is located.

³ Includes tax increment valuation.

⁴ Outstanding debt is as of the dated date of the Bonds and excludes the obligations to be refunded by the Bonds.

DEBT PAYMENT HISTORY

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

FUTURE FINANCING

The District has no current plans for additional financing in the next 12 months.

DEBT LIMIT

The constitutional and statutory general obligation debt limit for Wisconsin school districts which offer no less than grades 1-12 and qualify for the highest level of State aid (Article XI, Section 3 of the Wisconsin Constitution and Section 67.03, Wisconsin Statutes) is 10% of the current equalized value.

2025 Equalized Value	\$5,577,035,205
Multiply by 10%	<u>0.1</u>
Statutory Debt Limit	\$557,703,521
Less: General Obligation Debt (includes the Bonds)*	<u>(170,730,000)</u>
Unused Debt Limit*	<u><u>\$386,973,521</u></u>

*Preliminary, subject to change.

Franklin Public School District
Schedule of Bonded Indebtedness
General Obligation Debt Secured by Taxes
(As of 02/25/2026)

	School Building and Improvement Bonds Series 2017A		Refunding Bonds Series 2021A		School Facility Improvement Bonds Series 2025A		Refunding Bonds Series 2026A							
Dated Amount	03/15/2017 \$33,310,000		01/05/2021 \$18,590,000		04/10/2025 \$145,000,000		02/25/2026 \$15,930,000*							
Maturity	04/01		04/01		04/01 & 10/01		04/01							
Calendar Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
2026	1,385,000	360,900	1,420,000	367,300	6,750,000	6,475,850	0	499,120	9,555,000	7,703,170	17,258,170	161,275,000	5.59%	2026
2027			1,495,000	294,425	2,700,000	6,239,600	1,120,000	749,850	5,315,000	7,283,875	12,598,875	155,960,000	8.70%	2027
2028			1,570,000	217,800	3,230,000	6,091,350	1,185,000	692,225	5,985,000	7,001,375	12,986,375	149,975,000	12.21%	2028
2029			1,640,000	153,950	3,650,000	5,901,100	1,235,000	631,725	6,525,000	6,686,775	13,211,775	143,450,000	16.03%	2029
2030			1,685,000	104,075	4,150,000	5,667,100	1,305,000	568,225	7,140,000	6,339,400	13,479,400	136,310,000	20.21%	2030
2031			1,730,000	61,500	4,525,000	5,429,475	1,370,000	501,350	7,625,000	5,992,325	13,617,325	128,685,000	24.67%	2031
2032			1,115,000	33,050	4,900,000	5,193,850	2,100,000	414,600	8,115,000	5,641,500	13,756,500	120,570,000	29.42%	2032
2033			1,095,000	10,950	5,150,000	4,942,600	2,250,000	305,850	8,495,000	5,259,400	13,754,400	112,075,000	34.39%	2033
2034					5,400,000	4,678,850	3,500,000	162,100	8,900,000	4,840,950	13,740,950	103,175,000	39.60%	2034
2035					7,500,000	4,356,350	1,865,000	37,300	9,365,000	4,393,650	13,758,650	93,810,000	45.09%	2035
2036					7,455,000	3,982,475			7,455,000	3,982,475	11,437,475	86,355,000	49.45%	2036
2037					7,940,000	3,597,600			7,940,000	3,597,600	11,537,600	78,415,000	54.10%	2037
2038					8,340,000	3,190,600			8,340,000	3,190,600	11,530,600	70,075,000	58.98%	2038
2039					8,730,000	2,763,850			8,730,000	2,763,850	11,493,850	61,345,000	64.09%	2039
2040					9,180,000	2,316,100			9,180,000	2,316,100	11,496,100	52,165,000	69.46%	2040
2041					9,625,000	1,894,100			9,625,000	1,894,100	11,519,100	42,540,000	75.10%	2041
2042					10,025,000	1,501,100			10,025,000	1,501,100	11,526,100	32,515,000	80.97%	2042
2043					10,410,000	1,092,400			10,410,000	1,092,400	11,502,400	22,105,000	87.06%	2043
2044					10,835,000	667,500			10,835,000	667,500	11,502,500	11,270,000	93.40%	2044
2045					11,270,000	225,400			11,270,000	225,400	11,495,400	0	100.00%	2045
	1,385,000	360,900	11,750,000	1,243,050	141,765,000	76,207,250	15,930,000	4,562,345	170,830,000	82,373,545	253,203,545			

* Preliminary, subject to change.

OVERLAPPING DEBT¹

Taxing District	2025 Equalized Value ²	% In District	Total G.O. Debt ³	District's Proportionate Share
Milwaukee County	\$105,901,503,800	5.2662%	\$455,260,000	\$23,974,902
City of Franklin	7,245,524,200	76.9721%	63,977,003	49,244,443
Milwaukee Area Technical College	132,613,201,359	4.2055%	105,225,000	<u>4,425,237</u>
District's Share of Total Overlapping Debt				<u><u>\$77,644,582</u></u>

DEBT RATIOS

	G.O. Debt	Debt/Equalized Value \$5,577,035,205	Debt/ Per Capita 29,253 ⁴
Total General Obligation Debt*	\$170,830,000	3.06%	\$5,839.74
District's Share of Total Overlapping Debt	<u>77,644,582</u>	<u>1.39%</u>	<u>\$2,654.24</u>
Total*	\$248,474,582	4.46%	\$8,493.99

*Preliminary, subject to change.

¹ 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.

² Includes tax increment valuation.

³ Outstanding debt based on information obtained on EMMA, Wisconsin Department of Revenue and the Municipal Advisor's records.

⁴ Estimated 2023 population.

TAX LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Levy for District Purposes Only	% Collected	Levy/Equalized Value Reduced by Tax Increment Valuation in Dollars per \$1,000
2020/21	\$34,714,826	100.00%	\$10.03
2021/22	33,547,358	100.00%	9.14
2022/23	34,648,559	100.00%	8.55
2023/24	36,465,542	100.00%	7.94
2024/25	42,253,962	100.00%	8.71

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.

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. Previously, personal property taxes were required to be paid to the town, city or village treasurer in full by January 31. Uncollected personal property taxes owed by an entity that had ceased operations or filed a petition for bankruptcy, or were due on personal property that had been removed from the next assessment roll were formerly collected from each taxing entity in the year following the levy year. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023.

PROPORTIONATE LEVY AMOUNTS

	2024 Equalized Value¹	Percent of Levy	Amount of Levy
City of Franklin	\$4,996,799,889	100.000000%	\$42,253,962.00

Source: Wisconsin Department of Revenue, Bureau of Equalization.

REVENUE LIMITS FOR WISCONSIN SCHOOL DISTRICTS

The Wisconsin Statutes impose revenue limits on Wisconsin school districts, including the District. The Wisconsin Statutes previously allowed for some annual per pupil increases without voter approval, but the current Wisconsin Statutes prohibit any increase without voter approval. Under the current Wisconsin statutes, school districts cannot increase their revenue limits beyond the State allowable amount unless they seek voter approval at referendum. These provisions of the Wisconsin Statutes may change in the future.

The revenue limit is increased by funds needed for payment of debt service on general obligation debt authorized before the effective date of the revenue limit statutes (August 12, 1993) (the "Effective Date") and debt service on obligations issued to refund such debt. Debt authorized after the Effective Date is exempt from the revenue limits if approved at a referendum, as is debt service on obligations issued to refund such debt.

The original obligations being refinanced by the Bonds were approved at referendum. Accordingly, the payment of debt service on the Bonds is not subject to the revenue limits.

¹ Excludes tax increment valuation.

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
<i>City of Franklin</i>					
2020/21	\$10.93	\$4.61	\$4.97	\$1.58	\$22.08
2021/22	10.08	4.29	4.81	1.49	20.67
2022/23	9.36	3.84	4.37	1.36	18.93
2023/24	8.75	3.28	3.94	1.28	17.24
2024/25	9.19	3.14	3.82	1.24	17.39

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

THE ISSUER

ORGANIZATION OF THE DISTRICT

Organized as a K-12 common school district, the District is governed by a seven-member School Board (the "Board") elected for three-year staggered terms. The elected Board in turn elects a President, Vice President, Clerk and Treasurer from its members. The appointed District Administrator and the Board, which meets once a month, are charged with the administration, management, control and supervision of the District.

EMPLOYEES; PENSIONS

The District employs a staff of 586, including 178 non-licensed employees and 408 licensed employees (310 of whom are teachers).

Wisconsin Retirement System

All eligible employees in the District 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.

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

² 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.

District employees are required to contribute half of the actuarially determined contributions, and the District may not pay the employees' required contribution. During the fiscal year ended June 30, 2023, the fiscal year ended June 30, 2024 and the fiscal year ended June 30, 2025 ("Fiscal Year 2025"), the District's portion of contributions to WRS (not including any employee contributions) totaled \$2,196,426, \$2,373,803 and \$2,456,011, respectively.

Governmental Accounting Standards Board Statement No. 68 ("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, 2024, the total pension liability of the WRS was calculated as \$136.2 billion and the fiduciary net position of the WRS was calculated as \$134.5 billion, resulting in a net pension liability of \$1.6 billion. Accordingly, the District will report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the year ended June 30, 2026.

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 2025, the District reported a liability of \$2,847,173 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2024 based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. The District's proportion was 0.17327367% of the aggregate WRS net pension asset as of December 31, 2024.

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. Such changes may have a significant impact on the calculation of net pension liability 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 7 in "APPENDIX A - FINANCIAL STATEMENTS" attached hereto.

Recognized and Certified Bargaining Units

All eligible District personnel are covered by the Municipal Employment Relations Act ("MERA") of the Wisconsin Statutes. Pursuant to that law, employees have limited 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 District 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 District 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 District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit.¹

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the District, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, 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.

Due to the changes described above, the Board is free to unilaterally determine and promulgate policies, benefits and other terms and conditions of employment. Accordingly the Board approved an employee handbook which sets forth policies, procedures and benefits for employees of the nature that were previously set forth in labor contracts. The employee handbook's terms are subject to change at the sole discretion of the District and are not subject to grievance or arbitration by the unions. However, under the changes to MERA, the Board, rather than an arbitrator, is the final decision-maker regarding any grievances, though the grievance must be heard by an impartial hearing officer before reaching the Board.

The following bargaining units represent employees of the District:

Bargaining Unit	Expiration Date of Current Contract
Teaching Staff	June 30, 2026
Clerical Staff	June 30, 2026

¹ On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission, Case No. 2023CV3152*, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss stated that the Act violates the equal protection clause of the Wisconsin Constitution and declared those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructed the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. On December 2, 2024, the court issued an order granting the plaintiffs' motion for judgment on the pleadings and striking down substantial portions of the Act. The court's decision has been appealed to the Wisconsin Court of Appeals. On January 23, 2025, the court granted a motion to stay the decision pending outcome of the appeal. No guarantee can be made regarding the outcome of the matter.

OTHER POST EMPLOYMENT BENEFITS

The District has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The District's most recent Annual Financial Report (Audit) shows a total OPEB liability of \$3,040,964 as of June 30, 2024. The District has been funding these obligations on a pay-as-you-go basis.

Source: The District's most recent Audit.

STUDENT BODY

The number of students in average daily attendance for the past four years and for the current year is as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2021/22	269	1,931	2,315	4,515
2022/23	306	1,948	2,290	4,544
2023/24	276	1,956	2,306	4,538
2024/25	256	1,858	2,329	4,443
2025/26	223	1,824	2,252	4,299

Enrollments for the next three years are projected to be as follows:

Year	Kindergarten	Grades 1-6	Grades 7-12	Total
2026/27	236	1,756	2,239	4,231
2027/28	255	1,712	2,225	4,192
2028/29	260	1,700	2,219	4,179

SCHOOL BUILDINGS

School Building	Year Constructed	Years of Additions/ Remodelings
Ben Franklin Elementary	1998	--
Country Dale Elementary	1953	1956, 1958, 1960, 1964, 1995, 1998, 2012
Pleasant View Elementary	1963	1968, 1995, 2018, 2020
Robinwood Elementary	1967	1995, 2003, 2007, 2011, 2012, 2014
Southwood Glen Elementary	1991	--
Forest Park Middle	2018	--
Franklin High	1961	1963, 1968, 1970, 1974, 1995, 1999, 2013, 2025

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the District 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 school districts 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 District 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 District to file for relief under Chapter 9; or (c) 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. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the District is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the District 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 District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to holders of the Bonds.

FUNDS ON HAND (as of January 7, 2026)

Fund	Total Cash and Investments
American Deposit Management F10	\$1,167,659
BMO Harris F10	1,296,795
BMO Harris F39	16,108
BMO Harris F46	256,436
BMO Harris F49	82,518
Local Government Investment Pool F10	2,124,240
Local Government Investment Pool F39	2,219,424
Local Government Investment Pool F46	5,464,788
Wisconsin Investment Services Coop F10	11,343,192
Ampersand F49	5,898,974
Ehlers F49	<u>137,288,569</u>
Total Cash and Investments	<u>\$167,158,705</u>

SUMMARY GENERAL FUND INFORMATION

The following are summaries of the revenues, expenditures and fund balances for the District's General Fund. These summaries are not purported to be the complete audited financial statements of the District, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the District. Copies of the complete statements are available upon request. Appendix A includes the 2025 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING JUNE 30				2025-26 Adopted Budget ¹
	2022 Audited	2023 Audited	2024 Audited	2025 Audited	
Revenues					
Local/property taxes	\$27,875,530	\$25,416,969	\$25,918,127	\$25,461,581	\$27,927,169
Other local sources	0	1,901,067	2,347,380	2,763,337	1,778,233
Interdistrict sources	3,779,147	3,862,029	3,839,941	3,874,295	4,157,232
Intermediate sources	22,857	43,871	31,009	11,912	33,000
State sources	29,689,639	31,883,265	33,624,117	36,048,802	35,728,486
Federal sources	3,448,003	2,859,541	3,916,380	2,061,764	1,501,055
Other sources	198,606	372,952	281,958	171,809	270,000
Total Revenues	\$65,013,782	\$66,339,694	\$69,958,912	\$70,393,500	\$71,395,175
Expenditures					
Instruction					
Current	\$39,077,752	\$0	\$0	\$0	\$0
Interdistrict	1,438,955	0	0	0	0
Capital outlay	171,180	0	0	0	0
Regular instruction	0	25,412,593	26,401,569	26,442,403	27,097,189
Vocational instruction	0	2,485,276	2,579,732	2,544,690	2,616,165
Physical instruction	0	1,369,059	1,435,570	1,468,577	1,590,792
Special instruction	0	5,787,510	6,343,480	6,570,647	7,660,769
Other instruction	0	1,217,770	1,833,603	1,613,489	1,484,429
Support services					
Current	20,135,144	0	0	0	0
Capital outlay	2,181,090	0	0	0	0
Pupil services	0	2,453,507	2,575,410	2,703,940	2,785,653
International staff services	0	3,187,595	2,773,719	2,508,806	2,498,653
General administration services	0	1,183,278	1,006,468	1,009,145	1,059,958
School building administrative services	0	3,270,723	3,554,790	3,661,492	3,564,550
Business services	0	758,841	843,280	999,046	871,247
Operations and maintenance	0	7,681,953	6,386,756	6,386,916	6,559,158
Pupil transportation	0	2,247,356	2,977,685	2,970,024	3,003,699
Central services	0	419,198	960,130	533,427	1,025,923
Insurance	0	471,344	470,084	537,811	497,949
Other support services	0	1,726,503	2,050,035	2,006,752	1,873,762
Non-Program Transactions					
General tuition payments	0	1,360,873	2,678,967	2,780,487	2,739,924
Non-program payments	0	475,003	606,046	608,709	2,805,304
Voucher payments	0	738,496	1,091,412	1,304,984	1,637,769
Adjustments and refunds	0	3,698	69,916	7,705	22,282
Total Expenditures	\$63,004,121	\$62,250,576	\$66,638,652	\$66,659,050	\$71,395,175
Excess of revenues over (under) expenditures	\$2,009,661	\$4,089,118	\$3,320,260	\$3,734,450	\$0
Other Financing Sources (Uses)					
Sale of equipment	\$0	\$13,695	\$20,737	\$140,623	\$0
Proceeds from sale of capital assets	98,110	0	0	0	0
Transfers (out)	(2,483,000)	(3,348,000)	(3,122,645)	(3,754,715)	0
Total Other Financing Sources (Uses)	(2,384,890)	(3,334,305)	(3,101,908)	(3,614,092)	0
Net changes in Fund Balances	(\$375,229)	\$754,813	\$218,352	\$120,358	\$0
General Fund Balance July 1	\$25,363,568	\$24,847,189	\$25,602,002	\$25,820,354	\$25,940,712
Change in Accounting Principle	(141,150)	0	0	0	
General Fund Balance June 30	\$24,847,189	\$25,602,002	\$25,820,354	\$25,940,712	
DETAILS OF JUNE 30 FUND BALANCE					
Nonspendable	\$256,176	\$151,614	\$765,958	\$278,511	
Restricted	63,376	524,937	51,263	68,680	
Unassigned	24,527,637	24,925,451	25,003,133	25,593,521	
Total	\$24,847,189	\$25,602,002	\$25,820,354	\$25,940,712	

¹ The 2025-26 budget was adopted on October 22, 2025.

GENERAL INFORMATION

LOCATION

The District, with a 2020 U.S. Census population of 29,736 and a 2023 population estimate of 29,253, and comprising an area of 28.92 square miles, is located approximately 10 miles southwest of Milwaukee, Wisconsin and 85 miles north of Chicago, Illinois.

LARGER EMPLOYERS¹

Larger employers in the District include the following:

Firm	Type of Business/Product	Estimated No. of Employees
The District	Elementary and secondary education	585
Krones, Inc.	High speed labeling/filler machines	450
Tiger Aesthetics Medical LLC	Medical device contract manufacturer	450
Vesta Inc./Lubrizol	Medical device manufacturing	450
Senior Flexonics	Aerospace manufacturer	364
Milwaukee County Corrections South	Government	360
Pick N Save	Retail grocery store	325 ²
Carlisle Interconnect Tech Inc.	Custom engineering	300
Central Garden & Pet Co.	Pet and garden manufacturing and distribution	256
City of Franklin	Municipal government and services	228

Source: The District, Data Axle Reference Solutions, written and telephone survey, Wisconsin Manufacturers Register, and the Wisconsin Department of Workforce Development.

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.

² Includes two locations in the District.

U.S. CENSUS DATA

Population Trend: The District

2010 U.S. Census Population	28,964
2020 U.S. Census Population	29,736
Percent of Change 2010 - 2020	2.67%
2023 Estimated Population	29,253

Income and Age Statistics

	The District	Milwaukee County	State of Wisconsin	United States
2023 per capita income	\$51,949	\$36,955	\$42,019	\$43,289
2023 median household income	\$112,930	\$62,118	\$75,670	\$78,538
2023 median family income	\$142,736	\$82,096	\$97,261	\$96,922
2023 median gross rent	\$1,257	\$1,069	\$1,045	\$1,348
2023 median value owner-occupied units	\$351,500	\$216,500	\$247,400	\$303,400
2023 median age	42.8 yrs.	35.4 yrs.	40.1 yrs.	38.7 yrs.

	State of Wisconsin	United States
District % of 2023 per capita income	123.63%	120.01%
District % of 2023 median family income	146.76%	147.27%

Source: 2010 and 2020 Census of Population and Housing, Wisconsin Demographic Services Center (https://doa.wi.gov/Pages/LocalGovtsGrants/Population_Estimates.aspx) and 2023 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (<https://data.census.gov/cedsci>).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities with populations under 25,000.

	<u>Average Employment</u>	<u>Average Unemployment</u>	
Year	Milwaukee County	Milwaukee County	State of Wisconsin
2021	440,109	5.3%	3.8%
2022	442,381	3.5%	2.8%
2023	445,787	3.5%	2.8%
2024 ¹	447,437	3.7%	3.0%
2025, November	438,240 ¹	3.4% ¹	2.7%

Source: Wisconsin Department of Workforce Development.

¹ Preliminary.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the District's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The District 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 Preliminary Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District represents that there have been no material adverse change in the financial position or results of operations of the District, nor has the District 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.

FRANKLIN PUBLIC SCHOOL DISTRICT

Annual Financial Report

June 30, 2025

FRANKLIN PUBLIC SCHOOL DISTRICT

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FRANKLIN PUBLIC SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Education
Franklin Public School District
Franklin, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Franklin Public School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

For the year ended June 30, 2025, the District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedule of changes in the total OPEB liability and related ratios – other post-employment benefits, schedule of changes in the total pension liability and related ratios – supplemental pension plan, and the schedule of revenues, expenditures and change in fund balance - budget and actual – general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

To the Board of Education
Franklin Public School District

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, combining schedule of internal general and special education funds – balance sheet, combining schedule of internal general and special education funds – revenues, expenditures and changes in fund balances are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance, as required by either Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* or *State Single Audit Guidelines*, and the *Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction are also presented for purposes of additional analysis and are 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 supplementary 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 combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, combining schedule of internal general and special education funds – balance sheet, combining schedule of internal general and special education funds – revenues, expenditures and changes in fund balances, schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025 on our consideration of the District'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 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 District's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
December 2, 2025

FINANCIAL STATEMENTS

FRANKLIN PUBLIC SCHOOL DISTRICT

District-Wide Statement of Net Position

As of June 30, 2025

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 200,757,747
Receivables:	
Taxes	3,808,231
Accounts	81,280
Interest	727,403
Lease	63,463
Due from Other Governments	508,363
Prepaid Items	278,511
Total Current Assets	206,224,998
Noncurrent Assets	
Capital Assets	
Nondepreciable	10,906,357
Depreciable, net	109,276,502
Total Noncurrent Assets	120,182,859
TOTAL ASSETS	326,407,857
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	15,382,159
Deferred Outflows Related to Supplemental Pension	1,367,980
Deferred Outflows Related to Other Post-Employment Benefits	975,088
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,725,227
LIABILITIES	
Current Liabilities	
Accounts Payable	1,681,363
Accrued Interest Payable	1,865,130
Accrued Liabilities	5,458,259
Due to Other Governments	162
Unearned Revenue	419,595
Self-Insurance Deposits Payable	843,426
Benefits Claims Payable	845,233
Current Compensated Absences	968,505
Current Portion of Long-Term Obligations	12,790,000
Current Portion of Supplemental Pension Liability	1,110,746
Current Portion of Other Postemployment Benefits	584,180
Total Current Liabilities	26,566,599
Noncurrent Liabilities	
Net Pension Liability	2,847,173
Noncurrent Compensated Absences	138,988
Noncurrent Portion of Long-Term Obligations	172,625,753
Supplemental Pension Liability	7,776,643
Other Postemployment Benefits	2,456,784
Total Noncurrent Liabilities	185,845,341
TOTAL LIABILITIES	212,411,940
DEFERRED INFLOWS OF RESOURCES	
Deferred Gain on Refunding	643,694
Lease Receivable	63,463
Deferred Inflows Related to Pension	8,308,735
Deferred Inflows Related to Supplemental Pension	1,875,526
Deferred Inflows Related to Other Post-Employment Benefits	761,969
TOTAL DEFERRED INFLOWS OF RESOURCES	11,653,387
NET POSITION	
Net Investment in Capital Assets	74,928,536
Restricted	27,025,157
Unrestricted	18,114,064
TOTAL NET POSITION	\$ 120,067,757

See Accompanying Notes

FRANKLIN PUBLIC SCHOOL DISTRICT

District-Wide Statement of Activities

For the Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular Instruction	\$ 27,904,582	\$ 1,089,577	\$ 338,338	\$ (26,476,667)
Vocational Instruction	2,633,910	-	-	(2,633,910)
Physical Instruction	1,509,345	-	-	(1,509,345)
Special Instruction	6,751,659	-	3,470,902	(3,280,757)
Other Instruction	1,972,437	883,013	29,299	(1,060,125)
Total Instruction	40,771,933	1,972,590	3,838,539	(34,960,804)
Support Services				
Pupil Services	2,772,007	-	-	(2,772,007)
Instructional Staff Services	2,562,729	-	498,801	(2,063,928)
General Administration Services	1,023,180	-	-	(1,023,180)
School Building Administration Services	3,755,522	-	-	(3,755,522)
Business Administration	990,862	-	-	(990,862)
Operations and Maintenance	7,620,977	-	-	(7,620,977)
Pupil Transportation Services	2,986,391	17,709	116,906	(2,851,776)
Food Services	1,648,624	1,053,179	733,418	137,973
Internal Services	1,949	-	-	(1,949)
Central Services	543,877	-	356,283	(187,594)
Insurance	537,811	-	-	(537,811)
Other Support Services	1,699,405	-	-	(1,699,405)
Community Services	1,407,869	885,476	-	(522,393)
Interest and Fiscal Charges	3,801,303	-	-	(3,801,303)
Depreciation - Unallocated	3,868,036	-	-	(3,868,036)
Total Support Services	35,220,542	1,956,364	1,705,408	(31,558,770)
Non-Program Transactions				
General Tuition Payments	2,780,487	-	-	(2,780,487)
Non-Program Payments	631,959	-	-	(631,959)
Voucher Payments	1,304,984	-	-	(1,304,984)
Adjustments and Refunds	7,705	-	-	(7,705)
Total Non-Program Transactions	4,725,135	-	-	(4,725,135)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 80,717,610	\$ 3,928,954	\$ 5,543,947	(71,244,709)
GENERAL REVENUES				
Property Taxes				42,253,962
State and Federal Aids not Restricted to Specific Functions				37,192,194
Interest and Investment Earnings				3,368,250
Sale of Capital Assets				161,839
Miscellaneous				293,302
Total General Revenues				83,269,547
CHANGE IN NET POSITION				
NET POSITION - BEGINNING OF YEAR				108,915,545
Change in Accounting Principle				(872,626)
NET POSITION - BEGINNING OF YEAR, AS RESTATED				
NET POSITION - END OF YEAR				\$ 120,067,757

See Accompanying Notes

FRANKLIN PUBLIC SCHOOL DISTRICT

Balance Sheet

Governmental Funds

As of June 30, 2025

	General	Referendum Debt Service	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 30,302,866	\$ 13,936,394	\$ 142,313,604	\$ 14,204,883	\$ 200,757,747
Receivables:					
Taxes	3,808,231	-	-	-	3,808,231
Accounts	80,240	-	-	1,040	81,280
Interest	-	19,768	707,635	-	727,403
Lease	63,463	-	-	-	63,463
Due from Other Funds	-	-	-	1,432,500	1,432,500
Due from Other Governments	508,363	-	-	-	508,363
Prepaid Items	278,511	-	-	-	278,511
TOTAL ASSETS	<u>\$ 35,041,674</u>	<u>\$ 13,956,162</u>	<u>\$ 143,021,239</u>	<u>\$ 15,638,423</u>	<u>\$ 207,657,498</u>
LIABILITIES					
Accounts Payable	\$ 265,566	\$ -	\$ 728,540	\$ 687,257	\$ 1,681,363
Accrued Liabilities	5,403,713	-	-	54,546	5,458,259
Due to Other Funds	1,400,000	-	-	32,500	1,432,500
Due to Other Government	162	-	-	-	162
Self-Insurance Deposits Payable	843,426	-	-	-	843,426
Benefit Claims Payable	845,233	-	-	-	845,233
Unearned Revenue	279,399	-	-	140,196	419,595
Total Liabilities	<u>9,037,499</u>	<u>-</u>	<u>728,540</u>	<u>914,499</u>	<u>10,680,538</u>
DEFERRED INFLOWS OF RESOURCES					
Lease Receivable	63,463	-	-	-	63,463
FUND BALANCES					
Nonspendable:					
Prepaid Items	278,511	-	-	-	278,511
Restricted:					
Donor Specified Projects	-	-	-	499,425	499,425
Debt Service	-	13,956,162	-	-	13,956,162
Capital Projects	-	-	142,292,699	7,213,466	149,506,165
Food Service	-	-	-	1,438,728	1,438,728
Self-Insurance	51,004	-	-	-	51,004
Unspent Common School Funds	17,676	-	-	-	17,676
Assigned:					
Community Service Funds	-	-	-	5,572,305	5,572,305
Unassigned	25,593,521	-	-	-	25,593,521
Total Fund Balances	<u>25,940,712</u>	<u>13,956,162</u>	<u>142,292,699</u>	<u>14,723,924</u>	<u>196,913,497</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 35,041,674</u>	<u>\$ 13,956,162</u>	<u>\$ 143,021,239</u>	<u>\$ 15,638,423</u>	<u>\$ 207,657,498</u>

FRANKLIN PUBLIC SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2025

Total Fund Balances - Governmental Funds		\$ 196,913,497
<i>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:</i>		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported in the statement of net position:		
Governmental Capital Assets	\$ 169,631,842	
Governmental Accumulated Depreciation	<u>(49,448,983)</u>	120,182,859
Net pension liability is not payable in the current period therefore not reported in the fund financial statements.		
		(2,847,173)
Total supplemental pension liability is not payable in the current period therefore not reported in the fund financial statements.		
		(8,887,389)
Some deferred outflows and inflows of resources reflect changes in long-term assets or liabilities and are not reported in the funds.		
Deferred Outflows of Resources Related to Pension - Cost-Sharing Plan	15,382,159	
Deferred Inflows of Resources Related to Pension - Cost-Sharing Plan	(8,308,735)	
Deferred Outflows of Resources Related to Pension - Single-Employer Plan	1,367,980	
Deferred Inflows of Resources Related to Pension - Single Employer Plan	(1,875,526)	
Deferred Outflows of Resources Related to OPEB - Single-Employer Plan	975,088	
Deferred Inflows of Resources Related to OPEB - Single-Employer Plan	(761,969)	
Deferred Gain on Refunding	<u>(643,694)</u>	6,135,303
Certain liabilities, including bonds payable, are not due in the current period and therefore not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:		
General Obligations	(176,525,000)	
Compensated Absences	(1,107,493)	
Bond Premium	(8,890,753)	
Accrued Interest on General Obligation Debt	(1,865,130)	
Other Post-Employment Benefits	<u>(3,040,964)</u>	(191,429,340)
Total Net Position - Governmental Activities		<u>\$ 120,067,757</u>

FRANKLIN PUBLIC SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	Referendum Debt Service	(Formerly Major) Long-term Capital Improvement	Other Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 25,461,581	\$ 12,308,275	\$ -	\$ -	\$ 4,484,106	\$ 42,253,962
Other Local Sources	2,763,337	338,198	-	1,367,603	2,849,282	7,318,420
Interdistrict Sources	3,874,295	-	-	-	5,950	3,880,245
Intermediate Sources	11,912	-	-	-	-	11,912
State Sources	36,048,802	-	-	-	16,624	36,065,426
Federal Sources	2,061,764	-	-	-	716,794	2,778,558
Other Sources	171,809	-	-	119,993	-	291,802
Total Revenues	70,393,500	12,646,473	-	1,487,596	8,072,756	92,600,325
EXPENDITURES						
Instruction						
Regular Instruction	26,442,403	-	-	-	796,894	27,239,297
Vocational Instruction	2,544,690	-	-	21	20,296	2,565,007
Physical Instruction	1,468,577	-	-	-	1,434	1,470,011
Special Instruction	6,570,647	-	-	-	-	6,570,647
Other Instruction	1,613,489	-	-	-	483,199	2,096,688
Total Instruction	38,639,806	-	-	21	1,301,823	39,941,650
Support Services						
Pupil Services	2,703,940	-	-	-	-	2,703,940
Instructional Staff Services	2,508,806	-	-	-	-	2,508,806
General Administration Services	1,009,145	-	-	-	-	1,009,145
School Building Administration Services	3,661,492	-	-	-	4,377	3,665,869
Business Services	999,046	-	-	32,045	-	1,031,091
Operations and Maintenance	6,386,916	-	-	4,162,831	4,187,478	14,737,225
Pupil Transportation	2,970,024	-	-	-	3,233	2,973,257
Food Services	-	-	-	-	1,712,542	1,712,542
Internal Services	-	-	-	-	1,949	1,949
Central Services	533,427	-	-	-	301	533,728
Insurance	537,811	-	-	-	-	537,811
Other Support Services	2,006,752	-	-	-	129,254	2,136,006
Community Services	-	-	-	-	1,383,132	1,383,132
Debt Service:						
Principal	-	5,545,000	-	-	-	5,545,000
Interest and Fiscal Charges	-	2,614,266	-	-	-	2,614,266
Total Support Services	23,317,359	8,159,266	-	4,194,876	7,422,266	43,093,767
Non-Program Transactions						
General Tuition Payments	2,780,487	-	-	-	-	2,780,487
Non-Program Payments	608,709	-	-	-	23,250	631,959
Voucher Payments	1,304,984	-	-	-	-	1,304,984
Adjustments and Refunds	7,705	-	-	-	-	7,705
Total Non-Program Transactions	4,701,885	-	-	-	23,250	4,725,135
Total Expenditures	66,659,050	8,159,266	-	4,194,897	8,747,339	87,760,552
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,734,450	4,487,207	-	(2,707,301)	(674,583)	4,839,773
OTHER FINANCING SOURCES (USE)						
Sale of Equipment	140,623	-	-	-	1,500	142,123
Proceeds from Bonds	-	-	-	145,000,000	-	145,000,000
Premium on Bonds	-	6,789,997	-	-	-	6,789,997
Transfer from Other Fund	-	-	-	-	3,754,715	3,754,715
Transfer to Other Fund	(3,754,715)	-	-	-	-	(3,754,715)
Total Other Financing Sources (Use)	(3,614,092)	6,789,997	-	145,000,000	3,756,215	151,932,120
NET CHANGES IN FUND BALANCES	120,358	11,277,204	-	142,292,699	3,081,632	156,771,893
FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	25,820,354	2,678,958	5,555,223	-	6,087,069	40,141,604
Adjustment - changes from major to nonmajor fund	-	-	(5,555,223)	-	5,555,223	-
FUND BALANCES - BEGINNING OF YEAR, AS ADJUSTED	25,820,354	2,678,958	-	-	11,642,292	40,141,604
FUND BALANCES - END OF YEAR	\$ 25,940,712	\$ 13,956,162	\$ -	\$ 142,292,699	\$ 14,723,924	\$ 196,913,497

FRANKLIN PUBLIC SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds to the District-Wide Statement of Activities
For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds		\$ 156,771,893
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	\$ 7,612,547	
Depreciation expense reported in the statement of activities	<u>(3,868,036)</u>	
Amount by which capital outlays are more than depreciation in the current period.		3,744,511
The District disposed of certain assets resulting in a reduction of capital assets and recapture of prior year depreciation expense reported on the statement of activities as a net gain and has no affect on the governmental funds balance sheet.		
The value of capital assets disposed of during the year	(454,726)	
The amount of depreciation recapture for the year	<u>337,229</u>	
Amount by which capital disposals are more than depreciation recapture in the current period.		(117,497)
Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements.		(1,534,550)
Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements.		573,376
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated absences benefits paid in current year over amounts earned.		19,139
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of the long-term debt principal payments in the current year is:		
Bonds payable		5,545,000
Debt incurred in governmental funds is reported as an other financing source, but is reported as an increase in outstanding long-term debt in the statement of net position, and does not affect the statement of activities.		
Bonds Payable		(145,000,000)
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.		
The amount of interest paid during the current period	2,614,266	
The amount of interest accrued during the current period	<u>(4,125,733)</u>	
Interest paid is less than interest accrued by:		(1,511,467)
Prior year debt premium, discount and refunding gains are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The amortization for the current year is		
Amortization of bond premium	243,968	
Amortization of refunding gain	<u>80,462</u>	<u>324,430</u>
Governmental funds report debt premium/discount as other financing sources and uses. These are allocated over the period the debt is outstanding in the statement of activitie and are reported as amortization expense.		
Bond premium		<u>(6,789,997)</u>
Change in Net Position - Governmental Activities		\$ 12,024,838

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Franklin Public School District (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) in the United States of America and have been consistently applied in the preparation of the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

Nature of Operations

The District is organized as a common school district which operates grades 4-K through 12. The District is governed by seven-member elected Board of Education and is comprised of all or part of one taxing district.

The accompanying financial statements present the activities of Franklin Public School District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the stand alone government is financially accountable and (b) the stand alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand alone government.

District-Wide Financial Statements

The statement of net position and the statement of activities report financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function or segment. Program revenues include (1) charges to students or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) operating grants and contributions. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental financial statements. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures.

Governmental Funds

Governmental funds are identified as either general, special revenue, debt service, or capital projects based upon the following guidelines:

General Fund

The general fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Major Funds

The District reports the following major governmental funds:

General Fund - This fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

Referendum Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Other Capital Projects Fund – This fund accounts for the resources accumulated for other capital project needs.

Nonmajor Funds

The District reports the following nonmajor funds:

Special Revenue Trust Fund - This fund accounts for funds from private gifts, donations from private parties, student activities that are controlled by the board and staff, and scholarship activities.

Other Special Projects Fund - This fund accounts for funds from foundation activities.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Nonmajor Funds (Continued)

Food Service Fund - This fund accounts for the activities associated with the District's hot lunch and breakfast programs.

Community Service Fund - This fund accounts for the activities related to the community recreation programs.

Long-term Capital Improvement Fund - This fund accounts for the resources accumulated for future capital project needs.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and deferred outflows of resources and liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted resources may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

Cash and Investments

The District's cash is considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper and the local government pooled-investment fund administered by the State Investment Board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivables are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount would not be material.

Property Taxes

The aggregate District tax levy is apportioned and certified by November 6th of the current fiscal year for collection by comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the twentieth of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2024 tax levy is used to finance operations of the District's fiscal year ended June 30, 2025. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Prepaid Items

Prepaid items are payments made to vendors that will benefit periods beyond the end of the current fiscal year.

Capital Assets

In the district-wide statements, property and equipment are accounted for as capital assets. All capital assets are valued at actual or estimated historical cost if actual cost is unavailable, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at estimated acquisition value at the time received.

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows. The capitalization threshold is \$10,000 for all assets with a useful life more than one year. All depreciable capital assets are depreciated on a straight-line basis with estimated useful lives for buildings and improvements of 20-60 years and machinery and equipment of 4-20 years.

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

Interfund Activity

Interfund activity is reported as loans and transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon preparation of the district-wide financial statements. Transfers between governmental funds are netted as part of the reconciliation to the district-wide financial statements.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The District reports deferred outflows of resources related to pensions and other post-employment benefits in the statement of net position. A detailed list of these items can be found in notes 7, 8 and 9.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The District reports deferred inflows of resources related to pensions, lease receivables and other post-employment benefits as well as deferred gain on refunding in the statement of net position. The District reports deferred inflows of resources related to lease receivable in the balance sheet. A detailed list of these items for pension and other post-employment benefits can be found in notes 7, 8 and 9.

Pension, Other Post-Employment Benefits, and Supplemental Pension

Other Post-Employment Benefits (OPEB) and Supplemental Pension. The District's single-employer other post-employment benefit plan and supplemental pension plan have been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, total pension liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and the supplemental pension benefits, OPEB expense and pension expense have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds) of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Pensions. The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset)
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
- Pension Expense

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Unearned Revenue

The district-wide statement of net position and the governmental funds balance sheet report unearned revenue and therefore defer revenue recognition in connection with resources that have been received, but not yet earned. When revenue recognition criteria are met, unearned revenue is reduced, as applicable and income is recognized.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Compensated Absences

The District adopted GASB Statement No. 101 for the year ended June 30, 2025, which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Unused accumulated employee sick and vacation days are paid out upon retirement or termination of employment, not to exceed a maximum number of days. The District accrued the sick and vacation leave which it deems probable of payout. The liability is reported on the district-wide financial statements. For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources, and therefore, the liability is not reported.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Principal payments are recorded against the liability and interest payments are recorded as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal payments and interest payments are recorded as expenditures in the governmental funds.

Lease Receivable

The government as a lessor recognizes lease receivables and deferred inflows of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, unless the lease is short-term, or ownership is transferred of the underlying asset. As the lessor the government continues to recognize assets underlying leases to others. The lease receivables are measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or on before the commencement of the lease term that relate to future periods.

Subscription-Based Information Technology Agreements

The District follows GASB Statement No. 96, which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAs). A SBITA is any contract conveying control of the right to use another party's information technology software. This statement requires the District to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. There were no material SBITAs that were required to be recorded for the year ended June 30, 2025.

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 available expendable financial resources are recorded during the year as expenditures in the appropriate governmental fund types. If they are not liquidated with available expendable financial resources, a liability is recorded in the district-wide statement of net position. The related expenditure is recognized when the liability is liquidated. There were no significant claims or judgments at year-end.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 – Summary of Significant Accounting Policies (Continued)

Equity Classifications

District-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets less unspent bond proceeds.
- b. Restricted component of net position – Consists of resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted component of net position – Net amount that does not meet the definition of “restricted” or “net investment in capital assets”.

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

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period. The Board of Education is the decision-making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance in the general fund represents amounts constrained by the Board of Education for a specific intended purpose. The District board has not delegated the authority to assign fund balance. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The District does not have a minimum fund balance policy.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 2 – Cash and Investments

The debt service and capital project funds use separate and distinct accounts. All other funds share in common bank accounts.

The District is required to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant regulations of the District.

At June 30, 2025 the bank balance of cash was \$21,799,429. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District has bank collateralized deposits in the amount of \$2,079,274 to reduce custodial credit risk. The District does not have a deposit policy for custodial credit risk.

Deposits in each bank are insured by the FDIC in the amount of \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amounts of all interest and non-interest-bearing demand deposit accounts.

The following represents a summary of deposits as of June 30, 2025:

Fully Insured Deposits	\$ 19,720,155
Collateralized	2,079,274
Total	<u>\$ 21,799,429</u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

FRANKLIN PUBLIC SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Total Amount	Exempt from Disclosure	AAA	Aa	Not Rated
U.S. Treasury Bills	\$ 49,953,483	\$ 49,953,483	\$ -	\$ -	\$ -
U.S. Treasury Notes	55,306,959	-	-	55,306,959	-
Federal Home Loan Bank	7,360,500	-	-	7,360,500	-
Federal Farm Credit Bank	2,477,750	-	-	2,477,750	-
Municipal Bonds	20,379,084	-	9,491,791	10,887,293	-
WISC Investment Series	11,110,287	-	11,110,287	-	-
Wisconsin Local Government Investment Pool	33,265,745	-	-	-	33,265,745
Totals	<u>\$ 179,853,808</u>	<u>\$ 49,953,483</u>	<u>\$ 20,602,078</u>	<u>\$ 76,032,502</u>	<u>\$ 33,265,745</u>

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At June 30, 2025, the District had no investments in any one issuer (other than U.S. Treasury securities and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
U.S. Treasury Bills	\$ 49,953,483	\$ 49,953,483	\$ -	\$ -	\$ -
U.S. Treasury Notes	55,306,959	-	23,439,721	31,867,238	-
Federal Home Loan Bank	7,360,500	2,934,210	4,426,290	-	-
Federal Farm Credit Bank	2,477,750	-	-	2,477,750	-
Municipal Bonds	20,379,084	11,827,483	6,628,126	1,923,475	-
WISC Investment Series	11,110,287	11,110,287	-	-	-
Wisconsin Local Government Investment Pool	33,265,745	33,265,745	-	-	-
Totals	<u>\$ 179,853,808</u>	<u>\$ 109,091,208</u>	<u>\$ 34,494,137</u>	<u>\$ 36,268,463</u>	<u>\$ -</u>

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$11,110,287 at year-end consisting of \$11,110,287 invested in the Investment Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. The fixed income investments are certificates of deposits and feature a fixed rate of return and a fixed maturity date.

FRANKLIN PUBLIC SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2025

Note 2 – Cash and Investments (Continued)

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperative Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

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 their funds in total on one day's notice. At June 30, 2025, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements. The District's investments in WISC and LGIP are measured at amortized cost, which approximates fair value. Adjustments necessary to record investments at amortized cost are recorded in the statement of revenues, expenditures and changes in fund balances.

Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool. The balance in the local government investment pool at June 30, 2025 was \$33,265,745.

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The District's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value at Year End
Federal Home Loan Bank	\$ 7,360,500
Federal Farm Credit Bank	2,477,750

Fair Value

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value.

- Level 1 – Valuation for assets are from quoted prices in active markets. These valuations are obtained from readily available pricing sources for market transactions involving identical assets.
- Level 2 – Valuation for assets are from less active markets. These valuations are obtained from third party pricing services for identical or similar assets.
- Level 3 – Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations. These valuations incorporate certain assumptions and projections in determining fair value assigned to such assets.

Investment Type	Fair Value Measurement Using		
	Level 1	Level 2	Level 3
U.S. Treasury Bills	\$ -	\$ 49,953,483	\$ -
U.S. Treasury Notes	-	55,306,959	-
Federal Home Loan Bank	-	7,360,500	-
Federal Farm Credit Bank	-	2,477,750	-
Municipal Bonds	-	20,379,084	-
Totals	\$ -	\$ 135,477,776	\$ -

FRANKLIN PUBLIC SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2025

Note 3 – Interfund Receivable, Payable and Transfer

Interfund receivable and payable between individual funds of the District, as reported in the fund financial statements at June 30, 2025 are detailed below:

Payable Fund	Receivable Fund	Amount	Purpose
General Fund	Long-Term Capital Improvement	\$ 1,400,000	Year End Cash Flow Timing
Long-Term Capital Improvement	Special Revenue Trust	32,500	Reimbursement for Capital Expenses
		<u>\$ 1,432,500</u>	

Interfund transfer for the year ended June 30, 2025 are as follows:

Fund Transferred To:	Fund Transferred From:	Amount	Purpose
Long-Term Capital Improvement	General Fund	<u>\$ 3,754,715</u>	To Transfer Income for Future Capital Projects

Note 4 – Capital Assets

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital Assets, Nondepreciable:				
Land	\$ 5,732,891	\$ -	\$ -	\$ 5,732,891
Construction in Progress	289,433	5,173,466	(289,433)	5,173,466
Total Capital Assets, Nondepreciable	<u>6,022,324</u>	<u>5,173,466</u>	<u>(289,433)</u>	<u>10,906,357</u>
Capital Assets, Depreciable				
Buildings and Improvements	139,151,554	1,538,182	-	140,689,736
Land Improvement	9,934,465	684,755	-	10,619,220
Machinery and Equipment	7,365,678	505,577	(454,726)	7,416,529
Total Capital Assets, Depreciable	<u>156,451,697</u>	<u>2,728,514</u>	<u>(454,726)</u>	<u>158,725,485</u>
Less Accumulated Depreciation for				
Buildings and Improvements	(37,101,746)	(2,852,370)	-	(39,954,116)
Land Improvement	(4,471,720)	(480,897)	-	(4,952,617)
Machinery and Equipment	(4,344,710)	(534,769)	337,229	(4,542,250)
Total Accumulated Depreciation	<u>(45,918,176)</u>	<u>(3,868,036)</u>	<u>337,229</u>	<u>(49,448,983)</u>
Total Capital Assets, Depreciable, Net	<u>110,533,521</u>	<u>(1,139,522)</u>	<u>(117,497)</u>	<u>109,276,502</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 116,555,845</u>	<u>\$ 4,033,944</u>	<u>\$ (406,930)</u>	<u>\$ 120,182,859</u>

Depreciation expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical. Depreciation expense for fiscal year ended June 30, 2025 amounted to \$3,868,036.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 5 – Long-Term Obligations

Long-term obligations for the District for the year ended June 30, 2025 are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Amount Due Within One Year</u>
General Obligation					
Bonds	\$ 37,070,000	\$145,000,000	\$ 5,545,000	\$ 176,525,000	\$ 12,790,000
Debt Premium	2,344,724	6,789,997	243,968	8,890,753	-
Compensated Absences*	1,126,632	-	19,139	1,107,493	968,505
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 40,541,356</u>	<u>\$151,789,997</u>	<u>\$ 5,808,107</u>	<u>\$ 186,523,246</u>	<u>\$ 13,758,505</u>

* Compensated absences are reported net of current year activity.

Interest paid on general obligation long-term debt during the year ended June 30, 2025 was \$2,614,266.

Debt Defeasance

The District used available financial resources of \$2,846,261 to retire \$2,875,000 of the 2017A General Obligation Bonds, resulting in savings of \$1,022,476. The bonds will be called on April 1, 2026.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt as of June 30, 2025 is comprised of the following individual issues:

	<u>Dates of Issuance</u>	<u>Dates of Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balances 6/30/2025</u>
General Obligation Bonds	03/15/17	04/01/36	2.00 - 5.00%	\$ 33,310,000	19,775,000
General Obligation Refunding Bonds	01/05/21	04/01/33	2.00 - 5.00%	18,590,000	11,750,000
General Obligation Bonds	04/10/25	04/01/45	4.00 - 6.00%	145,000,000	145,000,000
Total					<u>\$ 176,525,000</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds at June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 12,790,000	\$ 7,730,229	\$ 20,520,229
2027	5,635,000	7,291,450	12,926,450
2028	6,295,000	7,038,500	13,333,500
2029	6,830,000	6,738,700	13,568,700
2030	7,430,000	6,424,300	13,854,300
2031-2035	43,735,000	26,837,400	70,572,400
2036-2040	41,645,000	16,891,750	58,536,750
2041-2045	52,165,000	6,423,800	58,588,800
Total	<u>\$ 176,525,000</u>	<u>\$ 85,376,129</u>	<u>\$ 261,901,129</u>

The compensated absences are excluded from the above cash flow requirements because repayment schedules have not been determined.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 5 – Long-Term Obligations (Continued)

General Obligation Debt

The 2024 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$4,996,799,889. The legal limits and margin of indebtedness as of June 30, 2025 in accordance with Section 67.03 (1)(b) of the Wisconsin Statutes is as follows:

Equalized valuation of the District		\$ 4,996,799,889
Statutory limitation percentage		10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		499,679,989
Total outstanding general obligation debt applicable to debt limitation	\$ 176,525,000	
Less: Amounts available for financing general obligation debt		
Debt service fund net of accrued interest	12,091,032	
Net outstanding general obligation debt applicable to debt limitation		164,433,968
Legal margin for new debt		<u>\$ 335,246,021</u>

Note 6 – Net Position

Net position of the governmental activities reported on the district-wide statement of net position at June 30, 2025 includes the following:

Net Investment in Capital Assets	
Net Capital Assets	\$ 120,182,859
Less: Related Long-Term Debt Outstanding	(176,525,000)
Less: Debt Premium	(8,890,753)
Less: Deferred Gain on Refunding	(643,694)
Add: Unspent debt proceeds	140,805,124
Net Investment in Capital Assets	<u>74,928,536</u>
Restricted for	
Pension Benefits - Cost Sharing Plan	4,226,251
Future Debt Service	12,091,032
Self-Insurance	51,004
Food Service	1,438,728
Unspent Common School Funds	17,676
Capital Projects	8,701,041
Donor Specified Projects	499,425
Total Restricted	<u>27,025,157</u>
Unrestricted	<u>18,114,064</u>
Total District-Wide Net Position	<u><u>\$ 120,067,757</u></u>

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 7 – Defined Benefit Pension Plan

Wisconsin Retirement System (WRS)

General Information About the Pension Plan

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 7 – Defined Benefit Pension Plan (Continued)

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2015	2.9%	2.0%
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0
2023	1.6	(21.0)
2024	3.6	15.0

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

During the reporting period, the WRS recognized \$2,456,011 in contributions from the District.

Contribution rates as of June 30, 2025 are:

Employee Category	Employee	Employer
General (including teachers)	6.95%	6.95%

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 7 – Defined Benefit Pension Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$2,847,173 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was 0.17327367%, which was a decrease of 0.00970511% from its proportion share measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$3,868,238.

At June 30, 2025, the District 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 pension plan - projected and actual experiences	\$ 8,842,030	\$ 8,308,735
Changes in assumptions	844,811	-
Net differences between pension plan - projected and actual earnings on pension plan investments	4,326,430	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	111,267	-
Employer contributions subsequent to the measurement date	1,257,621	-
Total	\$ 15,382,159	\$ 8,308,735

The \$1,257,621 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability in the year ending June 30, 2026. 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 Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2026	\$ 1,756,031
2027	5,936,709
2028	(1,434,472)
2029	(442,465)
	\$ 5,815,803

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 7 – Defined Benefit Pension Plan (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Liability (Asset):	December 31, 2024
Experience Study:	January 1, 2021 – December 31, 2023 Published November 19, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including seniority (merit) and separation rates. The total pension liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

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

Asset Allocation Targets and Expected Returns¹
As of December 31, 2024

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Public Equity	38%	7.0%	4.3%
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage ³	(12)	3.7	1.1
Total Core Fund	100%	7.5%	4.8%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	6.5%	3.8%
International Equities	30	7.4	4.7
Total Variable Fund	100%	6.9%	4.2%

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%.

³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 7 – Defined Benefit Pension Plan (Continued)

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% 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 District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the District'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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase To Discount Rate (7.80%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 26,710,202	\$ 2,847,173	\$ (14,106,824)

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

Payables to the Pension Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2025 is \$441,210 for June payroll.

Note 8 – Supplemental Pension Plan

Plan Description. The District administers a single-employer defined benefit supplemental pension plan to eligible administrators and teachers. The Plan's payouts to retirees vary based on position, years of service and age as of July 1, 2013. For employees that met the age and years of service eligibility guidelines at July 1, 2013, the District will pay the value of health insurance benefit the retiree was enrolled in as of July 1, 2013 for a varying number of years based on position. This payout will be paid into the retiree's TSA and paid out over 5 years. For employees that did not meet the age and years of service eligibility requirements at July 1, 2013, but retire at least at age 57 with 20 FYE years of service with the District will receive \$1,000 - \$4,000 for each year of service paid out over 5 years at retirement. This amount is based on position and will go into the retirees TSA. Other supplemental pensions are generally liquidated by the general fund.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 8 – Supplemental Pension Plan (Continued)

Employees Covered by Benefit Terms. At the June 30, 2024 valuation date, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	49
Active employees fully eligible but not yet receiving benefit payments	37
Active employees not fully eligible	423
	<hr/>
Number of participating employees	509
	<hr/> <hr/>

Total Pension Liability. The District recognizes its total supplemental pension liability, rather than a net supplemental pension liability. In order for the District to recognize a net supplemental pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the District's contributions are not irrevocable. Accordingly, the District's total supplemental pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total supplemental pension liability.

The District's total supplemental pension liability was determined by an actuarial valuation as of June 30, 2024. Changes in the District's total supplemental pension liability were as follows:

Balance as of 6/30/2023	\$ 9,148,464
Changes for the year:	
Benefit payments	(543,719)
Changes of assumptions or other input	(31,938)
Service cost	404,936
Interest	374,966
Differences between expected and actual experience	(465,320)
Net changes	<hr/> (261,075) <hr/>
Balance as of 6/30/2024	<hr/> \$ 8,887,389 <hr/> <hr/>

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 8 – Supplemental Pension Plan (Continued)

Actuarial Assumptions. Actuarial assumptions are used to determine the total supplemental pension liability as of June 30, 2024. Those assumptions, applied to all periods included in the measurement, are as follows:

Valuation date	June 30, 2024
Measurement date	June 30, 2024
Reporting date	June 30, 2025
Actuarial cost method	Entry Age Normal (level percent of salary)
Discount rate	4.21%
Municipal bond rate source	S&P Municipal Bond 20 Year High Grade Index
Mortality assumptions	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010

Discount Rate. A discount rate of 4.21% was used in calculating the District's total supplemental pension liability. The discount rate is based on the Bond Buyer Go 20-Year AA Bond Index published by the Federal Reserve for the week at the beginning of the measurement period. The following presents the total supplemental pension liability calculated using the discount rate of 4.21 percent, as well as what the total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current rate:

	1% Decrease to Discount Rate (3.21%)	Current Discount Rate (4.21%)	1% Increase To Discount Rate (5.21%)
Total Supplemental Pension Liability	\$ 9,293,799	\$ 8,887,389	\$ 8,497,112

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2025, the District recognized pension expense of \$695,108. At June 30, 2025, the District reported deferred outflows and inflows of resources related to the supplemental pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between pension plan - projected and actual experiences	\$ 514,369	\$ 1,076,732
Changes in assumptions	293,266	798,794
Employer contributions subsequent to the measurement date	560,345	-
Total	\$ 1,367,980	\$ 1,875,526

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 8 – Supplemental Pension Plan (Continued)

The \$560,345 reported as deferred outflows related to the supplemental pension benefit resulting from contributions subsequent to the measurement date will be recognized as an adjustment of the total supplemental pension liability in the year ending June 30, 2026. 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 Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2026	\$ (84,794)
2027	(84,794)
2028	(84,794)
2029	(84,794)
2030	(84,794)
Thereafter	(643,921)
	<u>\$ (1,067,891)</u>

Note 9 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

Plan Description. The District offered voluntary retirement benefits to its teachers and administrators who met the age and years of service requirements as of July 1, 2013. In addition, the District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. Both of these result in an other post-employment benefit ("OPEB"), the latter commonly referred to as an implicit rate subsidy.

For teachers and nurses/OT/PT at least age 55 with a minimum of 20 FYE years of service with the District as of July 1, 2013, the District shall pay 100% of the retiree's medical premiums for the first 4 years of retirement. Thereafter, the District's contributions will be capped at the amounts paid in the 4th year of retirement for an additional 4 years.

For teachers and nurses/OT/PT at least age 50 with 15 to 19 FYE years of service with the District or age 50 to 54 with at least 20 FYE years of service with the District as of July 1, 2013, the District shall pay the same percentage of the retiree's medical premium as for active employees (currently 88%) of the retiree's medical premiums for the first 4 years of retirement. Thereafter, the District's contributions will be capped at the amounts paid in the 4th year of retirement for an additional 4 years.

For administrators at least age 55 with a minimum of 10 years of service with the District as of July 1, 2013, the District shall pay 100% of the retiree's health and dental insurance premiums for a period of 5 years. The District will also make contributions for one additional year in return for every 5 years of service that exceed the 10 required for eligibility. The District will also pay for life insurance premiums on behalf of the retiree for a period of 5 years.

For administrators at least age 50 with a minimum of 5 years of service with the District as of July 1, 2013, the District shall pay the same percentage as for active administrators towards the retiree's health and dental insurance premiums for a period of 5 years. The District will also make contributions for one additional year in return for every 5 years of service that exceed the 10 required for eligibility. The District will also pay for life insurance premiums on behalf of the retiree for a period of 5 years.

The District also provides OPEB to clerical, custodians and food service employees with varying age and years of service requirements as of July 1, 2013.

OPEB are generally liquidated by the general fund.

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 9 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

Employees Covered by Benefit Terms. At the date of the actuarial valuation, June 30, 2024, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	36
Active employees fully eligible but not yet receiving benefit payments	30
Active employees not fully eligible	<u>290</u>
Number of participating employees	<u><u>356</u></u>

Changes in the Total OPEB Liability

No assets are accumulated in a trust that meets all the criteria in GASB Statement No. 75, paragraph 4, because the District's contributions are not irrevocable. Accordingly, the District's total OPEB liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total OPEB liability.

The District's total OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024. Changes in the District's total OPEB liability were as follows:

	Total OPEB Liability
Balances at 6/30/2023	<u>\$ 3,852,013</u>
Changes for the year:	
Benefit payments	(772,350)
Service cost	44,840
Interest	144,065
Differences between expected and actual experience	(243,040)
Changes of assumptions or other input	15,436
Net Changes	<u>(811,049)</u>
Balances at 6/30/24	<u><u>\$ 3,040,964</u></u>

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 9 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

Actuarial Assumptions. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date:	June 30, 2024
Measurement date:	June 30, 2024
Reporting date:	June 30, 2025
Actuarial cost method:	Entry Age Normal (level percent of salary)
Health care trend:	7.00% decreasing to 6.50%, then decreasing by 0.10% per year down to 4.50%, and level thereafter
Discount rate:	4.21%
Municipal bond rate source:	S&P Municipal Bond 20 Year High Grade Index
Mortality assumptions:	2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the District's total OPEB liability calculated using the discount rate of 4.21 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB Liability	\$ 3,133,167	\$ 3,040,964	\$ 2,953,422

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the District's total OPEB liability calculated using the current healthcare cost trend rate of 7.00 percent decreasing to 4.50 percent, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00 percent decreasing to 3.50 percent) or 1-percentage-point higher (8.00 percent decreasing to 5.50 percent) than the current rate:

	1% Decrease (6.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (7.00% decreasing to 4.50%)	1% Increase (8.00% decreasing to 5.50%)
Total OPEB Liability	\$ 2,965,991	\$ 3,040,964	\$ 3,119,226

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2025

Note 9 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of \$160,348. At June 30, 2025, the District reported deferred outflows and inflows of resources to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 161,330	\$ 493,681
Changes in assumptions	80,034	268,288
Employer contributions subsequent to the measurement date	<u>733,724</u>	<u>-</u>
Total	<u><u>\$ 975,088</u></u>	<u><u>\$ 761,969</u></u>

The \$733,724 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2026.

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

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2026	\$ (28,557)
2027	(28,557)
2028	(39,606)
2029	(46,563)
2030	(46,563)
Thereafter	<u>(330,759)</u>
	<u><u>\$ (520,605)</u></u>

Payable to the OPEB Plan. At June 30, 2025, the District had no outstanding contributions to the plan.

Note 10 – Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount has been approved by a referendum.

This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the Board of Education or by a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

FRANKLIN PUBLIC SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2025

Note 11 – Health Self-Insurance Program

The District has a self-funded health benefit plan for its employees. The Plan administrator, UMR, is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The plan reports on a fiscal year ending June 30, 2025.

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. Currently, the plan is accounted for in the general fund of the District.

The District does have stop-loss coverage for the health care coverage of the plan.

At June 30, 2025, the District has reported a liability of \$815,327, which represents reported and unreported claims which were incurred on or before June 30, 2025, but were not paid by the District as of that date. The amounts not reported to the District were determined by the plan administrator.

Changes in the claims liability for the health self-insurance program for the year ended June 30, 2025 are as follows:

	Beginning-of- Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year- End
2022 - 2023	\$ 1,129,492	\$ 5,768,992	\$ 6,287,549	\$ 610,935
2023 - 2024	610,935	6,715,866	6,658,867	667,934
2024 - 2025	667,934	8,250,098	8,102,705	815,327

Note 12 – Dental Self-Insurance Program

The District has implemented a self-funded dental plan for its employees during the fiscal year. The Plan administrator, UMR, is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The plan reports on a fiscal year ending June 30, 2025.

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. Currently, the plan is accounted for in the general fund of the District.

At June 30, 2025, the District has reported a liability of \$29,906, which represents reported and unreported claims which were incurred on or before June 30, 2025, but were not paid by the District as of that date. The amounts not reported to the District were determined by the plan administrator.

Changes in the claims liability for the dental self-insurance program for the year ended June 30, 2025 are as follows:

	Beginning-of- Fiscal Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year- End
2022 - 2023	\$ -	\$ 369,695	\$ 338,742	\$ 30,953
2023 - 2024	30,953	433,311	430,913	33,351
2024 - 2025	33,351	455,279	458,724	29,906

FRANKLIN PUBLIC SCHOOL DISTRICT

Notes to Financial Statements
For the Year Ended June 30, 2025

Note 13 – Leases

The District leases land for cell phone towers to two separate companies. The two leases are identical, commencing on April 1, 2002, with terms of 25 years. At June 30, 2025, the District recognized \$61,283 in lease revenue and \$4,437 in interest related to these agreements.

<u>Lease Receivable</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Cell Tower Leases	\$ 124,746	\$ -	\$ 61,283	\$ 63,463

Remaining amounts to be received associated with these leases at June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 63,463	\$ 2,257	\$ 65,720

Dark Fiber Agreement

The District has sold the rights to the use of the District's dark fiber for a 25-year period to three local governments. The governments paid the District payments totaling \$176,500 in exchange for these rights. An additional \$243,940 is due from one of the governments to be paid in equal payments in fiscal years ending June 30, 2025 through June 30, 2048. The \$243,940 in payments have been recorded as unearned revenue and will be recognized as revenue over the 25 years of the agreements. The amount recognized as revenue during the year ended June 30, 2025 was \$14,120. The balance of unavailable cell tower revenue at June 30, 2025 was \$243,940.

Note 14 – Contingencies and Commitments

The District 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. The District believes such disallowances, if any, would be immaterial.

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2025, are not likely to have a material adverse impact on the District's financial position.

The District received funds through a referendum. As of June 30, 2025, \$140,805,000 remains unspent with two projects unfinished.

Note 15 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and natural disasters. The District insures through commercial insurance companies for all risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

Note 16 – Restatement of Net Position

The District implemented GASB No. 101 for the year ended June 30, 2025. Which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. In previous years, the District recognized vacation as the liability. With the implementation of GASB 101, the District now recognizes vacation and sick leave compensated absences as the liability. The restatement for June 30, 2024 reported net position is to recognize the impact of the liability.

	<u>District-Wide</u>
Net Position - June 30, 2025, As Previously Reported	\$ 108,915,545
Implementation of GASB No. 101	(872,626)
Net Position - As Restated June 30, 2025	<u>\$ 108,042,919</u>

REQUIRED SUPPLEMENTARY INFORMATION

FRANKLIN PUBLIC SCHOOL DISTRICT

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS) Last 10 Fiscal Years

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2024	0.17327367%	\$ 2,847,173	\$ 34,745,447	8.19%	97.79%
12/31/2023	0.18297878%	2,720,539	33,848,330	8.04%	98.85%
12/31/2022	0.18945996%	10,037,027	33,269,966	30.17%	95.72%
12/31/2021	0.19270000%	(15,534,137)	32,933,680	47.17%	106.02%
12/31/2020	0.19320000%	(12,064,045)	32,140,464	37.54%	105.26%
12/31/2019	0.19450000%	(6,270,109)	30,945,057	20.26%	102.96%
12/31/2018	0.19610000%	6,976,194	29,822,097	23.39%	96.45%
12/31/2017	0.19710000%	(5,851,264)	29,129,682	20.09%	102.93%
12/31/2016	0.19820000%	1,633,382	28,663,277	5.70%	99.12%
12/31/2015	0.20060000%	3,259,216	27,947,736	11.66%	98.20%

Schedule of Employer Contributions Wisconsin Retirement System (WRS)

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2025	\$ 2,456,011	\$ 2,456,011	\$ -	\$ 35,463,245	6.93%
6/30/2024	2,373,803	2,373,803	-	34,653,292	6.85%
6/30/2023	2,196,426	2,196,426	-	33,026,279	6.65%
6/30/2022	2,241,315	2,241,315	-	32,933,680	6.81%
6/30/2021	2,169,669	2,169,669	-	32,140,464	6.75%
6/30/2020	2,026,831	2,026,831	-	30,945,057	6.55%
6/30/2019	1,998,193	1,998,193	-	29,822,097	6.70%
6/30/2018	1,980,821	1,980,821	-	29,129,682	6.80%
6/30/2017	1,891,776	1,891,776	-	28,663,277	6.60%
6/30/2016	1,901,557	1,901,557	-	27,947,736	6.80%

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Changes in the Total OPEB Liability and Related Ratios
Other Post-Employment Benefits
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service Cost	\$ 44,840	\$ 44,046	\$ 107,004	\$ 104,649	\$ 137,974	\$ 127,857	\$ 239,158	\$ 239,158
Interest	144,065	172,662	119,252	138,653	237,065	287,048	299,916	329,852
Differences Between Expected and Actual Experience	(243,040)	(291,435)	(39,830)	-	155,529	-	376,061	-
Changes of Assumptions or Other Input	15,436	(14,669)	(259,450)	-	90,242	62,645	(276,656)	-
Benefit Payments	(772,350)	(706,251)	(1,051,831)	(1,161,650)	(1,268,482)	(1,459,394)	(1,535,121)	(1,313,518)
Net Change in Total OPEB Liability	<u>(811,049)</u>	<u>(795,647)</u>	<u>(1,124,855)</u>	<u>(918,348)</u>	<u>(647,672)</u>	<u>(981,844)</u>	<u>(896,642)</u>	<u>(744,508)</u>
Total OPEB Liability - Beginning	<u>3,852,013</u>	<u>4,647,660</u>	<u>5,772,515</u>	<u>6,690,863</u>	<u>7,338,535</u>	<u>8,320,379</u>	<u>9,217,021</u>	<u>9,961,529</u>
Total OPEB Liability - Ending	<u><u>\$ 3,040,964</u></u>	<u><u>\$ 3,852,013</u></u>	<u><u>\$ 4,647,660</u></u>	<u><u>\$ 5,772,515</u></u>	<u><u>\$ 6,690,863</u></u>	<u><u>\$ 7,338,535</u></u>	<u><u>\$ 8,320,379</u></u>	<u><u>\$ 9,217,021</u></u>
 Covered-Employee Payroll	 \$ 33,126,467	 \$ 33,695,015	 \$ 33,695,015	 \$ 29,303,801	 \$ 29,303,801	 \$ 25,378,641	 \$ 25,378,641	 \$ 4,302,534
 Total OPEB Liability as a Percentage of Covered-Employee Payroll	 9.18%	 11.43%	 13.79%	 19.70%	 22.83%	 28.92%	 32.78%	 214.22%

*Ten years of data will be accumulated beginning with 2017.

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Changes in the Total Pension Liability and Related Ratios - Supplemental Pension
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability									
Service Cost	\$ 404,936	\$ 397,530	\$ 533,635	\$ 521,892	\$ 458,644	\$ 425,199	\$ 432,864	\$ 469,260	\$ 469,260
Interest	374,966	363,852	210,058	205,903	322,346	325,772	276,804	232,695	219,531
Difference Between Expected and Actual Experience	(465,320)	(194,584)	342,840	-	(716,793)	-	489,996	-	-
Changes of Assumptions or Other Input	(31,938)	(56,523)	(705,551)	-	332,599	125,184	(98,351)	(251,040)	-
Benefit Payments	(543,719)	(518,678)	(586,459)	(511,455)	(462,737)	(277,747)	(360,064)	(201,013)	(298,921)
Net Change in Total Pension Liability	<u>(261,075)</u>	<u>(8,403)</u>	<u>(205,477)</u>	<u>216,340</u>	<u>(65,941)</u>	<u>598,408</u>	<u>741,249</u>	<u>249,902</u>	<u>389,870</u>
Total Pension Liability - Beginning	9,148,464	9,156,867	9,362,344	9,146,004	9,211,945	8,613,537	7,872,288	7,622,386	7,232,516
Total Pension Liability - Ending	<u>\$ 8,887,389</u>	<u>\$ 9,148,464</u>	<u>\$ 9,156,867</u>	<u>\$ 9,362,344</u>	<u>\$ 9,146,004</u>	<u>\$ 9,211,945</u>	<u>\$ 8,613,537</u>	<u>\$ 7,872,288</u>	<u>\$ 7,622,386</u>
Covered Employee Payroll	\$ 33,061,801	\$ 33,461,243	\$ 33,461,243	\$ 28,612,256	\$ 28,612,256	\$ 24,161,656	\$ 24,161,656	\$ 22,475,091	\$ 22,475,091
Total Pension Liability as Percentage of Covered Employee Payroll	26.88%	27.34%	27.37%	32.72%	31.97%	38.13%	35.65%	35.03%	33.91%

*Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Property Taxes	\$ 25,165,864	\$ 25,461,581	\$ 25,461,581	\$ -
Other Local Sources	1,770,000	1,878,500	2,763,337	884,837
Interdistrict Sources	4,252,270	3,888,321	3,874,295	(14,026)
State Sources	33,460,014	33,402,626	33,606,189	203,563
Federal Sources	671,027	672,122	1,032,120	359,998
Other Sources	229,000	252,000	169,809	(82,191)
Total Revenues	<u>65,548,175</u>	<u>65,565,150</u>	<u>66,907,331</u>	<u>1,342,181</u>
EXPENDITURES				
Instruction				
Regular Instruction	26,865,868	26,693,214	26,442,403	250,811
Vocational Instruction	2,543,574	2,504,751	2,544,690	(39,939)
Physical Instruction	1,492,579	1,504,183	1,468,577	35,606
Other Instruction	1,369,188	1,377,175	1,612,681	(235,506)
Total Instruction	<u>32,271,209</u>	<u>32,079,323</u>	<u>32,068,351</u>	<u>10,972</u>
Support Services				
Pupil Services	1,411,462	1,437,874	1,434,974	2,900
Instructional Staff Services	1,871,592	1,854,291	1,906,501	(52,210)
General Administration Services	1,058,001	1,062,040	1,009,145	52,895
School Building Administration Services	3,479,275	3,365,397	3,661,492	(296,095)
Business Administration	827,272	827,272	999,046	(171,774)
Operations and Maintenance	6,448,635	6,536,346	6,363,445	172,901
Pupil Transportation	2,531,029	2,574,729	2,602,128	(27,399)
Central Services	452,630	452,630	518,766	(66,136)
Insurance	522,504	522,504	537,811	(15,307)
Other Support Services	1,589,048	1,661,063	1,714,674	(53,611)
Total Support Services	<u>20,191,448</u>	<u>20,294,146</u>	<u>20,747,982</u>	<u>(453,836)</u>
Non-Program Transactions				
General Tuition Payments	2,732,948	2,711,655	2,780,487	(68,832)
Voucher Payments	1,364,614	1,327,990	1,304,984	23,006
Adjustments and Refunds	7,000	7,000	7,705	(705)
Total Non-Program Transactions	<u>4,104,562</u>	<u>4,046,645</u>	<u>4,093,176</u>	<u>(46,531)</u>
Total Expenditures	<u>56,567,219</u>	<u>56,420,114</u>	<u>56,909,509</u>	<u>(489,395)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>8,980,956</u>	<u>9,145,036</u>	<u>9,997,822</u>	<u>852,786</u>
OTHER FINANCING SOURCE (USE)				
Sale of Equipment	35,000	20,000	140,623	120,623
Transfer to Other Funds	(9,117,414)	(9,163,533)	(10,018,087)	(854,554)
Total Other Financing Source (Use)	<u>(9,082,414)</u>	<u>(9,143,533)</u>	<u>(9,877,464)</u>	<u>(733,931)</u>
NET CHANGE IN FUND BALANCE	<u>(101,458)</u>	<u>1,503</u>	<u>120,358</u>	<u>118,855</u>
FUND BALANCE - BEGINNING OF YEAR	<u>25,820,354</u>	<u>25,820,354</u>	<u>25,820,354</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 25,718,896</u>	<u>\$ 25,821,857</u>	<u>\$ 25,940,712</u>	<u>\$ 118,855</u>

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budget:

- a. Based upon requests from district staff, district administration recommends budget proposals to the Board of Education.
- b. The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the fiscal year July 1 through June 30.
- c. Pursuant to a public budget hearing, the Board of Education may make alterations to the proposed budget.
- d. Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire school board.
- e. Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a reserved fund balance.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the financial statements.

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes, the special education fund was budgeted separate from the general fund but for GAAP the two funds are combined. There is a reconciliation to the statement of revenues, expenditures, and changes in fund balances provided as part of the notes to the required supplementary information.

Excess of Actual Expenditures Over Budget

The general fund had an excess of actual expenditures over budget for the year ended June 30, 2025.

Individual Function	Excess Expenditures
Vocational Instruction	\$ 39,939
Other Instruction	235,506
Instructional Staff Services	52,210
School Building Administration Services	296,095
Business Administration	171,774
Pupil Transportation	27,399
Central Services	66,136
Insurance	15,307
Other Support Services	53,611
General Tuition Payments	68,832
Adjustments and Refunds	705

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Budget-To-Actual Reconciliation

	<u>General Fund</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Sources" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 67,047,954
Differences – Budget to GAAP:	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	<u>3,486,169</u>
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds	<u><u>\$ 70,534,123</u></u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Use" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 66,927,596
Differences – Budget to GAAP:	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	9,749,541
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund.	<u>(6,263,372)</u>
Total Expenditures and Other Financing Use as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	<u><u>\$ 70,413,765</u></u>

FRANKLIN PUBLIC SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Year Ended June 30, 2025

Defined Benefit Pension Plan

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

Changes of assumptions.

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

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

Supplemental Pension Plan

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

Changes of assumptions. The change in assumptions is as follows:

- The discount rate was changed from 4.13% to 4.21%.

Post-Employment Benefits Other Than Pension Benefits

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

Changes of assumptions. The change in assumptions is as follows:

- The discount rate was changed from 4.13% to 4.21%.

SUPPLEMENTARY INFORMATION

FRANKLIN PUBLIC SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2025

	Special Revenue Trust	Food Service	Community Service	Long-term Capital Improvement	Total Nonmajor Governmental Funds
ASSETS					
Cash and Investments	\$ 570,990	\$ 1,558,391	\$ 6,195,744	\$ 5,879,758	\$ 14,204,883
Accounts Receivable	-	-	1,040	-	1,040
Due from Other Funds	32,500	-	-	1,400,000	1,432,500
Total Assets	<u>\$ 603,490</u>	<u>\$ 1,558,391</u>	<u>\$ 6,196,784</u>	<u>\$ 7,279,758</u>	<u>\$ 15,638,423</u>
LIABILITIES					
Accounts Payable	\$ 104,065	\$ 2,883	\$ 546,517	\$ 33,792	\$ 687,257
Accrued Liabilities	-	36,165	18,381	-	54,546
Due to Other Funds	-	-	-	32,500	32,500
Unearned Revenue	-	80,615	59,581	-	140,196
Total Liabilities	<u>104,065</u>	<u>119,663</u>	<u>624,479</u>	<u>66,292</u>	<u>914,499</u>
FUND BALANCES					
Restricted	499,425	1,438,728	-	7,213,466	9,151,619
Assigned	-	-	5,572,305	-	5,572,305
Total Fund Balances	<u>499,425</u>	<u>1,438,728</u>	<u>5,572,305</u>	<u>7,213,466</u>	<u>14,723,924</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 603,490</u>	<u>\$ 1,558,391</u>	<u>\$ 6,196,784</u>	<u>\$ 7,279,758</u>	<u>\$ 15,638,423</u>

FRANKLIN PUBLIC SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Trust	Other Special Projects	Food Service	Community Service	(Formerly Major) Long-term Capital Improvement	Total Nonmajor Governmental Funds
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ 4,484,106	\$ -	\$ 4,484,106
Other Local Sources	655,775	28,456	1,053,179	885,476	226,396	2,849,282
Interdistrict Sources	-	-	5,950	-	-	5,950
State Sources	-	-	16,624	-	-	16,624
Federal Sources	-	-	716,794	-	-	716,794
Total Revenues	<u>655,775</u>	<u>28,456</u>	<u>1,792,547</u>	<u>5,369,582</u>	<u>226,396</u>	<u>8,072,756</u>
EXPENDITURES						
Instruction:						
Regular Instruction	95,355	27,606	-	-	673,933	796,894
Vocational Instruction	20,296	-	-	-	-	20,296
Physical Instruction	1,434	-	-	-	-	1,434
Other Instruction	483,199	-	-	-	-	483,199
Total Instruction	<u>600,284</u>	<u>27,606</u>	<u>-</u>	<u>-</u>	<u>673,933</u>	<u>1,301,823</u>
Support Services:						
School Building Administration Services	4,377	-	-	-	-	4,377
Operations and Maintenance	1,135,500	-	116,325	1,286,718	1,648,935	4,187,478
Pupil Transportation	2,383	850	-	-	-	3,233
Food Services	-	-	1,712,542	-	-	1,712,542
Internal Services	-	-	-	1,949	-	1,949
Central Services	-	-	301	-	-	301
Other Support Services	-	-	60,313	68,941	-	129,254
Community Services	-	-	-	1,383,132	-	1,383,132
Total Support Services	<u>1,142,260</u>	<u>850</u>	<u>1,889,481</u>	<u>2,740,740</u>	<u>1,648,935</u>	<u>7,422,266</u>
Non-Program Transactions						
Non-Program Payments	23,250	-	-	-	-	23,250
Total Expenditures	<u>1,765,794</u>	<u>28,456</u>	<u>1,889,481</u>	<u>2,740,740</u>	<u>2,322,868</u>	<u>8,747,339</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,110,019)</u>	<u>-</u>	<u>(96,934)</u>	<u>2,628,842</u>	<u>(2,096,472)</u>	<u>(674,583)</u>
OTHER FINANCING SOURCE						
Sale of Equipment	-	-	1,500	-	-	1,500
Transfer from Other Fund	-	-	-	-	3,754,715	3,754,715
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>3,754,715</u>	<u>3,756,215</u>
NET CHANGES IN FUND BALANCES	<u>(1,110,019)</u>	<u>-</u>	<u>(95,434)</u>	<u>2,628,842</u>	<u>1,658,243</u>	<u>3,081,632</u>
FUND BALANCES - BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	<u>1,609,444</u>	<u>-</u>	<u>1,534,162</u>	<u>2,943,463</u>	<u>-</u>	<u>6,087,069</u>
Adjustment - changes from major to nonmajor fund	-	-	-	-	5,555,223	5,555,223
FUND BALANCES - BEGINNING OF YEAR, AS ADJUSTED	<u>1,609,444</u>	<u>-</u>	<u>1,534,162</u>	<u>2,943,463</u>	<u>5,555,223</u>	<u>11,642,292</u>
FUND BALANCES - END OF YEAR	<u>\$ 499,425</u>	<u>\$ -</u>	<u>\$ 1,438,728</u>	<u>\$ 5,572,305</u>	<u>\$ 7,213,466</u>	<u>\$ 14,723,924</u>

FRANKLIN PUBLIC SCHOOL DISTRICT
Combining Schedule of Internal General and Special Education Funds -
Balance Sheet
As of June 30, 2025

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
ASSETS			
Cash and Investments	\$ 29,546,993	\$ 755,873	\$ 30,302,866
Receivables:			
Taxes	3,808,231	-	3,808,231
Accounts	80,240	-	80,240
Lease Receivable	63,463	-	63,463
Due from Other Governments	262,263	246,100	508,363
Prepaid Items	275,066	3,445	278,511
TOTAL ASSETS	<u>\$ 34,036,256</u>	<u>\$ 1,005,418</u>	<u>\$ 35,041,674</u>
LIABILITIES			
Liabilities			
Accounts Payable	\$ 246,773	\$ 18,793	\$ 265,566
Accrued Liabilities	4,417,088	986,625	5,403,713
Due to Other Funds	1,400,000	-	1,400,000
Due to State Government	162	-	162
Self-Insurance Deposits Payable	843,426	-	843,426
Benefit Claims Payable	845,233	-	845,233
Unearned Revenue	279,399	-	279,399
Total Liabilities	<u>8,032,081</u>	<u>1,005,418</u>	<u>9,037,499</u>
DEFERRED INFLOWS OF RESOURCES			
Lease Receivable	<u>63,463</u>	<u>-</u>	<u>63,463</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	275,066	3,445	278,511
Restricted	68,680	-	68,680
Unassigned (Deficit)	25,596,966	(3,445)	25,593,521
Total Fund Balances	<u>25,940,712</u>	<u>-</u>	<u>25,940,712</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 34,036,256</u>	<u>\$ 1,005,418</u>	<u>\$ 35,041,674</u>

FRANKLIN PUBLIC SCHOOL DISTRICT
Combining Schedule of Internal General and Special Education Funds -
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General	Special Education	Total General Fund
REVENUES			
Property Taxes	\$ 25,461,581	\$ -	\$ 25,461,581
Other Local Sources	2,763,337	-	2,763,337
Interdistrict Sources	3,874,295	-	3,874,295
Intermediate Sources	-	11,912	11,912
State Sources	33,606,189	2,442,613	36,048,802
Federal Sources	1,032,120	1,029,644	2,061,764
Other Sources	169,809	2,000	171,809
Total Revenues	<u>66,907,331</u>	<u>3,486,169</u>	<u>70,393,500</u>
EXPENDITURES			
Instruction			
Regular Instruction	26,442,403	-	26,442,403
Vocational Instruction	2,544,690	-	2,544,690
Physical Instruction	1,468,577	-	1,468,577
Special Instruction	-	6,570,647	6,570,647
Other Instruction	1,612,681	808	1,613,489
Total Instruction	<u>32,068,351</u>	<u>6,571,455</u>	<u>38,639,806</u>
Support Services			
Pupil Services	1,434,974	1,268,966	2,703,940
Instructional Staff Services	1,906,501	602,305	2,508,806
General Administration Services	1,009,145	-	1,009,145
School Building Administration Services	3,661,492	-	3,661,492
Business Services	999,046	-	999,046
Operations and Maintenance	6,363,445	23,471	6,386,916
Pupil Transportation	2,602,128	367,896	2,970,024
Central Services	518,766	14,661	533,427
Insurance	537,811	-	537,811
Other Support Services	1,714,674	292,078	2,006,752
Total Support Services	<u>20,747,982</u>	<u>2,569,377</u>	<u>23,317,359</u>
Non-Program Transactions			
General Tuition Payments	2,780,487	-	2,780,487
Non-Program Payments	-	608,709	608,709
Voucher Payments	1,304,984	-	1,304,984
Adjustments and Refunds	7,705	-	7,705
Total Non-Program Transactions	<u>4,093,176</u>	<u>608,709</u>	<u>4,701,885</u>
Total Expenditures	<u>56,909,509</u>	<u>9,749,541</u>	<u>66,659,050</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>9,997,822</u>	<u>(6,263,372)</u>	<u>3,734,450</u>
OTHER FINANCING SOURCES (USE)			
Sale of Equipment	140,623	-	140,623
Transfer from Other Funds	-	6,263,372	6,263,372
Transfer to Other Funds	(10,018,087)	-	(10,018,087)
Total Other Financing Sources (Use)	<u>(9,877,464)</u>	<u>6,263,372</u>	<u>(3,614,092)</u>
NET CHANGES IN FUND BALANCES	120,358	-	120,358
FUND BALANCES - BEGINNING OF YEAR	<u>25,820,354</u>	<u>-</u>	<u>25,820,354</u>
FUND BALANCES - END OF YEAR	<u>\$ 25,940,712</u>	<u>\$ -</u>	<u>\$ 25,940,712</u>

ADDITIONAL REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Education
Franklin Public School District
Franklin, Wisconsin

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Franklin Public School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Board of Education
Franklin Public School District

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
December 2, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, STATE SINGLE AUDIT GUIDELINES AND THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education
Franklin Public School District
Franklin, Wisconsin

Report on Compliance for Each Major Federal and State Program

Qualified and Unmodified Opinion

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement*, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*, that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2025. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the Basis of Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the *Child Nutrition Cluster* for the year ended June 30, 2025.

Unmodified Opinion on Each of the Other Major Federal and State Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs identified in the Schedule of Findings and Questioned Costs for the year ended June 30, 2025.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*. Our responsibilities under those standards, the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Child Nutrition Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Assistance Listing No. 10.555, Child Nutrition Cluster, as described in finding number 2025-002 for Eligibility.

To the Board of Education
Franklin Public School District

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Board of Education
Franklin Public School District

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

KerberRose SC

KerberRose SC
Certified Public Accountants
Oshkosh, Wisconsin
December 2, 2025

FEDERAL AND STATE AWARDS SECTION

FRANKLIN PUBLIC SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2025

Grantor Agency/Federal Program Title	ALN	Pass-Through Agency	Pass-Through Number	(Accrued) Deferred Revenue 7/1/2024	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2025	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>CHILD NUTRITION CLUSTER</i>								
National School Lunch Program	10.555	WI DPI	2025-401900-DPI-NSL-547	\$ -	\$ 538,135	\$ -	\$ 538,135	\$ -
Donated Commodities	10.555	WI DPI	2025-401900-DPI-NSL-547	-	178,659	-	178,659	-
<i>Total National School Lunch Program</i>				-	716,794	-	716,794	-
Total U.S. Department of Agriculture and Child Nutrition Cluster				-	716,794	-	716,794	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2024-401900-DPI-TIA-141	(254,135)	254,135	-	-	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2025-401900-DPI-TI-A-141	-	132,665	47,937	180,602	-
<i>Total Title I Grants to Local Educational Agencies</i>				(254,135)	386,800	47,937	180,602	-
<i>SPECIAL EDUCATION CLUSTER</i>								
Special Education Grants to States	84.027A	WI DPI	2024-401900-DPI-FLOW-341	(335,796)	335,796	-	-	-
Special Education Grants to States	84.027A	WI DPI	2025-401900-DPI-FLOW-341	-	766,003	197,912	963,915	-
Special Education Preschool Grants	84.173A	WI DPI	2024-401900-DPI-PRESCH-347	(8,053)	8,053	-	-	-
Special Education Preschool Grants	84.173A	WI DPI	2025-401900-DPI-PRESCH-347	-	14,661	13,448	28,109	-
<i>Total Special Education Cluster</i>				(343,849)	1,124,513	211,360	992,024	-
English Language Acquisition State Grants	84.365A	WI DPI	2024-401900-DPI-TIIIA-391	(6,025)	6,025	-	-	-
English Language Acquisition State Grants	84.365A	WI DPI	2025-401900-DPI-TIIIA-391	-	24,729	4,570	29,299	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2024-401900-DPI-TIIA-365	(74,371)	74,371	-	-	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2025-401900-DPI-TIIA-365	-	27,489	29,312	56,801	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2025-401900-DPI-TIVA-381	-	19,100	-	19,100	-
Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2024-401900-DPI-ESSERFII-163	(432,728)	432,728	-	-	-
Elementary and Secondary School Emergency Relief III	84.425D	WI DPI	2024-401900-DPI-ESSERFIII-165	(585,022)	585,022	-	-	-
Elementary and Secondary School Emergency Relief III	84.425U	WI DPI	2025-401900-DPI-ESSERFIII-165	-	356,283	-	356,283	-
Total U.S. Department of Education				(1,696,130)	3,037,060	293,179	1,634,109	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Public Health Emergency Response: Cooperative Agreement for Emergency Response	93.354	WI DHS	Not Available	(10,743)	10,743	-	-	-
<i>MEDICAID CLUSTER</i>								
Medical Assistance Program	93.778	WI DHS	Not Available	(17,088)	322,103	43,988	349,003	-
Total U.S. Department of Health and Human Services				(27,831)	332,846	43,988	349,003	-
U.S. DEPARTMENT OF HOMELAND SECURITY								
State & Local Cybersecurity Grant Program	97.137	WI DHS	2022-SLCGP-01-13734	-	-	78,652	78,652	-
TOTAL FEDERAL ASSISTANCE				<u>\$ (1,723,961)</u>	<u>\$ 4,086,700</u>	<u>\$ 337,167</u>	<u>\$ 2,778,558</u>	<u>\$ -</u>
Reconciliation to the basic financial statements:								
Governmental Funds								
Federal Sources								
							<u>\$ 2,778,558</u>	

The accompanying notes are an integral part of this schedule.

FRANKLIN PUBLIC SCHOOL DISTRICT

Schedule of State Financial Assistance
For the Year Ended June 30, 2025

Awarding Agency/ Awarding Description/ Pass-Through Agency	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/2024	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2025	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	401900-100	\$ -	\$ 2,425,237	\$ -	\$ 2,425,237	\$ -
Special Education and School Age Parents	255.101	CESA	401900-100	(20,266)	32,178	-	11,912	-
State School Lunch Aid	255.102	Direct Program	401900-107	-	16,624	-	16,624	-
Common School Fund Library Aid	255.103	Direct Program	401900-104	-	367,059	-	367,059	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	401900-111	-	7,855	-	7,855	-
General Transportation Aid	255.107	Direct Program	401900-102	-	103,639	-	103,639	-
Equalization Aids	255.201	Direct Program	401900-116	-	28,798,032	-	28,798,032	-
High Cost Special Education Aid	255.210	Direct Program	401900-119	-	4,109	-	4,109	-
School Based Mental Health Services	255.297	Direct Program	401900-177	-	136,028	-	136,028	-
State Tuition Payments General	255.401	Direct Program	401900-157	-	332,742	-	332,742	-
Early College Credit Program	255.445	Direct Program	401900-178	-	3,359	-	3,359	-
Educator Effective Evaluation System	255.940	Direct Program	401900-154	-	29,273	-	29,273	-
Per Pupil Aid	255.945	Direct Program	401900-113	-	3,229,184	-	3,229,184	-
Career and Technical Education Incentive Grants	255.950	Direct Program	401900-171	-	125,527	-	125,527	-
Assessments of Reading Readiness	255.956	Direct Program	401900-166	-	183	-	183	-
Robotics League Participation Grants	255.959	Direct Program	401900-167	-	4,384	-	4,384	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	401900-168	-	13,267	-	13,267	-
Opiod Prevention Grant	435.833	Direct Program	401900-168	-	10,319	-	10,319	-
Total Wisconsin Department of Public Instruction				(20,266)	35,638,999	-	35,618,733	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Grant	445.206	Direct Program	2018-SSI-10B-18960	-	12,485	12,486	24,971	-
Youth Apprenticeship	445.112	Direct Program	N/A	-	7,500	-	7,500	-
Total Wisconsin Department of Justice				-	19,985	12,486	32,471	-
TOTAL STATE PROGRAMS				<u>\$ (20,266)</u>	<u>\$ 35,658,984</u>	<u>\$ 12,486</u>	<u>\$ 35,651,204</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds

State sources \$ 36,065,426

Intermediate sources 11,912

Interdistrict sources 7,500

Less: State sources not considered state financial assistance (433,634)

Total expenditures of state awards \$ 35,651,204

FRANKLIN PUBLIC SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance For the Year Ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Franklin Public School District under programs of the federal and state governments for the year ended June 30, 2025. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Because the schedules present only a select portion of operations of the District, it is not intended to, and does not, present the financial position and change in net position of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

The District has elected not to use the 10 percent *de minimus* indirect cost rate as allowable under the Uniform Guidance.

Note 3 – Special Education and School Age Parents Program

2024-2025 eligible costs under the State Special Education Program are \$8,452,351.

Note 4 – Oversight Agencies

The District's federal oversight agency is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to the financial statements?	No

Federal Awards:

Internal control over major programs:	
Material weakness identified?	Yes
Significant deficiency identified?	None Reported
Type of auditor's report issued on compliance for major programs:	
Child Nutrition Cluster	Unmodified
Education Stabilization Funds	Unmodified
Medicaid Cluster	Qualified
Any audit findings disclosed that are required to be reported In accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

ALN	Name of Federal Program
10.555	<i>Child Nutrition Cluster</i> National School Lunch Program
84.425D	<i>Education Stabilization Funds</i> Elementary and Secondary School Emergency Relief – COVID-19
93.788	<i>Medicaid Cluster</i> Medical Assistant Program

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low risk auditee?	No

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section I - Summary of Auditors' Results (Continued):

State Awards:

Internal control over major programs:

Material weakness identified?

No

Significant deficiency identified?

None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance

with the *State Single Audit Guidelines* or the *Wisconsin School District Audit Manual*?

No

Identification of major state programs:

State ID Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	<i>General Aids Cluster</i> Equalization Aids

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section II - Financial Statement Findings and Responses

2025-001 Financial Reporting

Condition	During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.
Criteria	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
Cause	Management does not have the training and expertise to prepare the financial statements and the related footnotes in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
Effect	Although the auditors are preparing the financial statements and related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy.
Recommendation	We recommend that management continues to make this decision on a cost/benefit basis.
Management's Response	Due to limited staffing, the District will continue to contract with an outside audit firm to complete the statements. Management reviews the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.
Responsible Official	Andrew Chromy, Assistant Superintendent of Business and Operations
Anticipated Completion Date	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.
Prior Year Audit Finding	2024-001

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section III - Federal Awards Findings

2025-002 - Child Nutrition Cluster - Eligibility

Federal Agency: U.S. Department of Agriculture

Federal Program Title: Child Nutrition Cluster

Assistance Listing Number: 10.555

Pass-Through Agency: Food and Nutrition Service

Pass-Through Entity Identifying Number: Multiple

Award Period: July 1, 2024 – June 30, 2025

Exceptions: 6 exceptions out of 59 tested (10.17%)

Type Of Finding: *Compliance Finding and Material Weakness in Internal Control Over Compliance and Other Matter*

Condition:	The District has not properly implemented controls to oversee the direct certification process and monitor and update the free and reduced list for known changes.
Criteria:	Direct Certification (DC) promotes participation in school meal programs by simplifying access to free and reduced price meals. Children are automatically (categorically) eligible for free or reduced price school meals based on their eligibility as a foster child or based on their households participation in these programs: FoodShare (SNAP), W-2 cash benefits (TANF), Medicaid, or the Food Distribution Program on Indian Reservations (FDPIR). When a student is directly certified for free meals, the student's family does not need to complete the application for free or reduced-price meals. DC decreases administrative burden for school staff and families while improving the integrity of the certification process, as it establishes eligibility without the completion of an application.
Cause:	The food service software, <i>School Cafe</i> , matches an attribute of the student from the direct certification report to <i>School Cafe</i> during the import process, however, not all attributes are matched upon import causing students to be misclassified.
Effect:	The eligibility test requirements applicable to the grant were not met.
Recommendation:	We recommend management reconcile each direct certification import and work with School Cafe to ensure all student attributes are matched before import.
Management's Response:	The District is aware of the requirements and will attempt to compile the information necessary in the future.
Responsible Official:	Heidi Engel, Enrollment & Transportation Coordinator, and Jessica Christensen, District Food Service Manager
Anticipated Completion Date:	The District intends to work towards resolving this finding for the following year.

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2025

Section IV - State Award Findings

There were no findings for state awards.

Section V - Other Matters

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?	No
Was a management letter or other document conveying audit comments issued as a result of the audit?	Yes

FRANKLIN PUBLIC SCHOOL DISTRICT
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2025

Financial Statement Finding

2024-001 – Financial Reporting – This District's staff does not have a process for preparing the financial statements and related notes in accordance with GAAP.

Status – See current year finding 2025-001.



Corrective Action Plan

Financial Statement Finding

2025-001 – Financial Reporting – The District is aware that its staff does not have a process to prepare financial statements and related notes in accordance with GAAP. The District will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statements and related notes. Management does review the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

Responsible Official – Andrew Chromy, Assistant Superintendent of Business and Operations

Anticipated Completion Date – This finding will not completely resolve itself since the District will continue to employ cost/benefit principles as part of its decision making.

Federal Awards Finding

2025-002 – Child Nutrition Cluster – Eligibility – The District is aware of the missing eligibility documents for the Child Nutrition program and will implement new procedures and a plan to reduce the missing documentation.

Responsible Officials – Heidi Engel, Enrollment & Transportation Coordinator, and Jessica Christensen, District Food Service Manager

Anticipated Completion Date – The District will correct this in the subsequent fiscal year.

FORM OF LEGAL OPINION

(See following pages)

Quarles & Brady LLP
411 East Wisconsin Avenue
Milwaukee, WI 53202

February 25, 2026

Re: Franklin Public School District, Wisconsin ("Issuer")
\$15,930,000 General Obligation Refunding Bonds, Series 2026A,
dated February 25, 2026 ("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 April 1 of each year, in the years and principal amounts as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2027	\$1,120,000	____%
2028	1,185,000	____
2029	1,235,000	____
2030	1,305,000	____
2031	1,370,000	____
2032	2,100,000	____
2033	2,250,000	____
2034	3,500,000	____
2035	1,865,000	____

Interest is payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2026.

The Bonds maturing on April 1, 2034 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2033 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; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). 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

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 District 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 District 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 District, 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 District 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 District 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 District 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 District believes to be reliable, but the District 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 Franklin Public School District, Milwaukee County, Wisconsin (the "Issuer") in connection with the issuance of \$15,930,000 General Obligation Refunding Bonds, Series 2026A, dated February 25, 2026 (the "Securities"). The Securities are being issued pursuant to a resolution adopted on February 4, 2026 (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 February 4, 2026 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 School Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the Franklin Public School District, Milwaukee County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Assistant Superintendent of Business and Operations of the Issuer who can be contacted at 8255 West Forest Hill Avenue, Franklin, Wisconsin 53132, phone (414) 529-8220, fax (414) 529-8230.

"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 June 30, 2026, 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 25th day of February, 2026.

Michael R. Spragg
District President

Angela Bier
District Clerk

NOTICE OF SALE

**\$15,930,000* GENERAL OBLIGATION REFUNDING BONDS, SERIES 2026A
FRANKLIN PUBLIC SCHOOL DISTRICT, WISCONSIN**

Bids for the purchase of \$15,930,000* General Obligation Refunding Bonds, Series 2026A (the "Bonds") of Franklin Public School District, Wisconsin (the "District") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, municipal advisors to the District, until 9:30 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 9:30 A.M., Central Time, on February 4, 2026, at which time they will be opened, read and tabulated. The bids will be presented to the School Board for consideration for award by resolution at a meeting to be held at 6:00 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 District will be accepted unless all bids are rejected.

AUTHORITY; PURPOSE; SECURITY

The Bonds are authorized pursuant to Section 67.04, Wisconsin Statutes, by the District, for the purpose of effecting a current refunding of certain outstanding general obligations of the District. The Bonds are general obligations of the District for which its full faith and credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated February 25, 2026, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on April 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2027	\$1,120,000	2030	\$1,305,000	2033	\$2,250,000
2028	1,185,000	2031	1,370,000	2034	3,500,000
2029	1,235,000	2032	2,100,000	2035	1,865,000

ADJUSTMENT OPTION

The District 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 April 1 and October 1 of each year, commencing October 1, 2026, 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. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** 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/ESCROW AGENT

The District will select District officials to act as the paying agent (the "Paying Agent") and Zions Bancorporation, National Association, Chicago, Illinois to act as escrow agent (the "Escrow Agent"). The District reserves the right to remove the Paying Agent and/or Escrow Agent and to appoint a successor. The District will pay any applicable charges for Paying Agent and Escrow Agent services.

OPTIONAL REDEMPTION

At the option of the District, the Bonds maturing on or after April 1, 2034 shall be subject to optional redemption prior to maturity on April 1, 2033 or any date thereafter, at a price of par plus accrued interest to the date of optional redemption.

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 District. If only part of the Bonds having a common maturity date are called for redemption, then the District 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 February 25, 2026, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the District 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 District, threatened. Payment for the Bonds must be received by the District at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

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 District ("Bond Counsel"), 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 District; 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).

STATEMENT REGARDING COUNSEL PARTICIPATION

Bond Counsel has not assumed responsibility for the Preliminary Official Statement or participated in its preparation (except with respect to the section entitled "TAX EXEMPTION" in the Preliminary Official Statement and the "FORM OF LEGAL OPINION" found in Appendix B of the Preliminary Official Statement).

SUBMISSION OF BIDS

Bids must not be for less than \$15,770,700 plus accrued interest on the principal sum of \$15,930,000 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 9:30 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 IHS Markit (now part of S&P Global) at <https://ihsmarkit.com/products/municipal-issuance.html> or via telephone (844) 301-7334.

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 District nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$318,600 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 District 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 District 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 District as liquidated damages if the bid is accepted and the Purchaser fails to comply therewith.

The District 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 District 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 District'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 District 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 District requested and received a rating on the Bonds from a rating agency, the District will pay that rating fee. Any rating agency fees not requested by the District 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 District 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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds shall not be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriter (Syndicate Manager) in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the District 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 District in establishing the issue price of the Bonds and shall execute and deliver to the District 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 District under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District's municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District's municipal advisor.

(b) The District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District 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 District, 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 District 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 District 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 District (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 District 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 Underwriter (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 3001 Broadway Street, Suite 320, Minneapolis, Minnesota 55413, Telephone (651) 697-8500.

By Order of the School Board

Franklin Public School District, Wisconsin

BID FORM

The School Board
Franklin Public School District, Wisconsin (the "District")

February 4, 2026

RE: \$15,930,000* General Obligation Refunding Bonds, Series 2026A (the "Bonds")
DATED: February 25, 2026

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 \$15,770,700) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due	2027	_____ % due	2030	_____ % due	2033
_____ % due	2028	_____ % due	2031	_____ % due	2034
_____ % due	2029	_____ % due	2032	_____ % due	2035

The District 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.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2027 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) 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 \$318,600 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 District 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 District 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 District 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 February 25, 2026.

This bid is subject to the District'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 Underwriter (Syndicate Manager), we agree to provide the District 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 February 25, 2026 of the above bid is \$_____ and the true interest cost (TIC) is ____%.

The foregoing offer is hereby accepted by and on behalf of the School Board of Franklin Public School District, Wisconsin, on February 4, 2026.

By: _____ By: _____
Title: _____ Title: _____