

This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Offered Obligations, the City will complete, adopt and deliver a Final Official Statement substantially in this form.

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2017

**NEW ISSUES
BOOK ENTRY ONLY**

RATINGS:
R3 Notes:
N4 Notes, B5 Bonds, T6 Notes and T7 Bonds:
(See “*Ratings*” herein.)

Standard & Poor’s
“SP-1+”
“AA”

Fitch
“F1+”
“AA”

In the opinion of Katten Muchin Rosenman LLP, and of Hurtado Zimmerman SC, Bond Counsel, in connection with the issuance of the Revenue Anticipation Notes, Series 2017 R3, the General Obligation Promissory Notes, Series 2017 N4, and the General Obligation Corporate Purpose Bonds, Series 2017 B5 (collectively, the “Tax-Exempt Obligations”) under existing law, if there is continuing compliance with certain requirements of the Internal Revenue Code of 1986, interest on the Tax-Exempt Obligations will not be includable in gross income for federal income tax purposes. The Tax-Exempt Obligations are not “private activity bonds” and the interest thereon is not required to be included as an item of tax preference for purposes of computing individual or corporate “alternative minimum taxable income.” However, interest on the Tax-Exempt Obligations is includable in corporate earnings and profits and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Taxable General Obligation Promissory Notes, Series 2017 T6 and the Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7 (collectively, the “Taxable Obligations”) is includable in the gross income of the owners for federal income tax purposes. Interest on the Tax-Exempt Obligations and the Taxable Obligations (collectively, the “Offered Obligations”) is not exempt from Wisconsin income taxes.



CITY OF MILWAUKEE, WISCONSIN
\$120,000,000 Revenue Anticipation Notes, Series 2017 R3
\$116,930,000* General Obligation Promissory Notes, Series 2017 N4
\$15,295,000* General Obligation Corporate Purpose Bonds, Series 2017 B5
\$13,620,000* Taxable General Obligation Promissory Notes, Series 2017 T6
\$4,595,000* Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7

Dated: May 17, 2017

Due: As shown herein

The \$120,000,000 Revenue Anticipation Notes, Series 2017 R3 (the “RANs” or the “R3 Notes”) are limited obligations of the City of Milwaukee, Wisconsin (the “City”) payable from State Aid Payments and also secured by a pledge of all other general fund revenues due the City included in the City’s budget for the current year that have not been received as of the date of delivery of the RANs and are not otherwise pledged or assigned. The RANs are not general obligations of the City and no separate debt service tax will be levied to pay the RANs.

\$116,930,000* General Obligation Promissory Notes, Series 2017 N4 (the “N4 Notes”), the \$15,295,000* General Obligation Corporate Purpose Bonds, Series 2017 B5 (the “B5 Bonds”), the \$13,620,000* Taxable General Obligation Promissory Notes, Series T6 (the “T6 Notes”) and the \$4,595,000* Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7 (the “T7 Bonds”) are direct general obligations of the City, payable from taxes levied on all taxable property subject to taxation by the City, without limitation as to rate or amount.

The RANs will be dated May 17, 2017 (the “Dated Date”), and will be payable on December 21, 2017. The RANs are being issued for the public purpose of financing the City’s operating budget on an interim basis in anticipation of the receipt of State of Wisconsin (the “State”) shared revenue payments. Interest on the RANs shall be payable at maturity. The RANs are not subject to redemption prior to maturity.

The N4 Notes, B5 Bonds, T6 Notes and the T7 Bonds will be dated the Dated Date, will bear interest payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2017 at the rates, and will mature on April 1, in the years and amounts, as detailed herein. The N4 Notes, B5 Bonds, T6 Notes and T7 Bonds are being issued for the purpose of financing various public improvements and fiscal requirements of the City, and for the purpose of refunding outstanding commercial paper and other debt of the City. The N4 Notes and the T6 Notes are not subject to redemption prior to maturity. The B5 Bonds and the T7 Bonds are subject to optional redemption on any date on and after April 1, 2026 as described herein.

The R3 Notes, the N4 Notes, the B5 Bonds, the T6 Notes and the T7 Bonds (collectively, the “Offered Obligations”) are offered for sale by competitive bid in accordance with the Official Notices of Sale dated April 25, 2017 and other conditions specified in the Official Notices of Sale. The Offered Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and of Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City. It is expected that the Offered Obligations will be delivered through the facilities of The Depository Trust Company (“DTC”), New York, New York on or about May 17, 2017.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE OFFERED OBLIGATIONS. INVESTORS MUST READ THIS ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

For Further Information Contact:

Martin Matson, Comptroller and Secretary to Public Debt Commission
City Hall, Room 404, 200 East Wells Street - Milwaukee, WI 53202 - Phone (414) 286-3321

ELECTRONIC BIDS WILL BE RECEIVED ON THURSDAY, MAY 4, 2017 UNTIL

9:45 A.M. (CENTRAL TIME) FOR THE R3 NOTES

10:00 A.M. (CENTRAL TIME) FOR THE N4 NOTES AND THE B5 BONDS

10:30 A.M. (CENTRAL TIME) FOR THE T6 NOTES AND THE T7 BONDS

* Preliminary, subject to change in accordance with the Official Notice of Sale.

MATURITY SCHEDULES

\$120,000,000 REVENUE ANTICIPATION NOTES, SERIES 2017 R3

The R3 Notes will be dated the Dated Date, and will mature on December 21, 2017 without the option of prior redemption. Interest will be payable at maturity, at the rate or rates shown below.

<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (1) Base 602366</u>
\$120,000,000			

\$116,930,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017 N4

The N4 Notes will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2017 and will mature on April 1 in the years and in the amounts shown below. The N4 Notes are **not** subject to redemption prior to maturity.

<u>Maturing (April 1)</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (1) Base 602366</u>
2018	\$12,185,000			
2019	12,235,000			
2020	12,425,000			
2021	12,490,000			
2022	12,700,000			
2023	11,815,000			
2024	10,750,000			
2025	10,810,000			
2026	10,730,000			
2027	10,790,000			

\$15,295,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017 B5

The B5 Bonds will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2017 and will mature on April 1 in the years and in the amounts shown below. The B5 Bonds are subject to optional redemption on any date on and after April 1, 2026, as provided herein.

<u>Maturing (April 1)</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP (1) Base 602366</u>
2028	\$3,000,000			
2029	3,020,000			
2030	2,850,000			
2031	2,850,000			
2032	2,870,000			
2033	345,000			
2034	360,000			

* Preliminary, subject to change.

(1) The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Offered Obligations. The City is not responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Offered Obligations, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Offered Obligations.

MATURITY SCHEDULES-CONTINUED

\$13,620,000* TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017 T6

The T6 Notes will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2017 and will mature on April 1 in the years and in the amounts shown below. The T6 Notes are **not** subject to redemption prior to maturity.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2018	\$1,335,000			
2019	1,340,000			
2020	1,350,000			
2021	1,360,000			
2022	1,400,000			
2023	1,410,000			
2024	1,340,000			
2025	1,355,000			
2026	1,360,000			
2027	1,370,000			

\$4,595,000* TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017 T7

The T7 Bonds will be dated the Dated Date, will bear interest at the rates shown below, payable semi-annually on April 1 and October 1 of each year, commencing October 1, 2017 and will mature on April 1 in the years and in the amounts shown below. The T7 Bonds are subject to optional redemption on any date on and after April 1, 2026, as provided herein.

Maturing (April 1)	Amount*	Interest Rate	Yield	CUSIP (1) Base 602366
2028	\$825,000			
2029	835,000			
2030	785,000			
2031	795,000			
2032	805,000			
2033	270,000			
2034	280,000			

* Preliminary, subject to change.

(1) The above-referenced CUSIP numbers have been assigned by an independent company not affiliated with the City and are included solely for the convenience of the holders of the Offered Obligations. The City is not responsible for the selection or uses of such CUSIP numbers, and no representation is made as to their correctness on the Offered Obligations, or as indicated above. The CUSIP number for a specific maturity is subject to change after the issuance of the Offered Obligations.

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No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement in connection with the sale of these securities and, if given or made, such other information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities by a person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof. These securities have not been registered pursuant to the Securities Act of 1933, in reliance upon exemptions contained in such Act.

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INTRODUCTION TO THE OFFICIAL STATEMENT

The purpose of this Official Statement, including the cover page and Appendices, is to set forth certain information concerning the City of Milwaukee (the “City”), located in Milwaukee County, Wisconsin, and to set forth information concerning the following securities issued by the City:

\$120,000,000 Revenue Anticipation Notes, Series 2017 R3 (the “RANs” or “R3 Notes”)
\$116,930,000* General Obligation Promissory Notes, Series 2017 N4 (the “N4 Notes”)
\$15,295,000* General Obligation Corporate Purpose Bonds, Series 2017 B5 (the “B5 Bonds”)
\$13,620,000* Taxable General Obligation Promissory Notes, Series 2017 T6 (the “T6 Notes”)
\$4,595,000* Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7 (the “T7 Bonds”)

The following summary statement is furnished solely to provide limited introductory information regarding the City’s Offered Obligations, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in this Official Statement, including the Appendices hereto.

Summary Statement – RANs

Issuer: City of Milwaukee, Wisconsin

Issue: \$120,000,000 Revenue Anticipation Notes, Series 2017 R3

Dated Date: May 17, 2017.

Maturity: December 21, 2017.

Principal: \$120,000,000.

Interest Payment Date: Payable at maturity. Interest is calculated on the basis of 30-day months and a 360-day year (term of 214 days assuming a May 17, 2017 delivery date).

Denominations: \$5,000 or integral multiples thereof.

Purpose: The RANs are issued for the purpose of financing the City’s operating budget on an interim basis in anticipation of the receipt of State shared revenue payments (“State Aid Payments”).

Security: The City has pledged and will irrevocably segregate upon receipt, State Aid Payments in an amount sufficient, with interest thereon, to pay, when due, the principal of and interest on the RANs. The City has also pledged all other general fund revenues included in the budget for the current calendar year that are due the City, which have not been received as of the date of delivery of the RANs and which are not otherwise pledged or assigned. (See “The RANs – Security for the RANs” herein).

The RANs are not a general obligation, do not constitute an indebtedness of the City for the purpose of determining the City’s constitutional debt limitation, and no tax shall be levied to pay the RANs or interest thereon.

Authority for Issuance: The Common Council of the City has authorized the issuance and sale of the RANs in accordance with the provisions of Chapters 65 and 67, including particularly Section 67.12(1)(a) of the Wisconsin Statutes.

* Preliminary, subject to change.

Form of Issuance: The RANs will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the RANs. (See “**BOOK-ENTRY-ONLY SYSTEM**” herein).

Tax Status of Interest: Bond Counsel are of the opinion that under existing law, interest on the RANs is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “*Code*”), Bond Counsel are of the opinion that interest on the RANs will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the RANs is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the RANs is not exempt from Wisconsin income taxes. (See “**TAX MATTERS**” herein).

Redemption Feature: The RANs are not subject to redemption prior to maturity.

Official Statement: The City will provide the original purchaser of the RANs with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the RANs.

Professionals: Bond Counsel: Katten Muchin Rosenman LLP
Chicago, Illinois
Hurtado Zimmerman SC
Wauwatosa, Wisconsin
Financial Advisor: Public Financial Management, Inc.
Milwaukee, Wisconsin
Paying Agent: City of Milwaukee, Comptroller’s Office
Milwaukee, Wisconsin

Record Date: December 15, 2017.

Delivery: Delivery of the RANs will be on or about May 17, 2017 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price(s) or yield(s) of the RANs will be set forth on the inside front cover page of the Final Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City’s contractual obligation arising from its acceptance of the successful bidder’s proposal, at the time of the delivery of the RAN’s the City will provide an executed copy of its Continuing Disclosure Certificate. (See “**CONTINUING DISCLOSURE**” herein).

Summary Statement – N4 Notes

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$116,930,000* General Obligation Promissory Notes, Series 2017 N4
Dated Date:	May 17, 2017.
Principal Due Date:	April 1 of the years 2018 through 2027.
Interest Payment Date:	Interest on the N4 Notes is due each April 1 and October 1 commencing October 1, 2017. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The N4 Notes are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects and fiscal requirements of the City.
Security:	Principal and interest on the N4 Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the N4 Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The N4 Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the N4 Notes. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the N4 Notes is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), Bond Counsel are of the opinion that interest on the N4 Notes will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the N4 Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income, but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the N4 Notes is not exempt from Wisconsin income taxes. (See “ TAX MATTERS ” herein).
Redemption Feature:	The N4 Notes are not subject to redemption prior to maturity.
Official Statement:	The City will provide the original purchaser of the N4 Notes and B5 Bonds with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the N4 Notes.

* Preliminary, subject to change.

Professionals:	<p>Bond Counsel: Katten Muchin Rosenman LLP Chicago, Illinois</p> <p>Hurtado Zimmerman SC Wauwatosa, Wisconsin</p> <p>Financial Advisor: Public Financial Management, Inc. Milwaukee, Wisconsin</p> <p>Paying Agent: City of Milwaukee, Comptroller's Office Milwaukee, Wisconsin</p>
Record Date:	March 15 and September 15 (whether or not a business day).
Delivery:	Delivery of the N4 Notes will be on or about May 17, 2017 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.
Reoffering:	The public reoffering price or yield of the N4 Notes will be set forth on the inside front cover page of the Final Official Statement.
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the N4 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).

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Summary Statement – B5 Bonds

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$15,295,000* General Obligation Corporate Purpose Bonds, Series 2017 B5
Dated Date:	May 17, 2017.
Principal Due Dates:	April 1 of the years 2028 through 2034.
Interest Payment Dates:	Interest on the B5 Bonds is due each April 1 and October 1 commencing October 1, 2017. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The B5 Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the B5 Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The B5 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the B5 Bonds. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).
Tax Status of Interest:	Bond Counsel are of the opinion that under existing law, interest on the B5 Bonds is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “ <i>Code</i> ”), Bond Counsel are of the opinion that interest on the B5 Bonds will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that the interest on the B5 Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includable in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the B5 Bonds is not exempt from Wisconsin income taxes. (See “ TAX MATTERS ” herein).
Redemption Feature:	The B5 Bonds are subject to optional redemption on any date on and after April 1, 2026. (See “ Redemption Provisions ” herein.)
Official Statement:	The City will provide the original purchaser of the N4 Notes and B5 Bonds with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the B5 Bonds.

* Preliminary, subject to change.

Professionals:	<p>Bond Counsel: Katten Muchin Rosenman LLP Chicago, Illinois</p> <p>Hurtado Zimmerman SC Wauwatosa, Wisconsin</p> <p>Financial Advisor: Public Financial Management, Inc. Milwaukee, Wisconsin</p> <p>Paying Agent: City of Milwaukee, Comptroller's Office Milwaukee, Wisconsin</p>
Record Date:	March 15 and September 15 (whether or not a business day).
Delivery:	Delivery of the B5 Bonds will be on or about May 17, 2017 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.
Reoffering:	The public reoffering price(s) or yield(s) of the B5 Bonds will be set forth on the inside front cover page of the Final Official Statement.
Continuing Disclosure Certificate:	In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the B5 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).

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Summary Statement – T6 Notes

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$13,620,000* Taxable General Obligation Promissory Notes, Series 2017 T6
Dated Date:	May 17, 2017.
Principal Due Date:	April 1 of the years 2018 through 2027.
Interest Payment Date:	Interest on the T6 Notes is due each April 1 and October 1 commencing October 1, 2017. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The T6 Notes are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the T6 Notes will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the T6 Notes in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The T6 Notes will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the T6 Notes. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).
Tax Status of Interest:	Interest on the T6 Notes IS includable in the gross income of the owners thereof for federal income tax purposes and is not exempt from State of Wisconsin income or franchise taxes. In addition, the Internal Revenue Code of 1986, as amended, contains a number of other provisions relating to the taxation of the T6 Notes (including, but not limited, to the treatment of and accounting for interest, premium, original issue discount and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE T6 NOTES. (See “ TAX MATTERS ” herein).
Redemption Feature:	The T6 Notes are not subject to redemption prior to maturity.
Official Statement:	The City will provide the original purchaser of the T6 Notes and T7 Bonds with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the T6 Notes.

* Preliminary, subject to change.

Professionals: Bond Counsel: Katten Muchin Rosenman LLP
Chicago, Illinois
Hurtado Zimmerman SC
Wauwatosa, Wisconsin

Financial Advisor: Public Financial Management, Inc.
Milwaukee, Wisconsin

Paying Agent: City of Milwaukee, Comptroller's Office
Milwaukee, Wisconsin

Record Date: March 15 and September 15 (whether or not a business day).

Delivery: Delivery of the T6 Notes will be on or about May 17, 2017 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price or yield of the T6 Notes will be set forth on the inside front cover page of the Final Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the T6 Notes the City will provide an executed copy of its Continuing Disclosure Certificate. (See **"CONTINUING DISCLOSURE"** herein).

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Summary Statement – T7 Bonds

Issuer:	City of Milwaukee, Wisconsin
Issue:	\$4,595,000* Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7
Dated Date:	May 17, 2017.
Principal Due Dates:	April 1 of the years 2028 through 2034.
Interest Payment Dates:	Interest on the T7 Bonds is due each April 1 and October 1 commencing October 1, 2017. Interest is calculated on the basis of 30-day months and a 360-day year.
Denominations:	\$5,000 or integral multiples thereof.
Purpose:	The T7 Bonds are issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes for the public purpose of financing various public improvement projects of the City.
Security:	Principal and interest on the T7 Bonds will be payable out of receipts from an irrevocable ad-valorem tax levied on all taxable property within the City.
Authority for Issuance:	The Common Council of the City has authorized the issuance and sale of the Bonds in accordance with the provisions of Chapters 65 and 67 of the Wisconsin Statutes.
Form of Issuance:	The T7 Bonds will be issued in Book-Entry-Only form, fully registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York, New York, which will act as security depository for the T7 Bonds. (See “ BOOK-ENTRY-ONLY SYSTEM ” herein).
Tax Status of Interest:	Interest on the T7 Bonds <i>IS</i> includable in the gross income of the owners thereof for federal income tax purposes and is not exempt from State of Wisconsin income or franchise taxes. In addition, the Internal Revenue Code of 1986, as amended, contains a number of other provisions relating to the taxation of the T7 Bonds (including, but not limited, to the treatment of and accounting for interest, premium, original issue discount and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE T7 BONDS. (See “ TAX MATTERS ” herein).
Redemption Feature:	The T7 Bonds are subject to optional redemption on any date on and after April 1, 2026. (See “ Redemption Provisions ” herein.)
Official Statement:	The City will provide the original purchaser of the T6 Notes and the T7 Bonds with an electronic copy and up to 25 copies of this Official Statement within seven business days following the award of the T7 Bonds.

* Preliminary, subject to change.

Professionals: Bond Counsel: Katten Muchin Rosenman LLP
Chicago, Illinois
Hurtado Zimmerman SC
Wauwatosa, Wisconsin
Financial Advisor: Public Financial Management, Inc.
Milwaukee, Wisconsin
Paying Agent: City of Milwaukee, Comptroller's Office
Milwaukee, Wisconsin

Record Date: March 15 and September 15 (whether or not a business day).

Delivery: Delivery of the T7 Bonds will be on or about May 17, 2017 at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

Reoffering: The public reoffering price(s) or yield(s) of the T7 Bonds will be set forth on the inside front cover page of the Final Official Statement.

Continuing Disclosure Certificate: In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the T7 Bonds the City will provide an executed copy of its Continuing Disclosure Certificate. (See "CONTINUING DISCLOSURE" herein).

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THE RANs

Authority and Purpose

The Common Council of the City has authorized the issuance and sale of the RANs for the public purpose of financing the City's operating budget on an interim basis in anticipation of the receipt of State shared revenue payments, by the adoption of an authorizing Resolution on January 18, 2017 in accordance with the provisions of Section 67.12(1) of the Wisconsin Statutes, which reads as follows:

“67.12 Temporary borrowing and borrowing on promissory notes. (1) BORROWING IN ANTICIPATION OF REVENUES. (a) Except for school districts and technical college districts, any municipality that becomes entitled to receive federal or state aids, taxes levied or other deferred payments may, in the same fiscal year it is entitled to receive the payments, issue municipal obligations in anticipation of receiving the payments. The municipal obligations issued under this paragraph shall not exceed 60% of the municipality's total actual and anticipated receipts in that fiscal year and shall be repaid no later than 18 months after the first day of that fiscal year.”

Security for the RANs

The RANs are not a general obligation of the City, do not constitute debt for the purpose of determining the City's constitutional debt limitation, and no tax shall be levied to pay the RANs or the interest thereon.

Statutory Borrowing Limitation

Section 67.12(1)(a) of the Wisconsin Statutes limits issuance for the purpose of the RANs to sixty percent (60%) of the Estimated General Fund Revenues for fiscal year. The limitation is calculated as follows:

Total Amount of Estimated General Fund Revenues for 2017	\$743,218,908
Statutory Borrowing Limit (60% of Estimated Revenues)	445,931,345
Borrowing - Revenue Anticipation Notes, Series 2017 R3	<u>120,000,000</u>
Unused Amount Following this Issue	<u>325,931,345</u>
Percentage of 2017 Borrowing Limit Used	27%
Percentage of Borrowing to Estimated Revenues	16%

THE N4 NOTES, B5 BONDS, T6 NOTES AND T7 BONDS

Authority and Purpose

The N4 Notes, B5 Bonds, T6 Notes and T7 Bonds are being issued pursuant to Chapters 65 and 67 of the Wisconsin Statutes to finance various public improvement projects, and fiscal requirements of the City, to refund outstanding lines of credit, and other long-term debt of the City, and to pay the associated financing costs. The Common Council of the City adopted Resolutions on February 5, 2013, January 22, 2014, January 21, 2015, January 19, 2016, and January 18, 2017 which authorize the issuance of the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds. In addition, various initial Resolutions have been

adopted authorizing purposes for the B5 Bonds and T7 Bonds that have been combined into the corporate purpose bond issues.

Proceeds of the sale of the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds are anticipated to be used for various public improvements of the City as follows:

Estimated Purposes (including lines of credit to be refunded)*	
Tax Incremental Districts.....	\$25,858,051
Financing Receivables	24,373,299
Streets.....	18,833,371
Public Buildings.....	12,233,657
Renewal and Development	9,586,183
Police.....	8,827,169
Damages and Claims.....	2,500,000
Sanitation	2,296,850
Fire	2,043,077
Bridges	1,826,894
Harbor	1,230,130
Library.....	1,193,103
Parks.....	725,035
Parking	552,593
Refunding GO Debt.....	38,360,644
Less: Premium applied to Purposes	(56)
Total.....	\$150,440,000

* Preliminary, subject to change. The purposes shown in the table reflect the refunding of \$24,150,000 of Lines of Credit.

Plan of Refunding

In addition to providing long-term financing for \$24,150,000 of new-money Line of Credit draws, the City is also refunding \$53,000,000 of Line of Credit draws that were incurred to refund the following bonds:

City Bonds Refunded

Dated Date	Series	Amount	Maturities	Redemption Date
December 20, 2006	2006 B10	\$15,920,000	2018 – 2023	February 15, 2017
July 17, 2007	2007 B5	7,090,000	2018 – 2024	February 15, 2017
August 21, 2012	2012 V10	30,000,000	2032	December 19, 2016

\$14,649,356 of cash on hand will be used to reduce the amount of refunding bonds issued.

Security for the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds

The N4 Notes, B5 Bonds, T6 Notes and T7 Bonds will be general obligations of the City, and payment thereof is secured by a pledge of the full faith and credit of the City. The City is authorized and required to levy on all taxable property in the City such ad-valorem taxes, without limitation as to rate or amount, as may be necessary to meet the debt service requirements on the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds.

Under and by virtue of Sections 67.05(10) and 67.12(12)(ee), Wisconsin Statutes, the City is obligated to levy a direct annual tax sufficient in amount to pay, and for the express purpose of paying, the interest on the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds as it falls due, and also to pay and discharge the principal thereof at maturity. The City is, and shall be, without power to repeal such levy or obstruct the collection of such tax until all such payments have been made or provided for.

Under Section 67.035, Wisconsin Statutes, all taxes levied for paying principal of and interest on valid notes or bonds are declared to be without limitation. Under Section 65.06(18), Wisconsin Statutes, the omission from the budget of the payment of interest on or the principal of any bonded debt of the City when due shall not prevent the placing of the same on the tax roll for the levy and the collection of the tax and the payment of the money therefor.

Maturity and Interest Rates

The N4 Notes, B5 Bonds, T6 Notes and T7 Bonds are to be dated May 17, 2017, and will bear interest from that date at the rates, and shall mature each April 1 in the amounts and years set forth on the inside front cover pages of this Official Statement. Interest on the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds will be payable commencing October 1, 2017 and thereafter semiannually on April 1 and October 1 of each year and is calculated on the basis of 30-day months and a 360-day year.

Redemption Provisions

The N4 Notes and the T6 Notes are **not** subject to redemption prior to maturity. The B5 Bonds and the T7 Bonds will be subject to redemption prior to their maturity, at the option of the City, on any date on and after April 1, 2026 at a price of par plus accrued interest to the date fixed for their redemption.

If less than all outstanding B5 Bonds or T7 Bonds are called for redemption, the B5 Bonds or T7 Bonds, as applicable, shall be called in such order of maturity as shall be determined by the City. If less than all of the B5 Bonds or T7 Bonds of the same series and maturity are called for redemption, the particular B5 Bonds or T7 Bonds of such series and maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any B5 Bonds or T7 Bonds to be redeemed in whose name such B5 Bonds or T7 Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15th calendar day (whether or not a business day) prior to the redemption date. While in Book Entry Form, as the Registered Owner, DTC will receive the Redemption Notice. The City is not responsible for DTC's notification of redemption to Participants and Beneficial Owners.

Statutory Borrowing Limitation

Wisconsin Statutes limit direct general obligation debt the City may issue. The issuance of the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds do not cause these limitations to be exceeded. (See “**DEBT STRUCTURE**” herein for further details).

INVESTMENT POLICIES

The City may invest any of its funds not immediately needed in accordance with Section 66.0603 of the Wisconsin Statutes. The City, through Common Council Resolution 930358, adopted July 6, 1993, has instructed the City Treasurer to invest City funds, including Milwaukee Public Schools funds, in: (a) Certificates of Time Deposit at approved public depositories limited to the equity capital or net worth of the financial institution with collateralization required when total deposits at any institution exceed \$500,000; (b) Repurchase Agreements with public depository institutions; (c) the State of Wisconsin Local Government Investment Pool; (d) U.S. Treasury and Agency instruments; and (e) commercial paper which has a rating in the highest or second highest rating category assigned by Standard & Poor's Ratings Group, Moody's Investors Service, Inc., or some other similar nationally recognized rating agency.

To the extent possible, the City Treasurer attempts to match investments with anticipated cash flow requirements. No limits have been placed on how much of the portfolio can be invested in any of the above investment categories.

The State of Wisconsin Investment Board ("SWIB") provides the Local Government Investment Pool ("LGIP") as a subset of the State Investment Fund (the "Fund"). The LGIP includes deposits from elective participants consisting of over 1,000 municipalities and other public entities. The Fund also consists of cash balances of participants required to keep their cash balances in the Fund. These required participants include the State General Fund, State agencies and departments and Wisconsin Retirement System reserves. The LGIP portion of the Fund is additionally secured as to credit risk.

The LGIP is a local option City depository. The City utilizes the LGIP in a manner similar to a "money market" account. When other investment options provide more favorable returns, such options are utilized. As of December 31, 2016, the City had approximately 48% (\$308 million) of its and Milwaukee Public Schools' investments deposited in the LGIP.

SWIB invests the assets of the Fund, which includes assets of the LGIP. Overall policy direction for SWIB is established by an independent, eight-member Board of Trustees (the "Trustees"). The Trustees establish long-term investment policies, set guidelines for each investment portfolio and monitor investment performance.

The objectives of the Fund are to provide (in order of priority) safety of principal, liquidity, and a reasonable rate of return. The Fund includes retirement trust funds cash balances pending longer-term investment by other investment divisions. The Fund also acts as the State's cash management fund and provides the State's General Fund with liquidity for operating expenses. The Fund is strategically managed as a mutual fund with a longer average life than a money market fund. This strategic advantage is made possible by the mandatory investment of State funds for which the cash flow requirements can be determined significantly in advance. Given the role played by the Fund, the cash balances available for investment vary daily as cash is accumulated or withdrawn from various funds.

A copy of SWIB's annual report may be obtained by submitting a written request to the State of Wisconsin Investment Board, P.O. Box 7842, Madison, WI 53707-7842.

THE CITY

Location, Organization and Government

General

The City is located on the western shore of Lake Michigan in southeastern Wisconsin. The City is the hub of the metropolitan area. The City is Wisconsin's largest city with a population of approximately 594,667 and is the principal trade, service and financial center of southeastern Wisconsin. The surrounding Metropolitan Statistical Area ("MSA") includes the principal cities of Milwaukee, Waukesha and West Allis; the counties of Milwaukee, Ozaukee, Waukesha and Washington; and has a population of nearly 1.6 million.

The Port of Milwaukee provides access to the sea lanes of the world. General Mitchell International Airport is served by domestic and international airlines. Five rail lines serve the City and provide transportation links throughout the United States. The City is also connected with the interstate highway system.

The City was incorporated as a city on January 31, 1846, pursuant to the laws of the Territory of Wisconsin. Wisconsin gained statehood in 1848. The City, operating under a Home Rule Charter since 1874, has a council mayor form of government.

Elected Officials

The Mayor, City Attorney, Comptroller, Treasurer and Common Council members are elected officials of the City. Local elections are non-partisan. The Mayor, City Attorney, Comptroller and Treasurer are elected at-large for identical four-year terms.

The Common Council represents fifteen Aldermanic districts. Each Alderperson represents, and is elected from, an aldermanic district with a population of approximately 40,000.

City Officials

As of April, 2017
(initial year in office follows name)

Mayor	Tom Barrett	(2004)
City Attorney	Grant F. Langley	(1984)
City Comptroller	Martin Matson	(2012)
City Treasurer	Spencer Coggs	(2012)

Common Council

Ashanti Hamilton	(2004)	Chantia Lewis	(2016)
Chevy Johnson	(2016)	Michael J. Murphy	(1989)
Nik Kovac	(2008)	Mark A. Borkowski	(2015)
Robert J. Bauman	(2004)	Jose G. Perez	(2012)
James A. Bohl, Jr.	(2000)	Terry L. Witkowski	(2003)
Milele A. Coggs	(2008)	T. Anthony Zielinski	(2004)
Khalif Rainey	(2016)	Russell W. Stamper, II	(2014)
Robert G. Donovan	(2000)		

* The terms of all the above elected positions expire in April 2020.

Public Services and Facilities

The City is charged with primary responsibility for public safety (via its police, fire and health departments); public works (including refuse removal and a City-owned water utility); various cultural and recreational services including a library system; and general municipal administration. City government also participates in housing and neighborhood programs through separate housing and redevelopment authorities. These two latter authorities have the ability to borrow directly and issue revenue backed financings.

Other major local governmental units and their related government services are the Milwaukee Public Schools (education); Milwaukee County (parks, airport/mass transit/highways, social services and court system); Milwaukee Metropolitan Sewerage District (wastewater treatment); and the Milwaukee Area Technical College (higher education). Wisconsin Statutes require the City to issue debt for Milwaukee Public Schools. The other governmental units listed each have the statutory authority to issue general obligation debt.

Two special purpose governmental units exist with the ability to borrow and tax on a limited revenue basis. The first is the Southeastern Wisconsin Professional Baseball Park District (the “*SWPBP District*”), a public entity created by State legislation, encompassing southeastern Wisconsin counties, including Milwaukee County, to finance construction/operations of a baseball facility (“*Miller Park*”) for the National League Milwaukee Brewers baseball club. Miller Park opened in March, 2001. The SWPBP District has issued \$199 million of revenue bonds supported by a five-county, one-tenth of one percent sales tax and other ancillary revenue streams. In addition, \$45 million of lease certificates of participation have been issued by the SWPBP District to finance acquisition and installation of facility equipment, scoreboards, etc.

The second special purpose governmental unit is the Wisconsin Center District, a public entity created by the City pursuant to Section 229.42, Wisconsin Statutes, which oversees construction and operation of the Wisconsin Center, the City’s major convention complex. This complex also includes the UW-Milwaukee Panther and the Milwaukee Theater facilities, formerly known as “*MECCA*.” The Wisconsin Center was financed by \$185 million of revenue bonds issued by the Wisconsin Center District and secured by a pledge of dedicated sales tax revenues from lodging, restaurant, and vehicle rentals collected in the five county area served by the Wisconsin Center. Phase One of the Wisconsin Center was completed during 1998. Phase Two was completed in 1999. In 2001, the Wisconsin Center District issued \$30 million of bonds to renovate the Milwaukee Theatre.

In addition to the facilities noted above, the City is home to a 17,000+ seat indoor sports and concert venue, the BMO Harris Bradley Center, located in the heart of downtown. This facility serves the National Basketball Association Milwaukee Bucks, the Marquette University Golden Eagles men’s basketball team, and did serve the Milwaukee Admirals International Hockey League club. The City is home to the Milwaukee Art Museum, as well as major symphony, ballet and opera companies, and other theatre and performing arts.

2015 Wisconsin Act 60 authorized the Wisconsin Center District to borrow \$203 million to construct and operate a new sports and entertainment arena/facilities (the “*Arena*”) for the Milwaukee Bucks. \$197 million of revenue bonds were issued by the Wisconsin Center District in 2016, and construction of the Arena is in process. The Arena will be owned by the Wisconsin Center District, and be leased to the Milwaukee Bucks. The BMO Harris Bradley Center will be demolished and transferred to the Wisconsin Center District. The Milwaukee Admirals have relocated to the UW-Milwaukee Panther facility. Also pursuant to 2015 Wisconsin Act 60, the Wisconsin Center District may assume from Milwaukee County ownership and operations of the Marcus Center for the Performing Arts.

On the lakefront is the Milwaukee Art Museum, which combines art, dramatic architecture and landscape design. The Quadracci Pavilion, the first Santiago Calatrava-designed building in the United States, features a 90-foot high glass-walled reception hall enclosed by the Burke Brise Soleil, a sunscreen that can be raised or lowered creating a unique moving sculpture.

Finally, the Milwaukee area is the site of a number of higher education institutions including Marquette University, the University of Wisconsin – Milwaukee, Alverno College, Mount Mary University and the Milwaukee School of Engineering.

Employee Relations

The City has approximately 6,430 full-time employees. 2,650 employees are part of three public safety unions and 300 employees are in two non-public safety unions. The remaining employees do not have collective bargaining representation.

The police officers' and the police supervisors' union have a contract through December 31, 2017. The firefighters' union contract expired as of December 31, 2016. The agreement covering one non-public safety union expired on December 31, 2014. The other does not have an agreement. The City is in negotiations with the unions.

Pursuant to Wisconsin Statutes, non-public safety unions' right to collective bargaining is limited solely to employee wages. Wisconsin Statutes does not limit the ability of public safety unions to collectively bargain on most issues.

GENERAL, DEMOGRAPHIC AND ECONOMIC INFORMATION

General

Based on 2010 census results, the City's population is 594,833. Population in the four county area surrounding the City is estimated at 1,619,429 and represents 28% of the population of the State of Wisconsin.

City of Milwaukee Selected Economic Data

Year	Population		Adjusted Gross Income Per Return
	Department of Administration	U.S. Census	
2016	594,667		Not Available
2015	595,787		\$39,931
2014	595,993		37,340
2013	596,500		37,300
2012	595,425		35,770
2011	595,525		34,100
2010	580,500	594,833	32,774
2009	584,000		32,500
2008	590,870		33,160
2000	605,572	596,974	32,370

Sources: U.S. Census and the Wisconsin Department of Administration, Demographic Service Center and the Wisconsin Department of Revenue, Division of Research and Analysis. The Division's population estimates are used in the distribution of State Shared Revenues.

Building Permits

Another indicator of economic growth is the activity in the building industry. The following table indicates building permit activity during the period 2010 through December 2016.

General Total

Year	Value	Permits Issued
2016	\$416,249,287	1,896
2015	303,762,859	2,332
2014	539,753,288	2,443
2013	269,010,398	2,217
2012	254,896,334	2,297

Residential Building

Year	Single Family		Multi-Family		Total		Permits Issued
	Value	# Of Units	Value	# Of Units	Value	# Of Units	
2016	\$6,379,473	45	\$104,919,926	1,001	\$111,299,399	1,046	57
2015	4,240,620	26	78,356,702	657	82,597,322	682	46
2014	4,423,531	31	16,096,831	300	20,520,362	331	39
2013	5,429,015	43	46,923,592	430	52,352,607	473	53
2012	4,408,472	44	30,455,000	281	34,863,472	325	60

Commercial Building

Year	Value	Permits Issued
2016	\$ 81,464,755	29
2015	58,724,198	31
2014	320,611,159	49
2013	83,584,379	42
2012	52,952,469	51

Public Building

Year	Value	Permits Issued
2016	\$35,892,602	202
2015	21,178,391	252
2014	31,118,208	314
2013	24,248,685	147
2012	43,046,652	211

Alterations and Additions

Year	Value	Permits Issued
2016	\$187,592,531	1,608
2015	141,262,948	2,003
2014	167,503,559	2,041
2013	108,824,727	1,975
2012	124,033,741	1,975

Sources: Development Center, Department of City Development. Data accumulated from monthly reports submitted to U.S. Department of Commerce, Bureau of the Census, Construction Statistics Division, Washington D.C.

Leading Business and Industrial Firms Located Within Milwaukee County

The listing of large employers in the Milwaukee County area that follows reveals the diversity of Milwaukee County's economic base. The largest of these are shown in the following list, which includes only employers with the majority or all of their employment in Milwaukee County. The Employment Estimates can include employees located in counties contiguous to Milwaukee County.

Company	Business Description	2016 Approximate Employment
Aurora Health Care Inc.	Health Care System	25,696
Ascension Wisconsin	Health Care System	15,000
Froedert & Community Health	Health Care System	10,059
GE Healthcare	Health Care Technologies	6,000
Children's Hospital	Health Care System	5,571
The Medical College of Wisconsin	Private Medical School	5,290
Northwestern Mutual	Insurance, Investment Products	5,000
Goodwill Industries	Training Programs, Retail, & Food Service	3,970
US Bank NA	Banking Services	3,600
The Marcus Corp	Theaters and Hotel Properties	3,448
Johnson Controls Inc.	Control Systems, Batteries & Auto Interiors	3,200
BMO Harris Bank	Bank Holding Company	3,027
Rockwell Automation Inc	Industrial Automation Products	3,000
(FIS) Fidelity National Info. Services	Banking and Payments Technology	2,950
Harley-Davidson Inc.	Motorcycles & Accessories	2,800
Potawatomi Bingo Casino	Casino	2,789
Marquette University	University	2,765
Wisconsin Energy Corp	Electric & Natural Gas Utility	2,598
Bon-Ton Department Stores	Department Stores	2,100
Rexnord Corp.	Power Transmission Equipment	1,800
Sendik's Food Markets	Retail Supermarkets	1,750
Briggs & Stratton Corp.	Small Gasoline Engines	1,600
Robert W Baird	Asset Management and Capital Markets	1,488
MillerCoors LLC	Beer Brewery	1,400
JPMorgan Chase & Co.	Global Financial Services	1,252
Wells Fargo	Banking & Financial Services	1,250
Direct Supply	Shipping & eCommerce	1,200
Patrick Cudahy Inc.	Manufacturer of Processed Meats	1,190
Cargill Meat Solutions	Food Distribution	1,015
Associated Bank	Banking Services	900
Brady Corp.	Manufacturer of Identification Materials	890
Joy Global Inc.	Manufactures & Distributes Mining Equipment	859

Source: Milwaukee Business Journal, as of July 22, 2016.

EMPLOYMENT AND INDUSTRY

During 2016, the City’s unemployment rate averaged approximately 5.8%. Presented below are unemployment rates for the City, as compared to the State of Wisconsin and the United States for the period 2012 through 2016.

Annual Unemployment Rates (Not Seasonally Adjusted)				
Year	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
2016	5.8%	4.5%	4.1%	4.9%
2015	6.7	5.0%	4.6	5.3
2014	8.1	6.0	5.4	6.2
2013	10.1	7.2	6.7	7.4
2012	10.3	7.5	7.0	8.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Recent Monthly Unemployment Rates (Not Seasonally Adjusted)				
Month	City of Milwaukee	Milwaukee – Waukesha – West Allis Metropolitan Statistical Area	State of Wisconsin	United States
February, 2017	5.5%	4.5%	4.5%	4.9%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Not Seasonally Adjusted

The City’s economic structure reveals a diversified economy with strong service and manufacturing sectors. The area is not dominated by any large employers.

Employment Distribution by Industry in Milwaukee County

	Employment	Percentage
Natural Resources	75	0%
Construction	9,920	2%
Manufacturing	52,042	11%
Trade, Transportation, Utilities	78,622	17%
Financial Activities	31,384	7%
Professional and Business Services	77,736	16%
Education & Health	132,254	28%
Leisure & Hospitality	47,569	10%
Other Services	17,187	4%
Public Administration	20,484	4%
Total	476,466	

Source: Wisconsin Department of Workforce Development, Bureau of Working Training, 2015 Milwaukee County Workforce Profile

Ten Largest Taxpayers With 2016 Estimated Equalized Valuations

Northwestern Mutual Life Ins.	\$315,765,233
US Bank Corp.	248,360,999
Mandel Group	156,486,401
Juneau Village/Prospect Tower/Katz Properties	130,438,735
Forest County Potawatomi Community	115,368,847
Marcus Corp/Milw City Center/Pfister	106,973,437
Metropolitan Associates	102,939,661
411 E Wisconsin – FMC Investment Opportunities	91,099,838
Jackson Street Holdings	87,317,810
Gorman & Co.	83,501,052

Source: City of Milwaukee, Assessor's Office January 2017.

DEBT STRUCTURE

The City of Milwaukee has never defaulted in the payment of the principal or interest on its debt obligations, nor has the City issued any refunding securities for the purpose of preventing default in principal or interest on its debt obligations.

Legal Debt Limitations

Section 67.03 of the Wisconsin Statutes, as supplemented and amended, limits direct general obligation borrowing by the City to an amount equivalent to five percent of the equalized valuation of taxable property within the City. Section 119.49 of the Wisconsin Statutes, as supplemented and amended, further authorizes referendum approved-bonding in an additional amount equivalent to two percent of the equalized taxable property within the City for school capital purposes.

Debt Margin (Includes the Offered Obligations to be issued by the City)

Equalized Value of Taxable Property in the City.....		\$27,042,046,500
Legal Debt Limitation for City Borrowing		
5% of Equalized Value.....		\$1,352,102,325
General Obligation Debt Outstanding subject to 5% Limit as of 05/01/17.....	\$887,030,000	
Plus: 2016 N4, B5, T6 and T7.....	150,440,000*	
Less: Provision for current year maturities.....	(16,950,000)	
Less: General Obligation Debt to be Refunded.....	(77,150,000)	
Net General Obligation Debt Outstanding subject to the 5% Limit as of 05/01/17.....		\$943,370,000*
Total Debt Margin for City Borrowing (in Dollars).....		\$408,732,325*
As a percentage.....		30.2%*
Legal Debt Limitation for School Purpose Borrowing		
2% of Equalized Value.....		\$540,840,930
General Obligation Debt Outstanding subject to 2% Limit as of 05/01/17.....	\$9,267,507	
Less: Provision for current year maturities.....	—	
Net General Obligation Debt Outstanding subject to the 2% Limit as of 05/01/17.....		\$9,267,507
Total Debt Margin for School Purpose Borrowing (in Dollars).....		\$531,573,423
(As a percentage).....		98.3%

* Preliminary, subject to change.

**Analysis of General Obligation Debt
Outstanding as of May 1, 2017**

Streets.....	\$200,162,895
Tax Increment Districts.....	194,565,247
Public Buildings.....	130,616,169
Schools (under the 5% City debt limit).....	70,641,631
Municipal Expenses.....	70,705,679
Bridges.....	39,717,896
Blight Elimination/Urban Renewal.....	37,221,661
Police.....	29,909,686
Finance Real & Personal Property Tax Receivables.....	26,610,000
Library.....	23,770,077
Fire.....	18,941,842
Water.....	14,931,632
Sewers.....	10,836,832
Parking.....	10,593,994
Playground/Recreational Facilities.....	4,242,300
Harbor.....	3,473,250
Local Improvement Projects/Special Assessments.....	89,206
	<hr/>
Total GO Debt subject to the 5% City Debt Limit.....	\$887,030,000
	<hr/>
GO Debt subject to the 2% School Purpose Debt Limit...	9,267,507
	<hr/>
Total Outstanding GO Debt.....	\$896,297,507
	<hr/> <hr/>

**Composition of General Obligation Debt
Outstanding as of May 1, 2017**

Total GO Debt Outstanding	\$896,297,507
Less: Revenue Bond Anticipation Notes	(6,650,000)
Less: Debt to be refunded	(77,150,000)
Less: Cash Flow Notes	0
	<hr/>
Total Long-Term Fixed Rate GO Debt	\$812,497,507
Less: Amounts on Deposit in Sinking Funds	(13,475,000)
	<hr/>
Net Long-Term Fixed Rate GO Debt	\$799,022,507

General Obligation Debt Service Requirements

The following indicates the annual requirements of principal and interest on the general obligation debt of the City.

	Total Fixed Rate G.O. Debt Service as of 05/01/17 (1)		Series 2016 N4, B5, T6 and T7*		Total Requirements After Issuance*
	Principal (2)	Interest	Principal	Interest**	
2017	\$ 17,875,000	\$ 19,199,660		\$ 2,778,961	\$ 39,853,621
2018	158,783,544 (3)	30,814,220	\$ 13,520,000	7,184,000	210,301,764
2019	89,576,727	27,076,353	13,575,000	6,506,625	136,734,704
2020	82,431,322	23,838,000	13,775,000	5,822,875	125,867,197
2021	70,683,148	20,526,262	13,850,000	5,132,250	110,191,661
2022	60,639,005	18,737,385	14,100,000	4,433,500	97,909,890
2023	57,728,761	16,218,864	13,225,000	3,750,375	90,923,001
2024	54,525,000	10,465,074	12,090,000	3,117,500	80,197,574
2025	49,755,000	8,376,142	12,165,000	2,511,125	72,807,267
2026	40,270,000	6,469,996	12,090,000	1,904,750	60,734,746
2027	34,270,000	4,187,134	12,160,000	1,298,500	51,915,634
2028	26,735,000	2,227,056	3,825,000	898,875	33,685,931
2029	20,765,000	1,448,718	3,855,000	706,875	26,775,593
2030	16,145,000	851,234	3,635,000	519,625	21,150,859
2031	10,785,000	414,586	3,645,000	337,625	15,182,211
2032	4,780,000	171,444	3,675,000	154,625	8,781,069
2033	3,275,000	47,184	615,000	47,375	3,984,559
2034	0	0	640,000	16,000	656,000
	<u>\$799,022,507 (4)</u>	<u>\$191,069,314</u>	<u>\$150,440,000</u>	<u>\$47,121,461</u>	<u>\$1,187,653,282</u>

(1) Excludes debt to be refunded.

(2) Assumes Sinking Fund Deposits in year due.

(3) Includes \$62 million for Series 2013 T6 that were issued to permit payment in advance to the City's retirement system. If the program is not repeated, the amount will be repaid from the amount normally budgeted for the annual contribution, thus returning the contribution to a payment made in arrears.

(4) Excludes \$13,475,000 on deposit in the sinking fund accounts.

* Preliminary, subject to change.

** Assumes an interest rate of 5.00%.

Trends of General Obligation Debt

(Thousands of Dollars)

Year 12/31	Total GO Debt	Self-Sustaining GO Debt*	Levy Supported GO Debt
2012	\$ 846,299	\$319,662	\$526,637
2013	872,014	295,522	576,492
2014	863,465	276,231	587,234
2015	892,221	263,175	629,046
2016	1,012,043	315,618	696,425

* General Obligation debt whose debt service requirements are paid by non-Citywide property tax revenues.

Trends of Self-Sustaining General Obligation Debt
(Thousands of Dollars)

Year 12/31	TID Program	Parking Program	Special Assessments	Delinquent Taxes (1)	Water (2)	Sewer (2)	Total Self-Sustaining
2012	\$189,351	\$11,684	\$9,505	\$56,201	\$18,727	\$34,194	\$319,662
2013	179,475	11,443	2,286	58,033	15,791	28,494	295,522
2014	171,810	11,533	1,242	55,927	12,670	23,049	276,231
2015	167,898	11,768	561	54,648	10,158	18,142	263,175
2016	209,504	11,702	170	51,039	28,342	14,860	315,618

General Obligation debt whose debt service requirements are paid by non-Citywide property tax revenues.

- (1) Debt issued for Delinquent Tax Purposes is paid from collections of the delinquent taxes.
(2) Includes Revenue Bond Anticipation Notes.

**Ratio of General Obligation Debt
to Equalized and Assessed Values and to Per Capita**

Year 12/31	Population (1)	Net Equalized Valuation	Assessed Valuation	Total GO Debt	GO Debt/Net EV	GO Debt/AV	GO Debt/capita
2012	595,425	\$26,421,932,000	\$25,322,100,578	\$846,299,150	3.20%	3.34%	1,421
2013	596,500	26,089,611,100	25,034,158,099	872,014,150	3.34	3.48	1,462
2014	595,993	26,138,108,100	25,024,542,439	863,464,646	3.30	3.45	1,449
2015	595,787	25,980,469,600	25,262,963,417	892,221,179	3.43	3.53	1,498
2016	594,667	27,042,046,500	25,974,258,965	1,012,042,745	3.74	3.90	1,702

- (1) Population estimate from the Wisconsin Department of Revenue for use in the distribution of State Shared Revenues.

The Public Debt Amortization Fund may be used to purchase and prepay City GO Debt. Assuming the unsegregated fund balance is used to prepay City GO Debt at year-end, the following results would have occurred:

Year 12/31	PDAF Unsegregated Balance	GO Debt /Net EV	GO Debt /capita
2012	\$57,413,536	2.99%	\$1,325
2013	56,790,600	3.12%	1,367
2014	61,857,951	3.07%	1,345
2015	59,993,868	3.20%	1,397
2016 (1)	59,993,868	3.52%	1,601

- (1) 12/31/16 balance is unknown at this time. Assumes balance is unchanged for the year.

**Computation of Net Direct and Overlapping Debt
May 1, 2017**

Governmental Unit	Debt Outstanding As of May, 2017	Percentage Applicable	Share of Debt As of May, 2017
City of Milwaukee (1)	\$952,637,507	100.00%	\$952,637,507
Area Board of Vocational, Technical and Adult Education, District No. 9	113,445,000	36.09	40,938,677
County of Milwaukee	678,571,935	44.83	304,179,079
Milwaukee Metropolitan Sewerage District..	828,823,122	45.70	378,736,427
Total Net Direct and Overlapping Debt.....	\$2,573,477,564		\$1,676,491,690

(1) Includes \$79.9 million general obligation debt outstanding, which financed Milwaukee Public Schools improvements. Figure includes the new issue, and excludes debt to be refunded and provisions for current year maturities.

Future Financing

Prior to the issuance of the Offered Obligations, the City has \$681 million authorized unissued general obligation debt for various corporate and capital improvement purposes, which can be issued at any time. The City also has \$400 million of authorized unissued revenue anticipation borrowing for City and School cash flow purposes.

The City has \$83.8 million on Lines of Credit outstanding which can be refinanced with General Obligation Debt. \$24.15 million for new capital purposes, and \$53.0 million for refunding purposes will be refinanced with this issue, and \$6.65 million are anticipated to be permanently financed with Water Revenue Bonds.

The authorized unissued general obligation debt includes \$107 million for sewer purposes and \$30 million for water purposes. The sewer purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Clean Water Fund Program. The water purpose debt is anticipated to be financed on a revenue bond basis, including second lien revenue bonds sold to the State of Wisconsin Safe Drinking Water Loan Program.

See “**FINANCIAL INFORMATION – City Capital Improvement Plan**” herein for information on potential future capital needs.

City Capital Improvement Plan

The City's 2017-2021 Draft Capital Improvement Plan ("CIP") outlines planned capital improvement projects and programs. Some school purpose improvements are financed by the City for Milwaukee Public School, but are not included in the CIP.

2017-2021 Draft Capital Improvement Plan

(amounts in '000s)

	2017	2018	2019	2020	2021	Total
Transportation	45,301	41,784	49,530	51,763	49,037	237,415
Redevelopment and Blight Elimination	6,300	6,250	6,800	6,750	7,300	33,400
Public Safety	11,206	7,335	10,380	9,791	16,100	54,812
Miscellaneous	41,405	44,318	39,367	37,348	27,862	190,300
Total General City	104,212	99,687	106,077	105,652	100,299	515,927
GO Borrowing	89,767	84,777	91,167	90,417	85,539	441,667
Cash Levy	1,200	1,200	1,200	1,200	1,200	6,000
Special Assessment	1,810	2,275	2,275	2,600	2,125	11,085
Cash Revenues	11,435	11,435	11,435	11,435	11,435	57,175
Total Revenues for General City	104,212	99,687	106,077	105,652	100,299	515,927
Improvements						
Tax Incremental Districts	23,500	23,500	23,500	23,500	23,500	117,500
GO Borrowing repaid by TID Increment	20,000	20,000	20,000	20,000	20,000	100,000
Developer Financed	3,500	3,500	3,500	3,500	3,500	17,500
Water (Water Revenue Bonds)	31,935	34,195	33,735	36,915	37,810	174,590
Sewer (Sewer Revenue Bonds)	42,374	40,874	41,045	41,200	41,200	206,693
Total Capital Improvements	202,021	198,256	204,357	207,267	202,809	1,014,710

Lines of Credit and Other Liquidity

The City has an \$80,000,000 line of credit with US Bank National Association, and a \$150,000,000 line of credit with JPMorgan Chase Bank, N.A (a "Line", or collectively, the "Lines"). Both Lines are secured by the general obligation pledge of the City, permit the City to draw and repay at any time, with interest rates based upon 1-month LIBOR. Each Line may be terminated upon specified events. If a Line's draw period is not extended, or if terminated, the City has 18 months, from the end of the draw period or termination date, to repay the Line (the "Term-out Period"). The Term-out Period gives the City at least six months to refund or payoff the Line before being required levy taxes for the payment of the outstanding amount of the Line.

Draw on the Lines may be made at any time for any purpose, including the purposes described in Future Financing above. The primary purpose of the Lines is to provide interim financing for expenditures pending the City's next long-term financing and short-term cash flow needs. In addition, \$30 million of the US Bank Line is being used on a long-term basis as variable rate debt. As of May 1, 2017, the City had \$83.8 million outstanding on the Lines, of which \$477.15 million will be refinanced with the Offered Obligations.

Other Variable Rate Exposure

Other than the Lines of Credit, the City does not have any other form of variable rate debt outstanding. It is anticipated that, over time, when the use of variable rate debt is more advantageous, up to 15-25% of the tax levy supported long-term general obligation debt will be in the form of variable rate debt.

In 2003, the Redevelopment Authority of the City of Milwaukee, on behalf of the Milwaukee Public Schools, issued \$130,850,000 of Taxable Pension Funding Bonds, 2003 Series D in Auction Rate Mode and insured by MBIA. In 2005, the 2003 Series D bonds were converted to Index Bonds (“IB”) whose interest rate is reset monthly to 1-month LIBOR + 25 basis points. The IB bond owners do not have an option to put the bonds. The 2003 Series D bonds also have an interest rate swap that pays Milwaukee Public Schools 1-month LIBOR + 20 basis points in exchange for a fixed rate of 5.56% paid by Milwaukee Public Schools, effectively converting the IB to a fixed rate with no basis risk.

REVENUE BONDING

The City has issued revenue bonds for its Water and Sewerage Systems and has issued industrial revenue bonds on behalf of borrowers for eligible projects. Additionally, the Housing Authority of the City (the “*Housing Authority*”), the Redevelopment Authority of the City (the “*Redevelopment Authority*”), the Milwaukee Economic Development Corporation and related entities also have outstanding obligations. Collectively, the programs of the Housing and Redevelopment Authorities and Milwaukee Economic Development Corporation complement the City-financed economic development projects and foster the same development objectives.

Water System Revenue Bonds – In 2016, with the consent of the State, the City publically sold and issued \$10,000,000 of Water System Revenue Bonds on a senior lien basis to loans from the State of Wisconsin Safe Drinking Water Loan Program. Additional senior lien bonds may be issued without the consent of the State. As of May 1, 2017, total outstanding Water System Revenue Bonds was \$10 million with a final maturity in 2036.

Beginning in 1998, the City entered into loan agreements under the State of Wisconsin Safe Drinking Water Loan Program. Subsidized loans are available for certain projects, are secured by revenues of the Milwaukee Water Works, and are repayable over a period of 20 years. As of May 1, 2017, the outstanding balance was \$25.5 million.

Sewerage System Revenue Bonds – In 2001, the City created the Sewerage System Revenue Bonds with the issuance of \$29,095,000 of Sewerage System Revenue Bonds, and has periodically issued debt under the Resolution. Additional senior lien bonds may be issued without the consent of the State. As of May 1, 2017, total outstanding Sewerage System Revenue Bonds was \$164.6 million with a final maturity in 2036.

In 2006, the City created the Sewerage System Second Lien Revenue Bonds for the purpose of borrowing from the State of Wisconsin Clean Water Fund Program. Subsidized loans are available for certain projects, are secured by revenues of the Sewerage System, and are repayable over a period of 20 years. As of May 1, 2017, the outstanding balance was \$114.5 million. The City hopes to satisfy as much as possible of its Sewerage System capital needs with borrowings under the Program. (See “**Future Financing**”).

Industrial Revenue Bonding Program – The City has established guidelines relating to its Industrial Revenue Bonding Program. These guidelines establish criteria for IRB financing. The guidelines delineate that the primary goals of this program are to create additional tax base, additional jobs, or both. Industrial land, buildings, and machinery and equipment used in the manufacturing process and pollution abatement equipment of new or expanding industries are eligible projects. Since the first IRB issue in 1973, the City has closed 125 issues amounting to approximately \$265 million. The City has no responsibility to either secure or redeem IRB debt, and thus neither guarantees nor lends its own credit to these obligations.

Housing Authority of the City of Milwaukee – Most of the Housing Authority bonds and notes are secured by a lien on all revenues of the Housing Authority Low Income Housing Program. The Housing Authority has also issued debt for “stand alone” projects. The Housing Authority bonds and notes are limited obligations of the Housing Authority and are neither a general obligation of the City nor are they guaranteed by the City. As such, they are not backed by the general credit or taxing powers of the City.

As of December 31, 2015, the Housing Authority had outstanding \$18.4 million of Mortgage Revenue Bonds and \$4.4 million of Mortgage Notes.

Redevelopment Authority of the City of Milwaukee – The Redevelopment Authority is a public body corporate and politic formed in 1958 by action of the Common Council of the City pursuant to the Section 66.1333 (formerly Section 66.431) of the Wisconsin Statutes, as supplemented and amended (“Redevelopment Authority Act”).

The Redevelopment Authority has as its purpose the carrying out of blight elimination, slum clearance and urban renewal programs and projects as set forth in the Redevelopment Authority Act, and is authorized under the Redevelopment Authority Act to issue revenue bonds for the financing of such programs and projects, and to enter into revenue agreements to provide revenues for the payment of such revenue bonds.

Since its creation, the Redevelopment Authority has provided for the acquisition and improvement of a variety of industrial, commercial, housing and other revenue producing projects, and, in some instances, has entered into revenue agreements for the financing thereof, pursuant to authorization contained in the Redevelopment Authority Act. In connection with the financing of a number of such projects, the Redevelopment Authority has issued revenue bonds under a number of authorizing resolutions and indentures, each of which contained separate terms and conditions relating to the respective issues of revenue bonds. In each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City’s general credit or taxing power.

The majority of these issues are supported solely by the revenues of the various projects. While in each instance, the bonds issued constitute limited obligations of the Redevelopment Authority, and do not constitute an indebtedness of the City or a charge against the City’s general credit or taxing power, there are certain issues which involve contingent liabilities of the Redevelopment Authority and/or the City.

As of May 1, 2017, the Redevelopment Authority had outstanding: one bond issue with \$20 million outstanding that has a moral obligation pledge of the City; and \$271 million in seven bond issues for Milwaukee Public Schools, four secured by leases, and three secured by loan agreements, with the Milwaukee Board of School Directors (“MBSD”). These bonds do not constitute general obligations of the City, or of MBSD, and shall not constitute or give rise to a charge against the City’s, or MBSD’s, taxing powers. The loan agreements with MBSD includes a pledge of certain state aid payable to MBSD.

The Redevelopment Authority has also issued debt payable from tax increment revenues. (See “**TAX INCREMENT DISTRICT FINANCING**” herein).

Milwaukee Economic Development Corporation – As of December 31, 2016, the Milwaukee Economic Development Corporation, itself, or through related entities, funded loans for 1,220 businesses and projects utilizing \$359 million to leverage a total of \$1.7 billion in investment. 1,061 loans have been enrolled in the Capital Access Program with covered loan amounts totaling \$60 million.

TAX INCREMENT DISTRICT FINANCING

Five issues of the Redevelopment Authority and Housing Authority involving over \$60 million in bonds have financed projects located within tax increment districts (“*TID*”) of the City. The City has also financed public improvements and provided grants to the Redevelopment Authority for redevelopment purposes within such districts through the issuance of its general obligation bonds. As of December 31, 2016, \$210 million general obligation bonds for TID purposes were outstanding. Under current law, tax increments received by the City have been calculated based upon the assessed valuation and the applicable tax levy in the TID. The applicable tax levy includes the public school tax levy rate for Milwaukee Public Schools.

The Redevelopment Authority of the City has approximately \$15 million of debt secured by tax increment revenues. The debt is owed to developers of projects within the TID, with no recourse to the City in the event that tax increment revenues are insufficient to repay the obligations. Pursuant to 2003 Wisconsin Acts 126, 127, 194 and 231 (enacted in February through April 2004), the allowable life of TIDs created between September 30, 1995 and October 1, 2004 for blight elimination and rehabilitation purposes is 27 years. The maximum lives for TIDs created after September 30, 2004 is 27 years for blighted and rehabilitation TIDs, and 20 years for mixed use TIDs and industrial TIDs, which, for industrial TIDs represents a reduction from 23 years, though the new law also makes them eligible for a three year extension under certain circumstances. In any year in which total TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the City’s general property tax levy.

FINANCIAL INFORMATION

Budgeting

Each department and agency prepares its own detailed estimate of needs for the ensuing fiscal year which is filed with the Mayor not later than the second Tuesday in May of each year, at which time the Comptroller submits a statement of anticipated non property tax revenues in accordance with City Charter provisions. Under the City Charter, changes to these non-property tax revenue estimates can be made only by the Comptroller. The Mayor holds hearings on departmental spending requests during July and August at the times and places the Mayor or Common Council by ordinance directs. The Mayor submits a proposed budget to the Common Council on or before September 28th of each year. This budget includes the Comptroller’s anticipated non property tax revenues. Subsequent to receipt of the budget by the Common Council, its Committee on Finance and Personnel reviews the Mayor’s proposed expenditure budget. The Mayor and Common Council hold a public hearing on the entire budget no later than the 30th day of October. The Common Council subsequently adopts a property tax levy, but cannot change the Comptroller’s anticipated revenues budget. The final budget must be adopted by the 14th of November. The City is under no State or local levy limits with respect to General Obligation Debt Service.

Adopted Budget – Combined Revenues – 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Taxes						
Property Tax – General	\$115,212,740		\$65,280,205	\$300,000		\$180,792,945
Provision for Employee Retirement (1).....	77,982,361					77,982,361
Contingent Fund.....	5,000,000					5,000,000
Total Taxes.....	\$198,195,101		\$65,280,205	\$300,000		\$263,775,306
Revenues						
Taxes and PILOT	\$ 17,698,600					\$ 17,698,600
Licenses and Permits.....	16,203,300					16,203,300
Intergovernmental Revenues.....	266,288,200	\$45,199,364				311,487,564
Charges for Service	153,292,207					153,292,207
Fines and Forfeitures.....	3,703,000					3,703,000
Miscellaneous Revenues.....	20,659,500	8,215,000				28,874,500
Fringe benefits (2).....	23,000,000					23,000,000
Parking	16,600,000		\$ 2,868,872	\$ 5,000,000	\$ 16,321,702	40,790,574
Water Works			2,707,316	7,272,000	89,047,684	99,027,000
Sewer Maintenance Fund.....			4,325,177	2,900,000	56,453,281	63,678,458
Retained Earnings					24,668,886	24,668,886
Delinquent Taxes			28,703,740			28,703,740
Tax Incremental Districts.....			27,909,210			27,909,210
Other Self Supporting Debt			31,104,024			31,104,024
Cash Flow borrowings			126,000,000			126,000,000
Special Assessments		11,582,033		1,517,000		13,099,033
Capital Revenue				15,592,000		15,592,000
Total Revenues	\$517,444,807	\$64,996,397	\$223,618,339	\$32,281,000	\$186,491,553	\$1,024,832,096
Tax Stabilization Fund						
Transfer from Reserves.....	\$27,579,000					\$27,579,000
Sale of Bonds and Notes						
General City				\$133,620,000		133,620,000
Enterprise Funds.....				59,482,000		59,482,000
Grand Total.....	\$743,218,908	\$64,996,397	\$288,898,544	\$225,683,000	\$186,491,553	\$1,509,288,402

(1) Includes employer and employee pension contributions and City employers' share of FICA.

(2) For budgeting purposes, Fringe Benefits are used as an offset against expenditures since these costs are budgeted twice, both as a lump sum and as individual departmental expenditures.

Adopted Budget – Combined Appropriations – 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>Total</u>
Expenditures						
Administration, Dept of	\$ 14,288,391			\$ 3,045,000		\$ 17,333,391
Assessor's Office	4,768,408			350,000		5,118,408
City Attorney.....	7,617,505					7,617,505
City Treasurer	3,070,162					3,070,162
Common Council – Clerk	9,246,234			438,000		9,684,234
Municipal Court.....	3,246,142			384,000		3,630,142
Comptroller	5,137,455					5,137,455
City Development	5,017,952			53,517,000		58,534,952
Election Commission	1,397,836					1,397,836
Employee Relations	4,194,034					4,194,034
Fire and Police Commission	2,459,390					2,459,390
Fire Department	121,285,659			2,948,000		124,233,659
Health Department	13,532,230			731,000		14,263,230
Library Board.....	23,601,494			2,844,000		26,445,494
Mayor's Office.....	1,453,404					1,453,404
Neighborhood Services.....	20,227,833			2,900,000		23,127,833
Police Department.....	302,083,020			7,589,000		309,672,020
Port of Milwaukee.....	5,975,792			640,000		6,615,792
DPW–Administration	3,177,829					3,177,829
DPW–Infrastructure.....	39,669,916			56,994,000		96,663,916
DPW–Operations	82,732,508			9,910,000		92,642,508
Water Works			\$ 2,707,316	29,210,000	\$ 99,319,684	131,237,000
Sewer Maintenance Fund.....			4,325,177	38,714,000	65,850,167	108,889,344
Special Purpose Accounts.....	144,448,289					144,448,289
Pension Funds	105,225,776					105,225,776
Debt Service – City.....			139,755,006			139,755,006
Debt Service – Schools.....			13,242,173			13,242,173
Debt Service – Cash Flow			126,000,000			126,000,000
Contingency	5,000,000					5,000,000
Delinquent Tax Fund		\$ 8,215,000				8,215,000
Parking			2,868,872	6,730,000	21,321,702	30,920,574
Grant & Aid Fund		45,199,364				45,199,364
Special Capital Projects				8,739,000		8,739,000
Economic Development.....		11,582,033				11,582,033
Fringe Benefit Offset	(185,638,351)					(185,638,351)
Grand Total.....	\$743,218,908	\$64,996,397	\$288,898,544	\$225,683,000	\$186,491,553	\$1,509,288,402

Budgetary Comparison Schedule – General Fund
For The Years Ending December 31, 2011 Through 2015
(Thousands of Dollars)

	2011	2012	2013	2014	2015
Revenues:					
Property Taxes	166,841	167,927	172,594	179,269	190,318
Other Taxes.....	4,371	3,363	3,544	6,091	2,765
Licenses and Permits	13,289	14,410	15,030	16,063	16,629
Intergovernmental.....	273,240	260,141	259,735	260,886	263,350
Charges for Services	103,493	108,190	111,881	114,743	120,908
Fines and Forfeitures	5,076	5,042	4,492	4,577	4,110
Other	13,387	23,483	35,378	32,284	28,486
Total General Fund Revenues	579,697	582,556	602,654	613,913	626,566
Tax Stabilization Fund Withdrawals.....	14,600	13,767	14,900	20,000	16,700
Other Financing Sources and Equity.....					
Transfers (Net).....	46,199	47,470	107,770 (1)	49,492	50,906
Total General Fund Revenues Tax Stabilization Fund Withdrawals and Other Financing Sources	640,496	643,793	725,324	683,405	694,172
Expenditures:					
General Government.....	229,556	208,013	313,667 (1)	254,418	239,232
Public Safety.....	258,994	265,900	270,680	267,344	293,085
Public Works	96,557	93,421	99,907	103,244	101,007
Health	8,872	8,656	9,147	9,028	9,459
Culture and Recreation	15,566	15,912	15,900	16,342	16,669
Conservation and Development.....	3,991	4,320	3,379	3,519	3,816
Total Expenditures	613,536	596,222	712,680	653,895	663,268
Sources Over (Under) Expenditures	26,960	47,571	12,644	29,510	30,904
Fund Balance - January 1 (excludes reserved for use during the year).....	45,026	58,219	90,890	83,534	96,344
Fund Balance - December 31.....	71,986	105,790	103,534	113,044	127,248
Fund Balance Components:					
Nonspendable	15,044	15,721	15,389	17,301	17,094
Restricted	0	0	0	0	0
Committed	2,995	1,835	1,741	1,587	2,035
Assigned	26,778	35,915	43,172	44,150	46,404
Unassigned.....	27,169	52,319	43,232	50,006	61,715
Total Fund Balance	71,986	105,790	103,534	113,044	127,248
<hr/>					
(1) \$62 million was borrowed in 2013 for a pension early payment program.					
Tax Stabilization Fund (free fund balance)					
Reserved for Next Year's Budget.....	13,767	14,900	20,000	16,700	21,087
Reserved for Subsequent Years' Budget.....	34,937	59,800	49,947	56,599	61,715

City of Milwaukee
General Fund – Actual 2016 Cashflow Summary
(Millions of Dollars)
(Estimated)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Balance.....	125.301	112.582	71.178	35.244	7.063	98.172	25.028	160.617	147.642	113.987	99.756	191.639	
Receipts													
Property Taxes	6.297	8.044	24.899	9.381	7.895	18.731	66.138	21.847	14.496	14.920	4.648	56.593	253.889
State Aids													
Shared Revenue.....	-	-	-	-	-	-	41.571	-	-	-	186.239	-	227.810
Highway Aids	6.388	-	-	6.388	-	-	8.592	-	-	6.388	-	-	27.756
Payment Muni. Services ..	-	2.336	-	-	-	-	-	-	-	-	-	-	2.336
Computer Exemption Aid.....	-	-	-	-	-	-	5.290	-	-	-	-	-	5.290
Other.....	32.873	11.637	5.921	6.205	13.831	3.079	7.814	14.483	7.093	7.849	9.695	11.309	131.789
Pension Fees.....	2.220	10.400	0.365	1.939	2.526	2.516	1.142	2.263	0.970	0.972	1.478	1.550	28,341
City Services Fees.....	3.314	3.283	2.780	2.334	2.799	2.440	2.279	3.092	2.255	3.845	5.757	3.724	37,902
City PILOTS (Major).....	-	-	-	-	-	-	-	-	-	-	-	15.146	15,146
Parking Transfers	-	-	-	-	-	8.250	-	-	-	-	-	9.168	17,418
Summerfest Lease.....	-	-	-	-	-	-	-	-	-	-	-	1.501	1,501
Street Sweeping.....	-	-	-	-	-	9.063	-	-	-	-	-	9.559	18,622
Vehicle Registration Fee....	0.431	0.425	0.618	0.728	0.609	0.603	0.608	0.551	0.592	0.542	0.529	0.484	6,720
Potawatomi PILOT	-	-	-	-	-	-	-	5.575	-	-	-	-	5,575
Year End Transfers	56.312	-	-	-	-	-	-	-	-	-	-	-	56,312
Delinquent Taxes Transfer..	-	-	-	-	22.389	-	-	-	-	-	-	-	22,389
Note Proceeds (1).....	-	-	-	-	94.479	-	50.061	-	-	-	-	-	144,540
Total Receipts	107.835	36.125	34.583	26.975	144.528	44.682	183.495	47.811	25.406	34.516	208.346	109.034	1,003.336
Disbursements													
Salaries & Benefits.....	42.377	40.123	61.151	46.456	42.327	49.325	40.280	48.492	50.290	40.531	57.418	61.942	580.712
Services & Supplies	18.177	11.589	9.366	8.700	11.092	6.927	7.626	12.294	8.771	8.216	9.545	11.148	123.451
Employer Pension Contribution	60.000	-	-	-	-	-	-	-	-	-	-	-	60,000
Purchase Tax Delinquents..	-	25.817	-	-	-	-	-	-	-	-	-	-	25,817
Contractual Tax Payment...	-	-	-	-	-	61.574	-	-	-	-	-	-	61,574
Year End Transfers	-	-	-	-	-	-	-	-	-	-	-	40.000	40,000
Note Principal Repayment (1)	-	-	-	-	-	-	-	-	-	-	49.500	90.000	139,500
Total Disbursements	120.554	77.529	70.517	55.156	53.419	117.826	47.906	60.786	59.061	48.747	116.463	203.090	1,031.054
Balance.....	112.582	71.178	35.244	7.063	98.172	25.028	160.617	147.642	113.987	99.756	191.639	97.583	

Maximum deficit occurs in July and November.

(1) Includes the CFNs and extended municipal commercial paper for cash flow purposes.

City of Milwaukee
General Fund – Projections 2017 Cashflow Summary
(Millions of Dollars)

	January	February	March	April	May	June	July	August	September	October	November	December	Total
Balance	97.583	65.145	12.674	(3.775)	(27.260)	91.573	13.927	96.834	89.250	61.725	44.843	183.641	
Receipts													
Property Taxes	6.368	8.135	25.180	9.487	7.984	18.943	66.884	22.093	14.659	15.088	4.701	57.231	256.753
State Aids													
Shared Revenue.....	-	-	-	-	-	-	41.857	-	-	-	186.182	-	228.039
Highway Aids	6.447	-	-	6.447	-	-	7.042	-	-	6.447	-	-	26.383
Payment Muni. Services ..	-	2.105	-	-	-	-	-	-	-	-	-	-	2.105
Computer Exemption Aid.....	-	-	-	-	-	-	6.200	-	-	-	-	-	6.200
Other.....	31.533	11.170	5.683	5.907	13.276	2.955	7.501	13.901	6.808	7.534	9.108	11.102	126.498
Pension Fees.....	2.082	1.566	0.512	2.036	2.605	2.595	1.264	2.350	1.098	1.099	1.590	1.659	20.456
City Services Fees.....	3.460	3.427	2.903	2.437	2.923	2.547	2.379	3.228	2.354	4.015	6.010	3.888	39.571
City PILOTS (Major).....	-	-	-	-	-	-	-	-	-	-	-	15.000	15.000
Parking Transfers	-	-	-	-	-	8.300	-	-	-	-	-	8.713	17.013
Summerfest Lease.....	-	-	-	-	-	-	-	-	-	-	-	1.516	1.516
Street Sweeping.....	-	-	-	-	-	9.813	-	-	-	-	-	10.309	20.122
Vehicle Registration Fee....	0.424	0.418	0.607	0.715	0.598	0.562	0.597	0.541	0.582	0.532	0.519	0.475	6.600
Potawatomi PILOT	-	-	-	-	-	-	-	5.575	-	-	-	-	5.575
Year End Transfers	40.000	-	-	-	-	-	-	-	-	-	-	-	40.000
Delinquent Taxes Transfer.	-	-	-	-	24.373	-	-	-	-	-	-	-	24.373
Note Proceeds (1).....	-	-	-	-	120.000	-	-	-	-	-	-	-	120.000
Total Receipts	90.334	26.821	34.885	27.079	171.759	45.745	133.724	47.688	25.501	34.715	208.110	109.893	956.204
Disbursements													
Salaries & Benefits.....	43.595	41.588	41.968	41.814	41.834	57.222	43.191	42.978	44.255	43.381	59.762	43.961	545.549
Services & Supplies	18.177	11.589	9.366	8.700	11.092	6.927	7.626	12.294	8.771	8.216	9.550	11.143	123.451
Employer Pension Contribution	61.000	-	-	-	-	-	-	-	-	-	-	-	61.000
Purchase Tax Delinquents..	-	35.658	-	-	-	-	-	-	-	-	-	-	35.658
Contractual Tax Payment...	-	-	-	-	-	59.242	-	-	-	-	-	-	59.242
Year End Transfers	-	-	-	-	-	-	-	-	-	-	-	40.000	40.000
Note Principal Repayment (1)	-	-	-	-	-	-	-	-	-	-	-	120.000	120.000
Total Disbursements	122.772	79.292	51.334	50.514	52.926	123.391	50.817	55.272	53.026	51.597	69.312	215.104	975.357
Balance	65.145	12.674	(3.775)	(27.260)	91.573	13.927	96.834	89.250	61.725	44.843	183.641	78.430	

Maximum deficit occurs in July and November.

(1) Includes the CFNs and anticipated draws on line of credit for cash flow purposes.

City of Milwaukee
General Fund
Schedule of Cash Receipts and Disbursements
for the Year Ended December 31, 2016
(Millions of Dollars)

	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)
January	\$125.301	\$107.835	\$120.554	\$112.582
February	112.582	36.125	77.529	71.178
March	71.178	34.583	70.517	35.244
April	35.244	26.975	55.156	7.063
May	7.063	144.528 (1)	53.419	98.172
June	98.172	44.682	117.826	25.028
July	25.028	183.495 (2)	47.906	160.617
August	160.617	47.811	60.786	147.642
September	147.642	25.406	59.061	113.987
October	113.987	34.516	48.747	99.756
November	99.756	208.346	116.463 (3)	191.639
December (4)	191.639	109.034	203.090 (3)	97.583
		<u>\$1,003.336</u>	<u>\$1,031.054</u>	

(1) \$90 million of CFNs were issued.

(2) \$50 million of EMCP were issued

(3) \$50 million of EMCP were repaid in November, and \$90 million of CFNs in December.

(4) Estimated.

General Fund
Projected Schedule of Cash Receipts and Disbursements
for the Year Ended December 31, 2017
(Millions of Dollars)

	Beginning Cash Balance (Deficit)	Receipts	Disbursements	Ending Cash Balance (Deficit)	Ending Cash Balance Excluding Borrowing of \$120 Million
January	\$97.583	\$90.334	\$122.772	\$65.145	\$65.145
February	65.145	26.821	79.292	12.674	12.674
March	12.674	34.885	51.334	(3.775)	(3.775)
April	(3.775)	27.079	50.514	(27.260)	(27.260)
May	(27.260)	171.759 (1)	52.926	91.573	(28.427)
June	91.573	45.745	123.391	13.927	(106.073)
July	13.927	133.724	50.817	96.834	(23.166)
August	96.834	47.688	55.272	89.250	(30.750)
September	89.250	25.501	53.026	61.725	(58.275)
October	61.725	34.715	51.597	44.843	(75.157)
November	44.843	208.110	69.312	183.641	63.641
December	183.641	109.893	215.104 (2)	78.430	78.430
		<u>\$956.204</u>	<u>\$975.357</u>		

(1) Amount includes CFN principal receipts.

(2) Amount includes CFN principal repayment.

City of Milwaukee
Schedule of Cash and Investment Balances – All Funds – 2016
(Millions of Dollars)

	General Fund (1)	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds (1)	Total
January	\$112.582	\$297.157	\$82.276	\$195.016	\$687.031
February	71.178	235.329	85.844	212.082	604.433
March	35.244	184.375	87.929	280.288	587.836
April	7.063	178.003	92.098	254.008	531.172
May	98.172	252.488	93.021	(10.200)	433.481
June	25.028	215.957	83.101	(0.425)	323.681
July	160.617	207.836	88.417	(38.665)	418.205
August	147.642	241.696	72.093	(23.767)	437.664
September	113.987	204.813	39.243	(50.505)	307.538
October	99.756	244.080	48.490	52.675	400.001
November	191.639	182.911	67.248	(24.718)	417.080
December (estimate)	97.583	244.296	83.322	269.236	694.437

(1) Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., and the Neighborhood Improvement Development Corp.

City of Milwaukee
Projected Schedule of Cash and Investment Balances – All Funds – 2017
(Millions of Dollars)

	General Fund	Other Governmental Funds	Enterprise Funds	Trust and Agency Funds (1)	Total
January	\$65.145	\$277.964	\$65.492	\$142.140	\$550.741
February	12.674	215.705	68.828	120.089	417.296
March	(3.775)	197.212	73.639	128.116	395.192
April	(27.260)	189.797	78.446	140.715	381.698
May	91.573	188.325	77.199	(30.210)	326.887
June	13.927	200.687	79.146	62.216	355.976
July	96.834	217.541	83.239	36.903	434.517
August	89.250	204.831	83.216	4.441	381.738
September	61.725	174.945	78.971	1.653	317.294
October	44.843	152.264	83.213	54.854	335.174
November	183.641	128.804	81.244	74.215	467.904
December	78.430	261.853	62.064	290.155	692.502

(1) Agency Funds includes Milwaukee Public Schools.

This schedule excludes Cash & Investment balances for Housing Authority, Redevelopment Authority, Milwaukee Economic Development Corp., the Neighborhood Improvement Development Corp., and the Century City Redevelopment Corp.

**City of Milwaukee
Assessed and Equalized Valuations**

	Year 2012 For 2013 Purposes	Year 2013 For 2014 Purposes	Year 2014 For 2015 Purposes	Year 2015 For 2016 Purposes	Year 2016 For 2017 Purposes
Real Property					
Residential	\$14,750,294,600	\$14,265,490,669	\$14,198,159,000	\$14,254,964,300	\$14,438,034,368
Industrial (Manufacturing)	707,123,600	709,328,200	707,900,800	726,810,200	728,863,500
Mercantile (Commercial)	8,992,762,442	9,195,173,876	9,178,216,405	9,430,293,399	9,964,809,169
Total Real Property	\$24,450,180,642	\$24,169,992,745	\$24,084,276,205	\$24,412,067,899	\$25,131,707,037
Personal Property	871,919,936	864,165,354	940,266,234	850,895,518	842,551,928
Total Assessed Valuations	\$25,322,100,578	\$25,034,158,099	\$25,024,542,439	\$25,262,963,417	\$25,974,258,965
Equalized Valuation as determined by the State Department of Taxation is the basis used in computing the 7% statutory debt limitation of the City of Milwaukee	\$26,089,611,100	\$27,954,669,900	\$26,138,108,100	\$25,980,469,600	27,042,046,500
Ratio of Assessed to Equalized Valuation	95.95%	99.87%	95.74%	97.24%	96.05%

**City of Milwaukee
Assessed Tax Rates
(Per \$1,000 of Assessed Valuation)**

	2013	2014	2015	2016	2017
Unit of Government					
City Government	\$10.25	\$10.58	\$10.71	\$10.61	\$10.75
Milwaukee Public Schools	12.31	12.47	12.62	12.43	11.46
Milwaukee County	5.44	5.53	5.50	5.46	5.49
Milwaukee Area Technical College	2.21	2.22	1.33	1.29	1.82
Milwaukee Metropolitan Sewerage District	1.70	1.78	1.79	1.79	1.31
Gross Tax Rate Per \$1,000	\$31.91	\$32.58	\$31.95	\$31.58	\$30.83
Less: State Tax Credit	(\$1.96)	(1.96)	(1.98)	(2.23)	(2.13)
Net Tax Rate	\$29.95	\$30.62	\$29.97	\$29.35	\$28.70

**City of Milwaukee
Property Tax Levies and Collections
(\$ Amounts in Thousands)**

Budget Year	Taxes Levied for the Fiscal Year			Cumulative Collected in Subsequent Years	
	Levy	Collections	% of Levy	Amount	% Collected
2011	\$295,967	\$284,691	96.19	\$10,497	99.74
2012	301,051	288,749	95.91	10,660	99.45
2013	304,700	293,489	96.32	7,999	98.95
2014	307,246	295,624	96.22	5,789	98.10
2015	312,216	299,650	95.98	0	95.98

Collection Procedures

If no payment of property taxes is received in January, the taxes become delinquent as of February 1st. If the taxes are not paid when due under the 10-month installment plan, they become delinquent for legal purposes on November 15th.

A letter is mailed to the taxpayer shortly after February 1st, telling of the delinquency and suggesting partial payments if full payment cannot be made. As directed by Chapter 74 of the Wisconsin Statutes interest at the rate of 1 percent per month is charged from the preceding January 1st. Periodic follow-up letters continue to be mailed.

Taxpayers are given every opportunity to pay their delinquent taxes and satisfactory agreements are arranged to bring this about. If a property owner continues to remain delinquent and the Treasurer's Office is unable to reach an arrangement by which the owner will pay the taxes, the Treasurer's Office starts foreclosure proceedings. The City enforces its own delinquent tax collections.

Taxes are foreclosed under Section 75.521 of the Wisconsin Statutes, which permits a legal action to be commenced one year from the date of delinquency. An exception to this provision is that legal action on owner-occupied dwellings may be deferred up to two years if authorized by Common Council action.

Insurance

The City has property insurance coverage in the amount of \$1 billion with AIG, subject to a \$250,000 deductible. The City also maintains insurance for theft, environmental matters, and its role as a wharfinger. The City is self-insured for liability. Under Wisconsin law, the City's tort liability is limited to \$50,000 in non-automobile cases and \$250,000 in automobile cases. The City follows a policy of requiring contract service providers to provide the City with indemnification and insurance as the City deems appropriate.

PENSION SYSTEM SUMMARY

Employees' Retirement System

The Employees' Retirement System ("ERS") of the City is established pursuant to Section 36 of the Milwaukee City Charter provides retirement, disability and survivor benefits to the City and other agency employees and their beneficiaries. Membership in the ERS includes some classes of part-time employees, all full-time employees, and elected officials.

Active Members by Employee Groups

As of December 31, 2015

	Active Members	Covered Compensation
General City.....	3,327	\$181,603,755
Water Department.....	297	16,690,278
Policemen	1,911	139,551,409
Firemen.....	794	58,054,752
Total City of Milwaukee	6,329	\$395,360,194
School Board	4,054	\$117,469,715
Milwaukee Technical College ...	0	0
Milwaukee Metro Sewer Dist....	214	17,236,987
Veolia	44	3,508,673
Wisconsin Center District.....	78	4,095,135
Housing Authority	166	10,033,105
Redevelopment Authority.....	10	833,870
Total	10,895	\$548,537,679

ERS Membership

As of December 31, 2015

Class	Vested	Non-Vested	Inactive	Retired
General & Elected....	5,696	2,580		9,190
Police	1,670	242		2,267
Firefighters.....	714	80		1,289
Certain pre-1996				17
Total.....	8,080	2,902	3,338	12,763

Source: Tables 1c and 5 of the Actuarial Valuation Report as of January 1, 2016.

The primary benefit of the ERS is a defined benefit plan with eligible employees earning a Retirement Allowance for each year of service. Funding for the ERS is derived from Member and actuarially required employer contributions. Current Retirement Allowance accrual rates and Member contributions to the system (expressed as a percentage of compensation) are as follows:

Basic Benefit Accrual Rates and Member Contributions

Class	Retirement Allowance	Maximum Allowance	Member Contribution
General and Mayor hired prior to 1/1/2014	2.0%	70%	5.5%
General hired after 12/31/2013	1.6%	70%	4.0%
Other Elected Officials enrolled prior to 1/1/2014.....	2.5%	70%	7.0%
Elected Officials first enrolled after 12/13/2013.....	2.0%	70%	4.0%
Police	2.5%	90%	7.0%
Firefighters.....	2.5%	90%	7.0%

Schedule of Funding Progress (\$ amounts in thousands)

Valuation As of Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2015	\$4,899,155	\$5,064,141	\$165,986	96.3%	\$535,802	31.0%
2014	4,797,437	4,935,482	138,045	97.2	529,939	26.0
2013	4,580,729	4,831,689	250,960	94.8	521,651	48.1
2012	4,259,889	4,689,814	429,925	90.8	523,738	81.1
2011	4,404,635	4,587,915	183,280	96.0	525,181	34.9
2010	4,641,425	4,447,548	-	104.4	538,218	0.0
2009	4,814,402	4,269,324	-	112.8	553,846	0.0
2008	4,076,297	4,113,089	36,792	99.1	536,558	6.9
2007	5,192,000	3,958,061	-	131.2	532,412	0.0

Source: Tables 14 and 16 of the Actuarial Valuation Report as of January 1, 2016 (and each prior year).

For more information about the ERS, details on plan benefits, and for copies of their financial and actuarial reports, see <http://www.cmers.com>. The Employees' Retirement System Actuarial Valuation Report as of January 1, 2016 is available from EMMA and is hereby incorporated by reference. (See "CONTINUING DISCLOSURE" herein).

Policemen's Annuity and Benefit Fund

Membership in the Policemen's Annuity and Benefit Fund ("PABF") consists of all Police Department employees whose service commenced prior to July 29, 1947. As of December 31, 2015, there were 6 members and 30 spouses receiving benefits under the fund program.

Current funding is derived from employer contributions. Chapter 35 of the City Charter provides that annual contributions consist of: 1) an amount sufficient to amortize the unfunded actuarial liability over a ten-year period with a series of level dollar payments; and 2) budgeted administrative expenses for the year.

For copies of the PABF actuarial reports, see <http://www.cmers.com>

Schedule of Funding and Contributions
(\$ amounts in thousands)

Dec 31	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio
2015	\$ 185	\$1,059	\$ 875	17.4%
2014	147	1,388	1,241	10.6
2013	412	1,778	1,366	23.2
2012	651	2,152	1,501	30.2
2011	1,008	2,451	1,444	41.1
2010	1,584	2,946	1,362	53.8
2009	1,936	3,687	1,751	52.5
2008	2,147	4,296	2,148	50.0

Source: Policemen's Annuity and Benefit Fund, Actuarial Valuation Reports as of January 1, 2016 (and each prior year). Summary of Principal Results.

Other Post-Employment Benefits

The City provides other post-employment benefits (“OPEB”) to its retirees for health and life insurance. A single-employer defined benefit healthcare plan and life insurance plan are sponsored by the City and administered by ERS. The City provides medical insurance benefits for substantially all retirees. Retiree coverage begins at age 55 with at least 15 years of service for General City employees, at any age with at least 25 years of service for Police employees, and at age 49 with at least 22 years of service for Fire employees. In addition, the City allows employees to continue life insurance coverage under the Group Life Insurance Plan offered to active employees.

Until age 65, for retirees with at least 15 years of creditable service, the majority of the cost of the health benefit plan is paid by the City. After attaining the age of 65, and having completed a minimum of 15 years of creditable service, the City pays 25% of the base rate of the City’s Basic Plan and 100% of the major medical rate.

Eligible retirees are able to continue coverage under the City’s Group Life Insurance Plan, and pay the same rate as active employees. The rates established are group rates applied consistently to all employees, without regard to age or health. Upon reaching age 65, their coverage will be reduced in accordance with a reduction schedule, with the City assuming all future premiums.

The required contribution for medical and life insurance for retirees is based upon pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2015, the City paid approximately \$27 million and \$2 million, respectively, towards medical and life insurance for retirees.

The actuarial cost of health benefits and life insurance for retirees exceeds the average amount paid by retirees, therefore, the additional cost is paid by the City and is the basis for the OPEB obligation account for under GASB 45.

Funding Status and Funding Progress
(\$ amounts in thousands)

Annual Required Contribution (ARC)	\$ 76,195
Interest on Net OPEB	14,648
Adjustment to ARC	<u>(13,277)</u>
Annual OPEB Cost	77,566
Contributions Made	<u>29,203</u>
Increase in net OPEB Obligation	48,363
Net OPEB Obligation – beginning of year	<u>325,503</u>
Net OPEB Obligation – end of year	<u><u>\$373,866</u></u>

Source: City's 2015 CAFR.

Annual Cost and Net OPEB Liability
(\$ amounts in thousands)

Year Ended Dec 31	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$77,566	37.3%	\$373,866
2014	74,790	49.9	325,503
2013	71,489	52.5	287,460
2012	76,156	46.6	253,523
2011	73,071	47.3	212,886
2010	81,311	41.8	174,360
2009	77,389	37.1	127,074
2008	73,100	45.0	78,400

Source: City's 2015 and prior years CAFRs.

Schedule of Funding Progress
(\$ amounts in thousands)

Valuation As of	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Jan 1, 2015	\$0	\$ 975,696	\$ 975,696	0.0%	\$366,785	266%
Jan 1, 2014	0	928,496	928,496	0.0	381,100	227
Jan 1, 2013	0	888,983	888,983	0.0	382,795	218
Jan 1, 2012	0	946,857	946,857	0.0	409,572	231
Jan 1, 2011	0	916,383	916,383	0.0	407,840	225
Jan 1, 2010	0	1,007,573	1,007,573	0.0	413,648	244
Jan 1, 2009	0	959,562	959,562	0.0	419,811	229
July 1, 2008	0	880,700	880,700	0.0	425,400	207

Source: City's 2015 and prior years CAFRs.

Actuarial Assumptions and Methods for the most recent valuation include:

The retiree healthcare valuation was based on the projected unit credit (“PUC”) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal cost and actuarial accrued liability are directly proportional to the employee’s service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial

accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-terms investment rate of return. The healthcare cost trends rate is 8.0% initially, and reduced by decrements to the ultimate rate of 4.5% after 9 years. The actuarial assumption for wage inflation is 3%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

LEGAL MATTERS

Litigation Statement

The City, its boards, officers and employees, have been defendants in numerous lawsuits over the years. Experience has shown that a relatively small number of suits commenced are reduced to judgment. The City does not carry a blanket policy of insurance against tort liability. In addition, Section 893.80 of the Wisconsin Statutes limits the amount recoverable against a political corporation, its officers, officials or employees for acts done in their official capacity to \$50,000 in tort liability for non-automobile cases and \$250,000 in automobile cases.

The City Attorney's office has reviewed the status of pending or threatened litigation, claims and assessments to which the office has devoted substantive attention in the form of legal consultation or representation and which individually represent maximum potential loss exposure in excess of \$1 million, existing on April 15, 2017.

Estate of Perry v. Wenzel, et al. James Perry was lawfully arrested by Milwaukee police officers. He was brought to the Police Administration Building, where he was detained in the City jail facility. While in the City jail, Mr. Perry suffered a seizure. Medical personnel were immediately called, and he was ultimately transported to an area hospital for treatment. While at the hospital, Mr. Perry was treated for a seizure condition, and he was released to the custody of Milwaukee police officers. Milwaukee police officers brought Mr. Perry back to the City jail facility, to complete his processing, and then he was brought to the Milwaukee County Criminal Justice Facility, for long-term imprisonment. While waiting in the triage area, and before he was accepted into the custody of the County, Mr. Perry collapsed, and died shortly thereafter. The plaintiffs are Mr. Perry's estate, along with his child. The plaintiffs claim that various County of Milwaukee and City of Milwaukee defendants violated Mr. Perry's rights, and that these actions caused his death. However, the autopsy conducted by the Milwaukee County Medical Examiner indicates that Mr. Perry died from natural causes related to significant coronary artery disease. On May 6, 2016 the district court granted all defendants' summary judgment dismissing the complaint. Judgment was entered on May 10, 2016; however, the plaintiff filed a notice of appeal to the United States Court of Appeals for the Seventh Circuit. Oral argument was conducted before the appellate court on January 5, 2017. The appeal is pending.

Estate of Dontre Hamilton v. City of Milwaukee. Dontre Hamilton died as a result of an officer-involved shooting, and his son and his estate filed a civil suit in federal court in 2016. An officer encountered Mr. Hamilton at Red Arrow Park in downtown Milwaukee on April 30, 2014. The lawsuit relates that Mr. Hamilton was sleeping in the park and the officer allegedly woke and searched him for no legally justifiable purpose, causing a confrontation and struggle that resulted in the officer shooting Mr. Hamilton and causing his death. The officer has not been charged with any criminal violation as a

result of the incident, but was subsequently discharged from employment, due to his decisions relative to the manner in which he approached Mr. Hamilton, although his use of force was deemed justified. The officer has appealed his discharge, which is currently pending before the Wisconsin Court of Appeals. The lawsuit indicates that Mr. Hamilton was not married, but was survived by a minor child, his mother and his brother. Mr. Hamilton was not employed at the time of the incident. The potential damages include claims of loss of support and companionship for the minor child. No amounts of monetary damages were specifically claimed in the lawsuit. Discovery is ongoing and motions for summary judgment were filed on February 1, 2017. Briefing on those motions should be completed by late March, and the trial is scheduled for May 15, 2017.

William Avery, et al. v. City of Milwaukee, et al. In this 2011 civil rights action, the plaintiffs claim that William Avery was wrongly convicted in 2005 of the 1998 murder of a woman. Avery spent six years in prison until DNA testing in 2010 linked the murder victim to another individual who has been convicted of murdering a number of other women. Avery claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and coerced false statements from witnesses. Avery also claims that supervisors in the police department permitted such alleged misconduct to occur as a matter of practice. The matter was tried in June 2015, and the jury returned a verdict against the two city officers in the amount of \$1 million. Plaintiffs' counsel petition for an award of attorneys' fees and costs totaling \$808,285.45. On September 29, 2015, the trial court set aside the verdict, entered judgment in favor of the defendants, and dismissed plaintiffs' attorneys' petition for fees and costs. Plaintiffs filed an appeal. On January 30, 2017, the Seventh Circuit Court of Appeals issued an opinion reinstating the \$1 million verdict in favor of the plaintiff and against two of the defendant officers and remanded the case to the district court for a new trial against several of the defendant officers on a claim that they withheld evidence or information that would have been significant to Avery in his defense in his criminal trial. Remaining undecided are the petitions for attorneys' fees for Avery's attorneys, which total more than \$800,000. The deadline for the filing of a petition for a writ of *certiorari* to the United States Supreme Court is April 28, 2017.

Robert Lee Stinson v. City of Milwaukee, et al. In this 2009 civil rights action, Mr. Stinson claims that he was wrongly convicted in 1984 of the murder of a 67-year-old woman. Stinson spent more than 20 years in prison until recent DNA testing of the victim's clothing produced no DNA matching Stinson's and new techniques of examining bite marks on the victim indicating that the marks did not match Stinson's teeth. Stinson claims that Milwaukee police officers unconstitutionally withheld exculpatory evidence and conspired with two dental experts to produce false evidence. The defendants have all filed dispositive motions seeking to have the court dismiss the case. The trial court denied all defendants' motions. All defendants have appealed the denial to the court of appeals and the court of appeals ruled in favor of all of the defendants on August 25, 2015. Stinson filed a request for rehearing and rehearing by the entire court of appeals, which was granted. The matter has been argued to the entire court and is now awaiting their decision.

Estate of Derek Williams, Jr. et al v. City of Milwaukee, et al. Derek Williams, Jr. was lawfully arrested on July 6, 2011, taken into custody after a foot pursuit and placed in the back of a police squad. While in the squad, Mr. Williams complained that he could not breathe. Officers believed that Mr. Williams' complaints were exaggerated and that he was failing to cooperate with them, by refusing to provide his name and current information. When officers at the scene became aware that Mr. Williams was in medical distress they rendered immediate CPR and called for an ambulance; however they were unable to revive him and Mr. Williams was later pronounced dead. It was subsequently determined that Mr. Williams suffered from sickle cell syndrome, and the medical examiner, after further review, could not attribute his death to the officers' conduct. In February 2013 an inquest jury recommended that three officers be charged criminally with failure by a law enforcement officer to render aid to Mr. Williams; however, the special prosecutor assigned to the investigation declined to do so. The lawsuit filed July 6,

2016 alleges that Mr. Williams was subjected to unreasonable force during the arrest, and that officers failed to provide medical help in spite of Mr. Williams' pleas for help and obvious distress. The suit also alleges that the City promulgated unconstitutional policies concerning rendering medical care, discipline, supervision and training and maintaining a code of silence. The plaintiffs are the estate and three minor children. The potential damages include claims for pain and suffering, punitive damages and loss of support and companionship for the minor children. No amounts of monetary damages were specifically claim in the lawsuit. Discovery work has recently begun. A dispositive motion date of May 1, 2017 and a trial date of August 28, 2017 has been set by the court.

Six Star Holdings, LLC and Ferol, LLC v. City of Milwaukee. This civil rights action relates to the application and denial for public entertainment premises license by plaintiff Six Star Holdings, LLC in June, 2012. Plaintiff Ferol, LLC's claim has to do with its on-going lost profit damages for its business enterprise had it been able to open under the previous licensing regime. The parties have filed their motions for summary judgment and replies and have also entered into a temporary stay to evaluate the resolution of this case without a trial. The parties have until mid-April 2017 to notify the court whether the case can be resolved. If it cannot, the court will rule on the motions for summary judgment.

Boardroom Entertainment MKE LLC v. City of Milwaukee. This civil rights action relates to the application and denial for public entertainment premises license by plaintiff Boardroom Entertainment MKE LLC in January of 2015. The case has been temporarily stayed upon the agreement of both parties. Should the stay be lifted, the parties will file motions for summary judgment.

Mookie Exotic LLC v. City of Milwaukee. This civil rights action relates to the application and denial for public entertainment premises license by plaintiff Mookie Exotic LLC in January 2016. The case has been temporarily stayed upon the agreement of both parties. Should the stay be lifted, the parties will file motions for summary judgment.

Joe Sanfelipo Cabs, Inc., et al. v. City of Milwaukee. Plaintiffs in this civil rights action have alleged that the City's lifting of the taxicab permit cap in 2014 effectively eviscerated all value of their taxicab permits on a secondary market. Plaintiffs claim that the combined value of their 162 permits (under the old cap of 320 permits) was previously valued at approximately \$24 million. Due to the lifting of the cap, the value is zero. Plaintiffs' amended complaint in this case alleges a Fifth Amendment just compensation takings claim against the City of Milwaukee and also asserts associated state law claims for breach of contract, promissory estoppel and equitable estoppel. The district court granted judgment to the City and intervenor defendants (taxicab drivers who did not own permits under the former system) after granting motions to dismiss and motions for judgment on the pleadings. The dismissal of the case has been appealed to the Seventh Circuit Court of Appeals. Briefing is complete and the court's decision is pending.

Ronnie Martin v. Dominique Heaggan-Brown, et al. In this 2017 civil rights action, the plaintiff claims that two officers violated his Fourth, Eighth and Fourteenth Amendment rights during an April 15, 2016 arrest. His complaint also states several state law claims. Specifically, he claims that the officers unreasonably and unlawfully searched and seized him and used excessive force when arresting him. Plaintiff is claiming damages in excess of \$1,000,000 for medical care, pain and suffering, emotional distress, and loss of his constitutional rights. Discovery has yet to begin and no trial date has been set.

Estate of Sylville Smith v. Heaggan-Brown. A notice of claim, notice of injury has been asserted by the estate of Sylville Smith. Mr. Smith was fatally shot by an officer on August 13, 2016 in the Sherman Park neighborhood. In October 2016, the officer's employment was terminated due to unrelated criminal charges and on December 15, 2016, the former officer was charged with first degree reckless

homicide in connection with the Smith shooting. Regardless of the outcome of the criminal charges, a civil suit for excessive use of force is anticipated.

Section 74.37 Litigation. Various lawsuits are pending against the City for property tax refunds under this statute. As the tax collector, the City would pay any refund owed, and recover approximately 2/3 of the payment from the other taxing jurisdictions. Litigation with the potential for a City share of more than \$1,000,000 are: *U.S. Bank N.A. v. City of Milwaukee*. U.S. Bank alleges its 2014 and 2015 assessments are excessive and has requested a refund in the amount of \$5.3 million. Discovery is nearly complete, and the case is anticipated to be set for trial in 2017. U.S. Bank has also filed a claim against the City in regard to its 2016 assessment and has requested a refund of \$2.6 million. The 2016 assessment will presumably follow the lawsuit involving the 2014 and 2015 tax years. *Marathon Petroleum Company LP et al v. City of Milwaukee*. This action involves the 2008-2014 assessments of oil terminal property. The taxpayers have requested a tax refund of approximately \$3,200,000 plus interest. The City was successful at trial, and the taxpayers appealed. The case is currently pending before the court of appeals. *Clear Channel Outdoor, Inc. et al. v. City of Milwaukee*. This action involves 2009-2013 assessment of its billboards. The City was successful in the circuit court, and Clear Channel appealed. The case is currently pending before the court of appeals. Lamar Outdoor has a similar claim pending against the City. Refunds for the billboard cases could reach \$10,000,000 with interest.

LEGAL OPINIONS

The legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel to the City, will be delivered to the purchasers of the Offered Obligations. Drafts of the legal opinions for the Offered Obligations are included herein as **Appendix B**.

RATINGS

The City has requested ratings on the Offered Obligations from Fitch Ratings, Moody's Investors Service, Inc. and Standard & Poor's Ratings Group.

Fitch Ratings has assigned a rating of "F1+" on the RANs and "AA" on the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds. Standard & Poor's Ratings Group has assigned a rating of "SP-1+" on the RANs and "AA" on the N4 Notes, B5 Bonds, T6 Notes and T7 Bonds.

Moody's Investors Service, Inc. has rated prior general obligation debt of the City. The City did not request a rating from Moody's Investors Service, Inc. for the Offered Obligations. The ratings, when issued, reflect only the views of the respective ratings agencies, and an explanation of the significance of such rating may be obtained therefrom. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised, either upward or downward, or withdrawn entirely, by the respective agencies, if, in their judgment, circumstances so warrant. A revision or withdrawal of the credit rating could have an effect on the market price of the Offered Obligations.

TAX MATTERS

TAX-EXEMPT OBLIGATIONS

Summary of Bond Counsel Opinion in connection with the Tax-Exempt Obligations

Bond Counsel are of the opinion that, under existing law, interest on the Tax-Exempt Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), Bond Counsel are of the opinion that interest on the Tax-Exempt Obligations will continue to be excluded from the gross income of the owners thereof for federal income tax purposes. Bond Counsel are further of the opinion that interest on the Tax-Exempt Obligations is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income but is includible in corporate earnings and profits and, therefore, must be taken into account when computing, for example, corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax. Interest on the Tax-Exempt Obligations is not exempt from Wisconsin income taxes.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Tax-Exempt Obligations in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Obligations. These requirements relate to the use and investment of the proceeds of the Tax-Exempt Obligations, the payment of certain amounts to the United States, the security and source of payment of the Tax-Exempt Obligations and the use of the property financed with the proceeds of the Tax-Exempt Obligations.

Tax-Exempt Obligations Purchased at a Premium or at a Discount

The difference (if any) between the initial price at which a substantial amount of each maturity of the Tax-Exempt Obligations is sold to the public (the “Offering Price”) and the principal amount payable at maturity of such Tax-Exempt Obligations is given special treatment for federal income tax purposes. If the Offering Price is higher than the maturity value of a Tax-Exempt Obligation, the difference between the two is known as “bond premium;” if the Offering Price is lower than the maturity value of a Tax-Exempt Obligation, the difference between the two is known as “original issue discount.”

Bond premium and original issue discount are amortized over the term of a Tax-Exempt Obligation on the basis of the owner's yield from the date of purchase to the date of maturity, compounded at the end of each accrual period of one year or less with straight line interpolation between compounding dates, as provided more specifically in the Income Tax Regulations. The amount of bond premium accruing during each period is treated as a reduction in the amount of tax-exempt interest earned during such period. The amount of original issue discount accruing during each period is treated as interest that is excludable from the gross income of the owner of such Tax-Exempt Obligations for federal income tax purposes, to the same extent and with the same limitations as current interest.

Owners who purchase Tax-Exempt Obligations at a price other than the Offering Price after the termination of the initial public offering or at a market discount should consult their tax advisors with respect to the tax consequences of their ownership of the Tax-Exempt Obligations. In addition, owners of Tax-Exempt Obligations should consult their tax advisors with respect to the state and local tax consequences of owning the Tax-Exempt Obligations; under the applicable provisions of state or local income tax law, bond premium and original issue discount may give rise to taxable income at different times and in different amounts than they do for federal income tax purposes.

Exclusion from Gross Income: Requirements

The Code sets forth certain requirements that must be satisfied on a continuing basis in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Obligations. Among these requirements are the following:

Limitations on Private Use. The Code includes limitations on the amount of proceeds of the Tax-Exempt Obligations that may be used in the trade or business of, or used to make or finance loans to, persons other than governmental units.

Investment Restrictions. Except during certain “*temporary periods*,” proceeds of the Tax-Exempt Obligations and investment earnings thereon (other than amounts held in a reasonably required reserve or replacement fund, if any, or as part of a “*minor portion*”) may generally not be invested in investments having a yield that is “*materially higher*” (1/8 of one percent) than the yield on the Tax-Exempt Obligations.

Rebate of Arbitrage Profit. Unless the City qualifies for an exemption, earnings from the investment of the “*gross proceeds*” of the Tax-Exempt Obligations in excess of the earnings that would have been realized if such investments had been made at a yield equal to the yield on the Tax-Exempt Obligations are required to be paid to the United States at periodic intervals. For this purpose, the term “*gross proceeds*” includes the original proceeds of the Tax-Exempt Obligations, amounts received as a result of investing such proceeds and amounts to be used to pay debt service on the Tax-Exempt Obligations.

Covenants to Comply

The City has covenanted to comply with the requirements of the Code relating to the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Obligations.

Risks of Non-Compliance

In the event that the City fails to comply with the requirements of the Code, interest on the Tax-Exempt Obligations may become includable in the gross income of the owners thereof for federal income tax purposes retroactively to the date of issue. In such event, the City’s agreements with the owners of the Tax-Exempt Obligations require neither acceleration of payment of principal of, or interest on, the Tax-Exempt Obligations, nor payment of any additional interest or penalties to the owners of the Tax-Exempt Obligations.

Federal Income Tax Consequences in connection with the Tax-Exempt Obligations

Pursuant to Section 103 of the Code, interest on the Tax-Exempt Obligations is not includable in the gross income of the owners thereof for federal income tax purposes. However, the Code contains a number of other provisions relating to the treatment of interest on the Tax-Exempt Obligations that may affect the taxation of certain types of owners, depending on their particular tax situations. Some of the potentially applicable federal income tax provisions are described in general terms below. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE PARTICULAR FEDERAL INCOME TAX CONSEQUENCES OF THEIR OWNERSHIP OF THE TAX-EXEMPT OBLIGATIONS.

Cost of Carry. Owners of the Tax-Exempt Obligations will generally be denied a deduction for otherwise deductible interest on any debt which is treated for federal income tax

purposes as incurred or continued to purchase or carry the Tax-Exempt Obligations. As discussed below, special allocation rules apply to financial institutions.

Corporate Owners. Interest on the Tax-Exempt Obligations is generally taken into account in computing the earnings and profits of a corporation and consequently may be subject to federal income taxes based thereon. Thus, for example, interest on the Tax-Exempt Obligations is taken into account in computing the branch profits tax imposed on certain foreign corporations, the passive investment income tax imposed on certain S corporations, and the accumulated earnings tax.

Individual Owners. Receipt of interest on the Tax-Exempt Obligations may increase the amount of social security and railroad retirement benefits included in the gross income of the recipients thereof for federal income tax purposes.

Certain Blue Cross or Blue Shield Organizations. Receipt of interest on the Tax-Exempt Obligations may reduce a special deduction otherwise available to certain Blue Cross or Blue Shield organizations.

Property or Casualty Insurance Companies. Receipt of interest on the Tax-Exempt Obligations may reduce otherwise deductible underwriting losses of a property or casualty insurance company.

Financial Institutions. Financial institutions may be denied a deduction for their otherwise allowable interest expense in an amount determined by reference, in part, to their adjusted basis in the Tax-Exempt Obligations.

Foreign Personal Holding Company Income. A United States shareholder of a foreign personal holding company may realize taxable income to the extent that interest on the Tax-Exempt Obligations held by such a company is properly allocable to the shareholder.

The opinions of Bond Counsel and the descriptions of the tax law contained in this Official Statement are based on statutes, judicial decisions, regulations, rulings and other official interpretations of law in existence on the date the Tax-Exempt Obligations are issued. There can be no assurance that such law or the interpretation thereof will not be changed or that new provisions of law will not be enacted or promulgated at any time while the Tax-Exempt Obligations are outstanding in a manner that would adversely affect the value or the tax treatment of ownership of the Tax-Exempt Obligations.

TAXABLE OBLIGATIONS

The following is a summary of the principal United States federal income tax consequences of ownership of the Taxable Obligations. This summary deals only with the Taxable Obligations held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, persons that hold the Taxable Obligations as a hedge or as hedged against currency risks or that are part of a straddle or conversion transaction, or persons whose functional currency is not the United States dollar.

The Code contains a number of provisions relating to the taxation of the Taxable Obligations (including but not limited to the treatment of and accounting for interest, premium, and market discount thereon, gain from the disposition thereof and withholding tax on income therefrom) that may affect the taxation of certain owners, depending on their particular tax situations. Prospective purchasers of the Taxable Obligations should consult their own tax advisors concerning the consequences, in their

particular circumstances, under the Code and the laws of any other taxing jurisdiction, of ownership of the Taxable Obligations.

United States Federal Income Tax Considerations for United States Holders

Payments of Interest to United States Holders. Interest on the Taxable Obligations will be taxable to a United States Holder (as defined below) as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes in accordance with generally applicable principles.

The term "*United States Holder*" refers to a beneficial owner of a Taxable Obligation for United States federal income tax law purposes and that is:

- a citizen or resident of the United States;
- a corporation or partnership which is created or organized in or under the laws of the United States or of any political subdivision thereof;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust or (2) the trust was in existence on August 10, 1996 and properly elected to continue to be treated as a United States person.

The term "*Non-U.S. Holder*" refers to any beneficial owner of a Taxable Obligation who or which is not a United States Holder.

Sale and Retirement of the Taxable Obligations. United States Holders of any Taxable Obligations must recognize any gain or loss on the sale, redemption, retirement or other disposition of their Taxable Obligations. The gain or loss is measured by the difference between the amount realized on the disposition of a Taxable Obligation and the United States Holder's adjusted tax basis in the Taxable Obligation. Such gain or loss is capital gain or loss, except to the extent of accrued market discount not previously included in income, and is long term capital gain or loss if at the time of disposition such Taxable Obligation has been held for more than one year.

Unearned Income Medicare Contribution Tax. A 3.8% Medicare contribution tax is imposed on the "net investment income" of certain United States individuals and on the undistributed "net investment income" of certain estates and trusts. Among other items, "net investment income" generally includes interest and certain net gain from the disposition of property (such as the Taxable Obligations), less certain deductions.

United States Federal Income Tax Considerations for Non-U.S. Holders

Withholding Tax on Payments of Principal and Interest on Bonds. Generally, subject to the discussion of FATCA below, payments of principal and interest on a Taxable Obligation will not be subject to United States federal withholding tax, provided that in the case of an interest payment:

- the beneficial owner of the Taxable Obligation is not a bank to which the Taxable Obligations constitute an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and

- either (A) the beneficial owner of the Taxable Obligation certifies to the applicable payor or its agent, under penalties of perjury on an IRS Form W8-BEN (or a suitable substitute form), that such owner is not a United States person and provides such owner's name and address or (B) a securities clearing organization, bank or other financial institution, that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the Taxable Obligation, certifies under penalties of perjury that such an IRS Form W8-BEN (or suitable substitute form) has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof.

Except to the extent otherwise provided under an applicable tax treaty, a beneficial owner of a Taxable Obligation generally will be taxed in the same manner as a United States Holder with respect to interest and original issue discount payments on a Taxable Obligation if such interest and original issue discount is effectively connected with such owner's conduct of a trade or business in the United States. Effectively connected interest received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or, if applicable, a lower treaty rate), subject to certain adjustments. Such effectively connected interest will not be subject to withholding tax if the holder delivers an IRS Form W-8ECI to the payor.

Gain on Disposition of the Taxable Obligations. A beneficial owner of a Taxable Obligation generally will not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of a Taxable Obligation unless:

- such owner is an individual present in the United States for 183 days or more in the year of such sale, exchange or redemption and either (A) such owner has a "tax home" in the United States and certain other requirements are met, or (B) the gain from the disposition is attributable to such owner's office or other fixed place of business in the United States; or
- the gain is effectively connected with such owner's conduct of a trade or business in the United States.

Taxation of Payments under FATCA to Foreign Financial Institutions and Certain Other Non-U.S. Holders that are Foreign Entities. A 30% withholding tax generally will apply to payments of interest on, and after December 31, 2016, on gross proceeds from the disposition of, the Taxable Obligations that are made to Non-U.S. Holders that are financial institutions and certain non-financial entities. Such withholding tax, imposed under sections 1471 through 1474 of the Code, or FATCA, generally will not apply where such payments are made to (i) a Non-U.S. Holder that is a financial institution that enters into an agreement with the IRS to, among other requirements, undertake to identify accounts held by certain United States persons or U.S.-owned foreign entities, report annually certain information about such accounts and withhold tax as may be required by such agreement (or otherwise complies with an applicable intergovernmental agreement with respect to FATCA), or (ii) a Non-U.S. Holder that is a non-financial entity that certifies it does not have any substantial United States owners or furnishes identifying information regarding each substantial United States owner. A Non-U.S. Holder generally will be required to provide information with respect to its status for FATCA purposes, generally on the appropriate IRS Form W-8 or any successor form, to avoid withholding taxes under FATCA. Prospective investors should consult their own tax advisors regarding the application and requirements of these information reporting and withholding provisions under FATCA.

U.S. Federal Estate Tax. A Taxable Obligation held by an individual who at the time of death is not a citizen or resident of the United States (as specially defined for United States federal estate tax purposes) is not subject to United States federal estate tax if at the time of the individual's death,

payments with respect to such Taxable Obligation are not effectively connected with the conduct by such individual of a trade or business in the United States.

Backup Withholding and Information Reporting

United States Holders. Information reporting applies to payments of interest on the Taxable Obligations, or the proceeds of the sale or other disposition of the Taxable Obligations with respect to certain non-corporate United States holders, and backup withholding may apply unless the recipient of such payment supplies a taxpayer identification number, certified under penalties of perjury, as well as certain other information or otherwise establishes an exemption from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

Non-U.S. Holders. Backup withholding and information reporting on Form 1099 does not apply to payments of principal and interest on the Taxable Obligations to a Non-U.S. Holder provided the Non-U.S. Holder provides the certification described above under "United States Federal Income Tax Considerations for Non-U.S. Holders-Withholding Tax on Payments of Principal and Interest on Bonds" or otherwise establishes an exemption (provided that neither the Authority nor its agent has actual knowledge that the holder is a United States person or that the conditions of any other exemptions are not in fact satisfied). Interest payments made to a Non-U.S. Holder may, however, be reported to the IRS and to such Non-U.S. Holder on Form 1042-S.

Information reporting and backup withholding generally do not apply to a payment of the proceeds of a sale of Taxable Obligations effected outside the United States by a foreign office of a foreign broker. However, information reporting requirements (but not backup withholding) will apply to a payment of the proceeds of a sale of Taxable Obligations effected outside the United States by a foreign office of a broker if the broker (i) is a United States person, (ii) derives 50 percent or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) is a "controlled foreign corporation" as to the United States, or (iv) is a foreign partnership that, at any time during its taxable year is 50 percent or more (by income or capital interest) owned by United States persons or is engaged in the conduct of a United States trade or business, unless in any such case the broker has documentary evidence in its records that the holder is a Non-U.S. Holder (and such broker has no actual knowledge to the contrary) and certain conditions are met, or the holder otherwise establishes an exemption. Payment by a United States office of a broker of the proceeds of a sale of Taxable Obligations will be subject to both backup withholding and information reporting unless the holder certifies its non-United States status under penalties of perjury or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against that holder's United States federal income tax liability provided the required information is furnished to the IRS.

STATE TAX MATTERS

Interest on the Offered Obligations is not exempt from State of Wisconsin income tax or franchise tax.

NO DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Offered Obligations as "*qualified tax-exempt obligations*" for purposes of Section 265 (b)(3) of the Code.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the “*Commission*”), pursuant to the Securities Exchange Act of 1934 (the “*Rule*”), the City shall covenant pursuant to a Resolution adopted by the Governing Body to enter into an undertaking (the “*Undertaking*”) for the benefit of holders including beneficial holders of the Offered Obligations to provide certain financial information and operating data relating to the City annually to a central repository designated by the Commission, currently the Municipal Securities Rulemaking Board (the “*MSRB*”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The MSRB has designated its Electronic Municipal Market Access (“*EMMA*”) system as the system to be used for continuing disclosures to investors. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of reportable events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the City at the time the Offered Obligations are delivered. Such Certificate will be in substantially the form attached hereto as *Appendix C*. The City intends to fully comply with the Undertaking relating to the Offered Obligations.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Offered Obligations (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a 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 Offered Obligations in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Offered Obligations and their market price.

Prior to August of 2003 the City entered into continuing disclosure undertakings (the “*Pre-2003 Undertakings*”) which contained a six-month filing requirement for Annual Financial Information. Due to the complexity and size of the City’s operations, the City had difficulty meeting that timing requirement and subsequently modified its continuing disclosure undertakings (the “*Post-2003 Undertakings*”) to use a nine-month filing requirement for Annual Filing Information. Except as discussed below, within the previous five years, the City has not failed to comply in any material respect with regards to the Post-2003 Undertakings. With regards to the Pre-2003 Undertakings the City has failed to strictly comply with the 6-month time period for filing its Annual Financial Information and updating certain information on the sewerage system that does not significantly change from year to year.

The City has endeavored to report rating changes which would impact any of its outstanding debt due to bond insurer downgrades. However, since the Nationally Recognized Statistical Rating Organizations (“*NRSRO*”) and bond insurers do not notify the City of any such rating changes, no assurance can be provided that notices of all rating changes were reported.

FINANCIAL ADVISOR

Public Financial Management, Inc. has been retained as Financial Advisor to the City in connection with the issuance of the Offered Obligations.

UNDERWRITING

The Offered Obligations were purchased at competitive bidding conducted on May 4, 2017.

The award of the R3 Notes was made to _____,
its co-managers and associates.

The award of the N4 Notes and B5 Bonds was made to _____,
its co-managers and associates.

The award of the T6 Notes and T7 Bonds was made to _____,
its co-managers and associates.

The public reoffering yields of the Offered Obligations will be detailed on the inside front cover of the Final Official Statement.

CLOSING DOCUMENTS AND CERTIFICATES

Simultaneously with the delivery of and payment for the Offered Obligations by the Underwriters thereof, the City will furnish to the Underwriters the following closing documents, in form satisfactory to Bond Counsel:

- (1) signature and no litigation certificates;
- (2) tax certificates for the Tax-Exempt Obligations;
- (3) certificates of delivery and payment;
- (4) the opinions as to the legality of the Offered Obligations under Wisconsin law and as to the tax-exempt status of the interest on the Offered Obligations for federal income tax purposes rendered by Katten Muchin Rosenman LLP, Chicago, Illinois, and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Co-Bond Counsel to the City, in substantially the forms as set forth in *Appendix B*;
- (5) copies of this Official Statement issued in conjunction with the Offered Obligations within seven business days after the award of the Offered Obligations in accordance with SEC Rule 15c2-12(b)(3);
- (6) Continuing Disclosure Certificates; and
- (7) a statement to the effect that this Official Statement, to the best of its knowledge and belief as of the date of sale and the date of delivery, is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

REPRESENTATIONS OF THE CITY

To the best of its knowledge, the information in this Official Statement does not include any untrue statement of a material fact, nor does the information omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ADDITIONAL INFORMATION

Additional information may be obtained from the undersigned City Comptroller upon request.

Martin Matson, City Comptroller
City of Milwaukee, Public Debt Commission
City Hall, Room 404
200 East Wells Street
Milwaukee, Wisconsin 53202
(414) 286-3321

/s/

Martin Matson
City Comptroller and Secretary
City of Milwaukee, Wisconsin

APPENDIX A

Audited Annual Financial Report of the City of Milwaukee, Wisconsin for the Year Ended December 31, 2015

Selected Sections of the Comprehensive Annual Financial Report

The City's Comprehensive Annual Financial Report for the year ended December 31, 2015, is available from EMMA and is hereby incorporated by reference.

The independent auditor has not been engaged to perform, and has not performed since the date of its report (a portion of which is included herein), any procedures on the financial statements addressed in the report nor on this Official Statement, nor has the independent auditor been asked to give consent to the inclusion of this appendix in this Official Statement.

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INTRODUCTORY SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Members
Common Council
City of Milwaukee, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin ("City") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Redevelopment Authority of the City of Milwaukee, the Neighborhood Improvement Development Corporation, and the Century City Redevelopment Corporation, which represents one-hundred percent of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors.

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Milwaukee, Wisconsin, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

As discussed in Note 8 to the financial statements, in 2015, the City of Milwaukee, Wisconsin adopted new accounting guidance, GASB Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. As a result of the implementation, the City of Milwaukee, Wisconsin reported a restatement for the change in accounting principal. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Milwaukee, Wisconsin's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are 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. Such 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 and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the miscellaneous financial data have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated , on our consideration of the City of Milwaukee, Wisconsin'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 to describe the scope of our testing of internal control over financial reporting and compliance and the result 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 City of Milwaukee, Wisconsin's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
July 15, 2016

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

This section of the Comprehensive Annual Financial Report of the City of Milwaukee provides narrative discussion and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. The City's management encourages readers to consider the information presented here in conjunction with additional information that we have presented in the letter of transmittal. The financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section and should be read in conjunction with it. This section focuses on the City's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

FINANCIAL HIGHLIGHTS

- The assets of the City of Milwaukee exceeded its liabilities at the close of fiscal year 2015 by \$984 million (net position); \$239 million in governmental activities and \$745 million in business-type activities. Governmental activities' unrestricted assets reflect a deficit of \$739 million. The City regularly makes significant investments in private purpose developments which do not produce any direct financial return to the City. The City also finances certain long-term liabilities as they come due rather than when they are incurred. The City's net position increased 5% compared to the previous year of \$941 million.
- The vast majority of the City's net position is capital assets, most of which do not generate revenues by their use or sale. Total net position comprise the following:
 - Capital assets, including property and equipment, net of related debt and accumulated depreciation – \$1.44 billion.
 - Restricted net position, limited by constraints imposed externally such as debt covenants, grantors, laws, or regulations – \$210 million.
 - Unrestricted net deficit – \$(671) million.
- The City's total 2015 year-end other post-employment benefits (OPEB) obligation is \$374 million; an increase of 15% from the 2014 obligation of \$326 million. The obligation is based on an actuarial valuation as of January 1, 2015, which indicates the 2015 actuarial accrued liability for benefits was \$976 million over a 30-year amortization period.
- In 2015, the City implemented GASB 68 for pensions. The City's 2015 year-end net pension liability is \$95 million based on an actuarial valuation as of January 1, 2014. See Note 8 in the financial statements for more disclosures for the pension liability reporting.
- Total liabilities of the City increased to \$2.1 billion from 2014 total of \$1.8 billion. The long-term portion of total liabilities (\$1.9 billion) consists of \$374 million for OPEB, \$1.4 billion for outstanding debt, \$81 million for compensated absences, claims, and judgments, and \$95 million for pension liability.
- City governmental expenses exceeded combined program revenues by \$734 million. General revenues and transfers of \$683 million resulted in a \$50 million decrease of net position for the year. Net position of business-type activities increased \$17 million from 2014's un-restated balance of \$727 million to \$745 million.
- For governmental activities, program revenue supported 22% of the total expenses for 2015. Property taxes and other taxes financed 30% of the primary government's governmental activities' expenses, state aids for the General Fund funded 28%, and miscellaneous revenues and transfers supported 14% of the expenses. As a result, expenses were greater than total revenues and transfers by 6% in 2015.
- For business-type activities, program revenue supported 128% of the expenses for 2015; and, in total exceeded the expenses by \$56 million. Miscellaneous revenue and transfers out reduced this excess by \$41 million to result in a \$15 million increase of net position for the year.
- The City's total governmental funds ending fund balances were \$345 million for 2015, compared to the 2014 ending fund balance of \$313 million, an increase of \$32 million (or 10%).
- The General Fund balance at year-end 2015 totaled \$127 million – a \$14 million increase compared to 2014. This ending Fund Balance is about 16% of combined General Fund expenditures and transfers disbursed for the year.
- The operating expenditures of the General Fund were \$29 million less than budgeted. General government expenditures realized the most cost savings with \$27 million below the final budget, accounting for most of the total positive budget

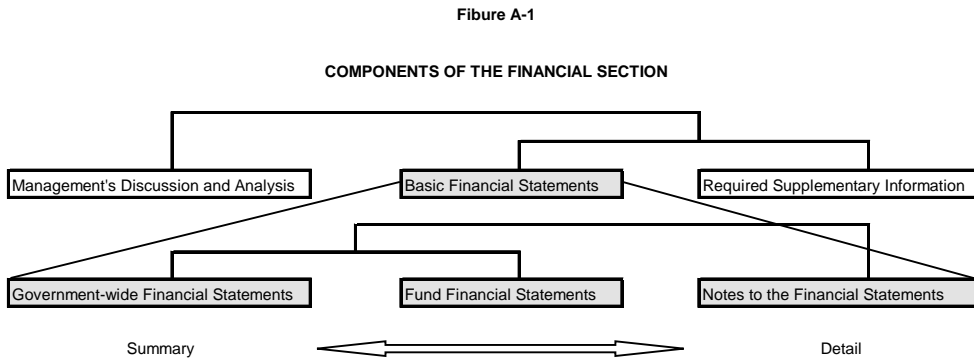
CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2015

variance for the year 2015.

- Outstanding General Obligation bonds and notes payable increased by \$30 million during the current fiscal year from \$850 million to \$880 million. In addition, revenue bonds of \$95 million, extendable municipal commercial paper of \$166 million and state loans of \$108 million were outstanding at year end totaling \$1.2 billion of debt, which was a slight increase from 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The basic financial statements consist of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, (3) **Notes** to the financial statements. This report also includes other (4) **Required Supplementary Information**. Figure A-1 shows how the required parts of the annual report are arranged and relate to one another.



The basic financial statements include two kinds of statements.

- Government-wide financial statements that provide both long-term and current period information about the City's overall financial status.
- "Fund" specific financial statements that focus on individual components of City government, reporting the City's operations in more detail than the government-wide statements.
 - Governmental fund statements tell how general government services such as public safety were financed in the past year as well as what remains for future spending.
 - Proprietary fund statements offer current year and long-term financial information about business-type activities such as the water utility and the sewer maintenance systems.
 - Fiduciary fund statements provide financial information about certain operations—such as benefit plans for the City's employees—in which the City is solely a trustee or agent for the benefit of others to whom the resources belong.

A summary of the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain are depicted in table Figure A-2. The remainder of this overview section of MD&A explains the structure and contents of each of the statements.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2015

FIGURE A-2
 MAJOR FEATURES OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the city for basic governmental services	The day-to-day operating activities of the city for business-type enterprises	Instances in which the City administers resources on behalf of others, such as employee benefits
Required financial statements	* Statement of net position * Statement of activities	* Balance Sheet * Statement of revenues, expenditures and changes in fund balances	* Statement of net position * Statement of revenues, expenses, and changes in net position * Statement of cash flows	* Statement of fiduciary net position * Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus, except agency funds do not have measurement focus
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon thereafter; capital assets and long-term liabilities	All assets and liabilities, both financial and capital, short-term and long-term	All assets held in a trustee or agency capacity for others and all liabilities
Type of inflow and outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The government-wide financial statements are designed to provide an overview of the City's finances, similar to a private-sector business and include both long-term and short-term information about the City's financial status. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. All of the activities of the City, except those of a fiduciary nature, are included.

Two government-wide statements report the City's net position and how they have changed. Net position—the difference between the City's assets and liabilities—is one measure of the City's financial health. Increases or decreases in the City's net position are one measure of its financial health. Other non-financial factors such as changes in the property tax base and the condition of the City's infrastructure (streets, sewers, etc.) are also needed to assess the overall health of the City.

The government-wide financial statements of the City of Milwaukee are reported into three categories on these statements—governmental activities, business-type activities, and component units. A total for the City is also provided.

- The *governmental activities* include the basic services of the City including general government (administration), police, fire, public works, health, culture, and development services. Taxes and general revenues generally support these activities.
- The *business-type activities* include the private sector type activities such as the water, sewer user charge, sewer maintenance, parking, and port. User charges or fees primarily support these activities.
- The *component units* include three other entities in its report: Redevelopment Authority of the City of Milwaukee, Neighborhood Improvement Development Corporation, and Century City Redevelopment Corporation. Although legally independent entities, these organizations are closely related to the City of Milwaukee in terms of their respective financial and public policy responsibilities.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

Fund Financial Statements

The City's major funds begin with Exhibit A-1. The fund financial statements provide detailed information about the most significant financial components of the municipality as opposed to the City as a whole. These individual funds are established for the purpose of executing specific activities and objectives in accordance with Federal, State and local laws and regulations. The accounts of the City are organized on the basis of funds. Each fund is a separate fiscal and accounting entity with a self-balancing set of accounts including assets, liabilities, equities, revenues and expenditures or expenses.

The City reports financial activity and status according to three fund types: governmental, proprietary and fiduciary funds.

- **Governmental funds:** Most of the City's basic services are reported in governmental funds, applying modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine if more or fewer financial resources are available to be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in the reconciliation at the bottom of the fund financial statements.
- **Proprietary funds:** Operations which are financed primarily by user charges or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control and other purposes. Proprietary funds utilize full accrual accounting. The City's proprietary (enterprise) funds focus on the business-type activities reported in the government-wide statements, providing additional detail including cash flows.
- **Fiduciary funds:** The City is the trustee, or fiduciary, for its pension and other employee benefit trusts and various miscellaneous private purpose trusts. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position in Exhibits C-1 and C-2. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Notes to the Financial Statements

The notes which follow the Government-wide and Fund financial statements (Exhibits 1 through D-2) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information to demonstrate legal budgetary compliance for each major fund for which an annual budget is adopted. This required supplementary information is presented in Exhibits E-1. A *Schedule of Funding Progress* relating to retiree health and life insurance and pension is depicted in Exhibit E-2.

Combining Schedules, Individual Fund Statements and Schedules of Miscellaneous Financial Data

Combining schedules provide detail in connection with nonmajor governmental funds and nonmajor enterprise funds. Individual fund statements provide greater detail, presented as compared with the final amended budget for the General Fund, and each nonmajor special revenue fund. Capital Projects are also presented in detail by major category (i.e., streets, sewers) within the Miscellaneous Financial Data Section. See Exhibits F-1 through I-9.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the City as a whole. The net position and net expenses of governmental and business-type activities of the City are presented separately below. Table 1 focuses on the net position and Table 2 focuses on the changes in net position.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Table 1
Summary of Statement of Net Position
(Thousands of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014*	2015	2014*	2015	2014*	2015
Current and other assets	\$ 889,945	\$ 961,365	\$ 124,887	\$ 130,847	\$ 1,014,832	\$ 1,092,212
Capital assets	<u>1,095,321</u>	<u>1,140,930</u>	<u>962,293</u>	<u>1,001,450</u>	<u>2,057,614</u>	<u>2,142,380</u>
Total assets	<u>1,985,266</u>	<u>2,102,295</u>	<u>1,087,180</u>	<u>1,132,297</u>	<u>3,072,446</u>	<u>3,234,592</u>
Loss on refunding.....	-	-	526	359	526	359
Deferred outflows for pensions.....	-	163,941	-	6,062	-	170,003
Long-term obligations	1,301,935	1,515,459	303,308	341,480	1,605,243	1,856,939
Other liabilities	<u>178,660</u>	<u>219,963</u>	<u>56,928</u>	<u>52,410</u>	<u>235,588</u>	<u>272,373</u>
Total liabilities	<u>1,480,595</u>	<u>1,735,422</u>	<u>360,236</u>	<u>393,890</u>	<u>1,840,831</u>	<u>2,129,312</u>
Gain on Refunding.....	337	1,146	-	-	337	1,146
Deferred inflows for pensions.....	-	163	-	10	-	173
Subsequent years property taxes.....	<u>290,721</u>	<u>290,253</u>	-	-	<u>290,721</u>	<u>290,253</u>
Net position:						
Net investment in capital assets.....	748,374	769,340	669,428	675,510	1,417,802	1,444,850
Restricted	211,316	209,116	930	1,174	212,246	210,290
Unrestricted	<u>(745,740)</u>	<u>(739,204)</u>	<u>57,112</u>	<u>68,134</u>	<u>(688,628)</u>	<u>(671,070)</u>
Total net position	<u>\$ 213,950</u>	<u>\$ 239,252</u>	<u>\$ 727,470</u>	<u>\$ 744,818</u>	<u>\$ 941,420</u>	<u>\$ 984,070</u>

*The 2014 financial statement figures are not restated in the above table. See note 14 for the restatement resulting from implementation of GASB 68 and the impact on the financial statements.

Net position of the City's governmental activities decreased to \$239 million for 2015. The portion of net position restricted as to use totaled \$209 million. Net position invested in capital facilities (buildings, roads, bridges, etc.) totaled \$769 million net of outstanding debt used to acquire those assets. The City uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets are reported net of related debt, the funding needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The unrestricted net position deficit of \$739 million year end does not imply that the City has inadequate financial resources to meet its current obligations. The City's annual budgets do not include the full amounts needed to meet future liabilities arising from property-casualty claims, unused employee vacation-sick leave and outstanding debt. The City includes these amounts needed in future years' budgets as these obligations come due.

The net position of business-type activities increased 2% to \$745 million in 2015. The City generally can only use net position to finance the continuing operations of its specific enterprise activities.

Long-term obligations for governmental activities increased 14% and for business-type activities increased 12% from 2014 due primarily to the issuance and retirement of long-term debt and the recording of OPEB and pension liabilities.

Total assets including capital assets increased \$162 million or 5% from 2014. Capital assets of the primary government increased 4% from the previous year due to several completed major street projects by the State of Wisconsin. For 2015, capital assets of the Water Works and the Sewer Maintenance Funds comprise 95% of the City's total capital assets for business-type activities. These are the City's two largest enterprise (business-type) funds. The Water Works capital assets consist primarily of water mains and related water facilities and plants; and, the Sewer Maintenance Fund includes local sewer mains and connections.

Changes in net position. Total annual City revenues less expenses yield the change in net position. The City's program and general revenues totaled \$852 million for governmental activities. 39% of governmental purpose revenues are intergovernmental revenues (State aids, Federal and State grants) while 34% is derived from property and other taxes. Charges for services represent 17% of total revenues, and the remaining 11% generated by licenses, permits, fines and forfeits and other miscellaneous sources.

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The City's governmental activity expenses cover a range of services, with \$400 million (42%) related to public safety (fire and police, neighborhood services). General government expenses total \$205 million (22%) while public works expenses total \$182 million (19%). Program specific revenues (charges for services) generated about 17% of the revenue needed to support the cost of governmental activities. General revenues (taxes, State aids, and miscellaneous) provide the funds for the remaining expenses.

Total governmental activities revenues and transfers fell below expenditures by \$50 million. For business-type activities revenues exceeded its expenditures and transfers by \$15 million however, prior to the transfer of \$43 million from business type funds to governmental funds, business type funds showed a \$58 million excess of revenues over expenses while governmental activities had \$93 million less revenues than expenses. Chart 1, *Expenses and Program Revenues – Governmental Activities*, and Chart 2, *Expenses and Program Revenues – Business-type Activities* depict this comparison by major function.

Table 2 and the narrative that follows consider the operations of governmental and business-type activities separately.

Table 2
Changes in Net Position
(Thousands of Dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u> <u>Primary Government</u>	
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 114,743	\$ 141,318	\$ 236,002	\$ 251,043	\$ 350,745	\$ 392,361
Operating grants and contributions	73,758	47,326	-	-	73,758	47,326
Capital grants and contributions	30,315	22,796	799	2,740	31,114	25,536
General revenues:						
Property taxes and other taxes	284,664	287,602	-	-	284,664	287,602
State aids for General Fund	260,886	263,350	-	-	260,886	263,350
Miscellaneous	88,718	89,487	1,471	1,709	90,189	91,196
Total revenues	<u>853,084</u>	<u>851,879</u>	<u>238,272</u>	<u>255,492</u>	<u>1,091,356</u>	<u>1,107,371</u>
Expenses						
General government	249,874	204,691	-	-	249,874	204,691
Public safety	315,952	399,620	-	-	315,952	399,620
Public Works	170,054	182,340	-	-	170,054	182,340
Health	18,852	20,249	-	-	18,852	20,249
Culture and recreation	21,503	25,315	-	-	21,503	25,315
Conservation and development	57,617	88,252	-	-	57,617	88,252
Capital contribution to						
Milwaukee Public Schools	-	-	-	-	-	-
Contributions	24,001	-	-	-	24,001	-
Interest on long-term debt	23,105	24,749	-	-	23,105	24,749
Water	-	-	72,540	72,141	72,540	72,141
Sewer Maintenance	-	-	46,840	49,661	46,840	49,661
Parking	-	-	24,053	25,233	24,053	25,233
Port of Milwaukee	-	-	3,825	4,005	3,825	4,005
Metropolitan Sewerage District User Charges.....	-	-	44,557	46,850	44,557	46,850
Total expenses	<u>880,958</u>	<u>945,216</u>	<u>191,815</u>	<u>197,890</u>	<u>1,072,773</u>	<u>1,143,106</u>
Increase in net position before transfers	(27,874)	(93,337)	46,457	57,602	18,583	(35,735)
Transfers	43,115	43,038	(43,115)	(43,038)	-	-
Increase in net position	15,241	(50,299)	3,342	14,564	18,583	(35,735)
Net position – Beginning as restated (note 14)	198,709	289,551	724,128	730,254	922,837	1,019,805
Net position – Ending	<u>\$ 213,950</u>	<u>\$ 239,252</u>	<u>\$ 727,470</u>	<u>\$ 744,818</u>	<u>\$ 941,420</u>	<u>\$ 984,070</u>

CITY OF MILWAUKEE
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Governmental Activities

Revenues for the City's governmental activities totaled \$852 million, while total expenses totaled \$945 million for 2015. Total revenues, excluding transfers, supported 90% of total expenses; 95% with transfers. Comparable data for 2014 indicates 97% of all revenues, excluding transfers supported the 2014 expenses and, 102% including transfers.

Property taxes represent 33% of the total revenues for 2015 and 2014. The total actual property tax revenues remained steady like the previous year. The City of Milwaukee's share of the Tax Rate increased \$0.13 from \$10.58 in 2014 to \$10.71 in 2015 (per \$1,000 of Assessed Value), due mainly to a decrease in assessed property value. State aids for the General Fund were \$263 million in 2015, a \$2 million increase from 2014. The combined property taxes and State aids comprised approximately 65% of the total revenues for governmental funds in 2015 compared to 64% in 2014. Charges for services equaled 17% of the total revenues in 2015 and 13% in 2014. Operating grants, capital grants, and contributions decreased by \$34 million, to a total \$70 million or 12% of total revenues in 2015.

The total 2015 governmental activity expenditures increased by \$62 million (7%) over 2014. There are a couple reasons that contributed to this increase. The first is due to the retro pay for police officers which contributed about \$20 million. Also, the new GASB pronouncement 68, relating to reporting of pension liabilities and pension expense, contributed to the increase. Since the police and fire departments are the largest part of the budget and the pension expense is prorated accordingly, public safety was the largest portion of this pension expense calculation. See the notes to the statements for further detail.

Chart 1
2015 Expenses and Program Revenues - Governmental Activities

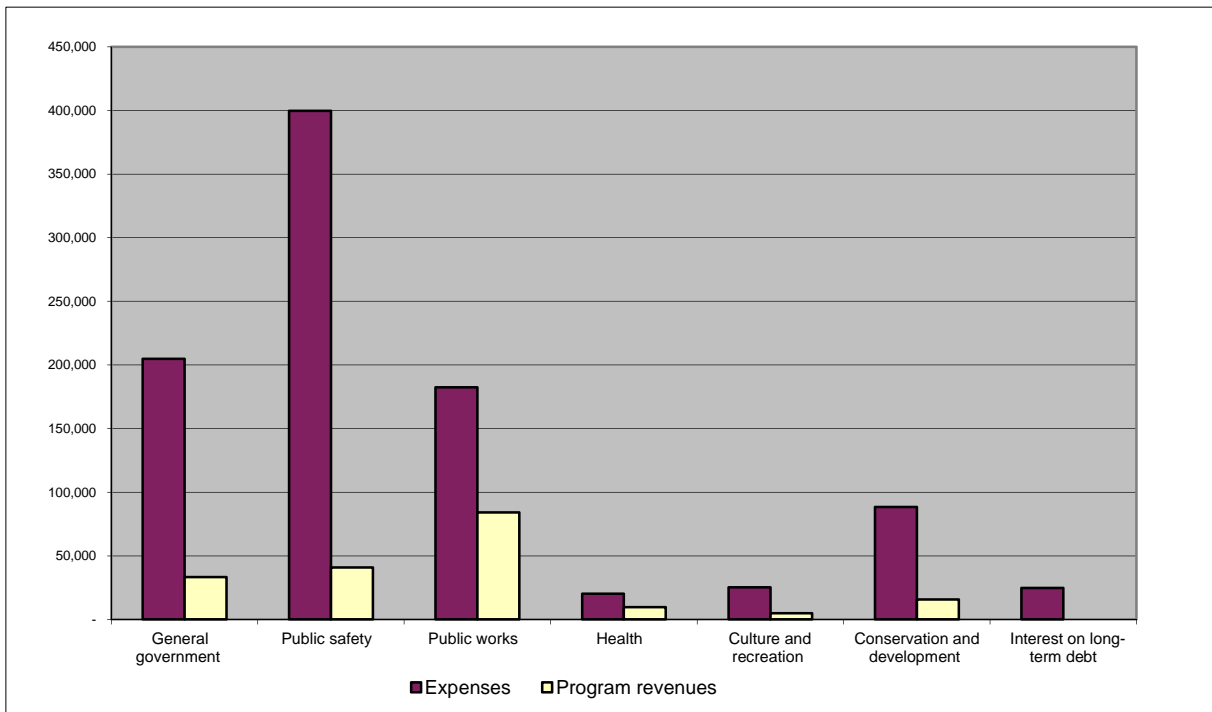


Table 3 presents the cost of each of the City's largest programs as depicted in the Chart 1 above, as well as each program's net costs (total cost less the revenues generated by the activities). General government includes most City departments, such as: Mayor, Common Council, Administration, Employee Relations, Municipal Court, City Attorney, Comptroller and Treasurer. Public safety includes Fire, Police and Neighborhood Services. "Net cost" shows the financial burden placed on the city taxpayers by each of these functions.

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Table 3
Governmental Activities
(Thousand of Dollars)

	Total Cost of Services		Net Cost of Services	
	2014	2015	2014	2015
General government	\$ 249,874	\$ 204,691	\$ 237,323	\$ 171,302
Public safety	315,952	399,620	276,946	358,709
Public works	170,054	182,340	57,779	75,415
Health	18,852	20,249	9,012	10,571
Culture and recreation	21,503	25,315	18,071	20,456
Conservation and development	57,617	88,252	39,657	72,574
Contributions	24,001	-	249	-
Interest on long-term debt	23,105	24,749	23,105	24,749
Total Governmental Activities	\$ 880,958	\$ 945,216	\$ 662,142	\$ 733,776

The Table 3 above indicates that the cost of services not funded with direct program revenue for governmental activities increased in 2015 to \$734 million from \$662 million in 2014 or 10% change. Because such a small portion of total costs are supported by program revenue, the remainder of the total costs of service must be funded by general City taxes and State aids.

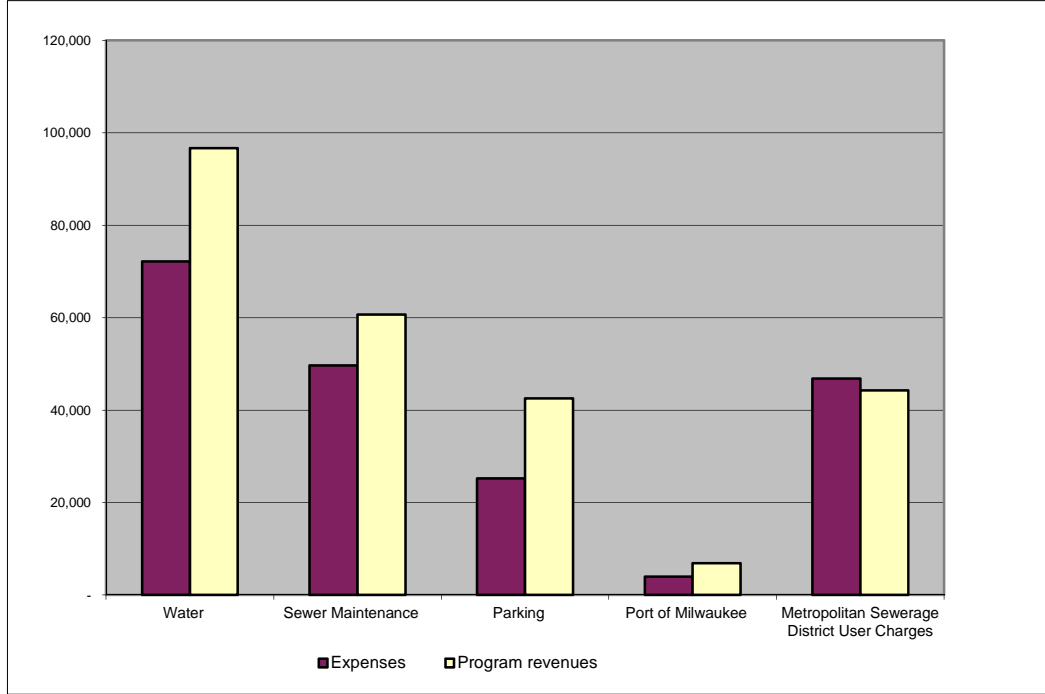
Business-type Activities

The two major enterprises or business-type activities for the City of Milwaukee are water services and sewer maintenance. The Water Works had operating revenue of \$97 million, expenses of \$72 million and operating income of \$25 million. The Sewer Maintenance produced a net operating income of \$36 million after operating revenue of \$61 million and operating expenses of \$25 million.

Business-type revenues on Table 2 increased by \$17 million in 2015 compared to 2014, which is a 7% increase. Total expenses and transfers of all enterprise funds of the City increased from 2014 to 2015 by \$6 million or 3%. Overall, 2015 year-end Total Net Position increased by \$14.6 million to \$745 million, which is about 2%.

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Chart 2
2015 Expenses and Program Revenues - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting consistent with finance related legal requirements and external governmental accounting standards.

Governmental Funds

Governmental Funds are reported in the fund based financial statements with a focus on the annual inflow and outflow of spendable resources. This information is useful in assessing resources available at the end of the year in comparison with the succeeding year's requirements. Types of Governmental Funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

When the year 2015 ended, the Governmental Funds (as presented in the balance sheet on Exhibit A-1) reported a combined fund balance of \$345 million, an increase of \$32 million or 10% from 2014. The Capital Projects Fund balance increased to a fund balance of \$3 million compare to negative \$20 million in 2014. The City of Milwaukee typically borrows to fund authorized capital projects only after expenditures for these projects. This practice minimizes City borrowing costs and complies with Federal Internal Revenue Service (IRS) regulations. Debt issued for capital projects totaled \$148 million in 2015 compared to \$92 million in 2014. The General Obligation Debt Service Fund remained the same in terms of fund balance from 2014 at \$140 million in 2015 as well. The General Fund increased by \$14 million to \$127 million.

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Chart 3 and 4 illustrate spending by function and revenues by source for all governmental funds.

Chart 3
2015 City Spending by Function - Governmental Funds

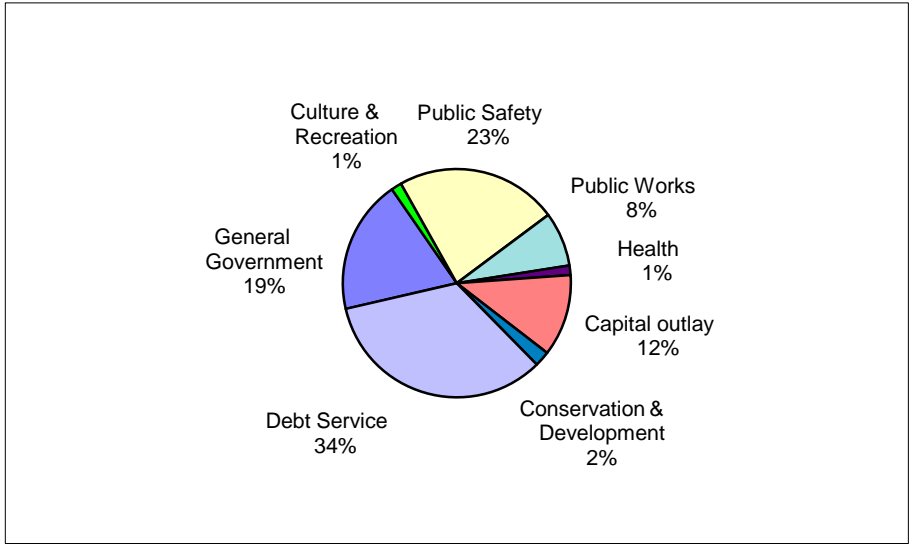
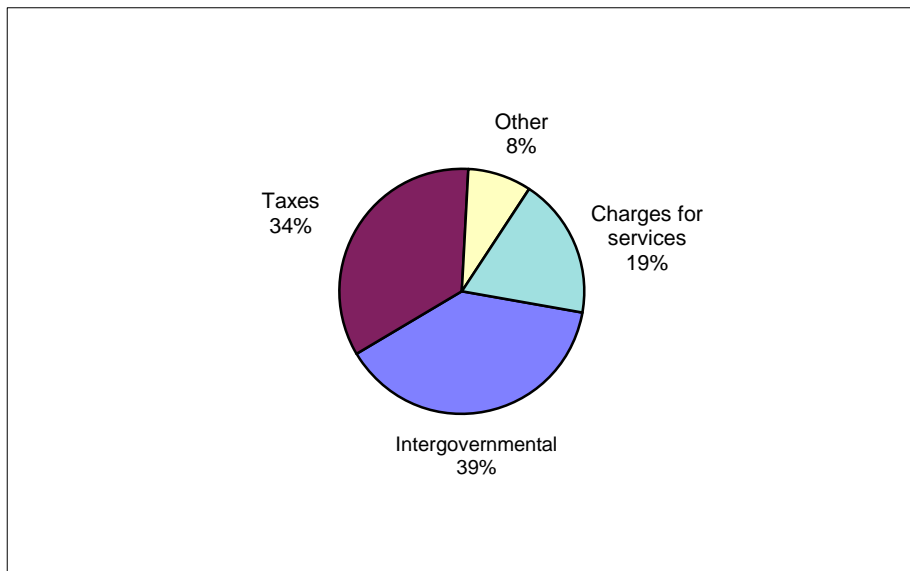


Chart 4
2015 Revenues by Source - Governmental Funds



Revenues for governmental functions overall totaled \$834 million in the fiscal year ended December 31, 2015. Expenditures for governmental funds totaled \$1.3 billion. Expenditures exceeded revenues by \$506 million. Other financing sources helped to close the gap, resulting in an increase in governmental fund balances of \$32 million for the year compared to a decrease of \$33 million in 2014. Other financing sources include, proceeds from issuance of debt, refunding payment and issuance premiums; transfers from enterprise funds; and receipt of loans receivable transferred from the Neighborhood Improvement Development Corporation component unit.

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Major Governmental Funds

The General Fund is the City's primary operating fund and the largest funding source for day-to-day services. The fund balance of the General Fund increased by \$14 million or by 13%. Revenues and other financing sources totaled approximately \$816 million and expenditures and other financing uses totaled approximately \$802 million - detailed in Table 4 below. Revenues increased by \$15 million from 2014 and expenditures increased by \$9 million from 2014, with expenditures exceeding revenues by 6%. Other Financing Sources (consisting of debt proceeds and transfers in from other funds), exceeded Other Financing Uses (consisting of transfers out to other funds) by \$50 million. This excludes the budgeted use of funds from the fund balance. \$16.7 million was budgeted from the fund balance for the 2015 General Fund budget. This was a decrease of \$3.3 million from 2014.

Total General Fund revenues for 2015 were \$639 million. The largest revenue category is intergovernmental at \$263 million with 41% of the total revenue. The second largest revenue source is Property Taxes with \$190 million or 30%. The Charges for Services category, which includes revenues for services provided by City departments, comprises 22% or \$141 million. These three categories combine to 93% of the total revenues for 2015.

The following table (Table 4) presents a summary of revenues and expenditures of the General Fund compared to prior year:

Table 4
General Fund
Summary of Revenues, Expenditures and Other Financing Sources and Uses
(Thousands of Dollars)

Revenues and Other Financing Sources				Expenditures and Other Financing Uses			
Revenues:	2014	2015	% Change	Expenditures:	2014	2015	% Change
Property taxes	\$ 179,269	\$ 190,318	6.2%	General government.....	\$ 262,948	\$ 249,029	-5.3%
Other taxes	6,091	2,765	-54.6%	Public safety.....	268,426	293,787	9.4%
Licenses and permits	16,063	16,629	3.5%	Public works.....	103,339	101,086	-2.2%
Intergovernmental	260,886	263,350	0.9%	Health.....	9,171	9,553	4.2%
Charges for services	114,743	141,318	23.2%	Culture and recreation	17,012	17,624	3.6%
Fines and forfeits	4,587	4,110	-10.4%	Conservation and development	3,522	3,816	8.3%
Contributions received	23,752	2,588	-89.1%	Total Expenditures	664,418	674,895	1.6%
Other	18,796	18,003	-4.2%	Other Financing Uses			
Total Revenues	624,187	639,081	2.4%	Transfers out	137,119	127,119	-7.3%
Other Financing Sources				Total Expenditures and other Financing Uses	\$ 801,537	\$ 802,014	0.1%
Debt proceeds	139,948	130,968	-6.4%	Net Change in Fund Balance	\$ 9,510	\$ 14,204	49.4%
Transfers in	46,912	46,169	-1.6%				
Total Revenues and Other Financing Sources	811,047	816,218	0.6%				
Excess of Revenues over Expenditures	(41,895)	(35,814)	14.5%				

As of December 31, 2014 the City had \$125 million of Revenue Anticipation Notes outstanding in advance of receipt of the State Shared Revenues. During 2015, \$180 million was issued and \$175 million repaid.

The City maintains two separate debt service funds. The General Obligation Debt Service Fund accounts for resources accumulated and payments made for principal and interest on the City's outstanding general obligation debt. The Public Debt Amortization Fund is governed by State Statutes Section 67.101 whereby accumulated resources can be used for the retirement of the public debt. The General Obligation Debt Service Fund remained relatively the same maintaining a fund balance of \$140 million. Total revenues of the General Obligation Debt Service decreased from \$112 million in 2014 to \$102 million in 2015. Revenues combined with *Other Financing Sources* totaled \$460 million; expenditures combined with *Other Financing Uses* totaled \$460 million; resulting in a *net increase in Fund Balance* for year end 2015 of \$437 thousand for the General Obligation Debt Service Fund.

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Capital Projects Funds are used to account for the financial resources segregated for the acquisition, construction, or repair of major capital facilities other than those financed by proprietary funds. At year end, 2015 showed a fund balance of \$3 million. In 2015, total debt proceeds amounted to \$148 million as compared to \$92 million in 2014, a 61% increase. Total revenues increased by \$7 million from 2014 to 2015; expenditures increased from \$140 million to \$155 million. The issuance of bonds and notes during 2015 for capital purposes combined with revenues and transfers sufficiently covered the current year's expenditures and increased the year-end fund balance by \$23 million to result in a positive fund balance.

Proprietary Funds

The proprietary fund statements provide information on both short and long-term financial status, focusing on net position and the change in net position as a result of operations.

At the end of the fiscal year, the total unrestricted net position for all enterprise funds was \$68 million. This was an increase from \$57 million at December 31, 2014. This is due to an increase in Water Works of \$14 million combined with a decrease in the Sewer Maintenance fund of \$2 million and all other non-major enterprise funds by \$1 million.

In 2015, operating revenues of the enterprise funds totaled \$251 million (a 6% increase); total operating expenses increased \$5 million to \$172 million. The Water Works is the largest enterprise activity for the City, comprising approximately 39% of the total operating revenues. The Sewer Maintenance Fund comprises 24% of the total operating revenues. Both funds primarily bill customers based on water consumption. For 2015, Water Works operating revenues increased 10% while Sewer Maintenance operating revenues increased 3%; all other enterprise funds combined increased about 5% compared to 2014. Water Works non-operating revenues for 2015 are mainly composed of interest income and other miscellaneous revenues.

The Water Works incurred total expenses of \$72 million for 2015 maintaining its expenses from 2014. The non-operating interest expense of the Water Works decreased \$906,000 from last year since in 2014 scheduled principal matured on outstanding debt.

Excluding the Water Works, total operating expenses of all other enterprises funds increased by 5% from 2014.

General Fund Budgetary Highlights

For the year ended December 31, 2015, the General Fund budgetary basis revenues were lower than budgeted revenues by \$610 thousand. Revenue categories for property taxes, other taxes, and fines/forfeitures had an unfavorable variance of \$10 million to the budget; however, all other categories of licenses/permits, intergovernmental, charges for services and other exceed the final budgeted amounts by \$10 million. Actual 2015 revenues increased from that of the prior year by \$13 million. Intergovernmental revenues increased slightly to \$263 million. This category includes financing from the State for shared taxes, local street aids, and payment for municipal services. The operating expenditures were \$29 million less than budgeted. This favorable variance is a result of mostly savings from general government departments.

The original budget for expenditures includes the adopted budget plus the encumbrances carried over from 2014 less the encumbrances carried over to 2016. The final budget includes the original budget as defined plus appropriations authorized for carryover from 2014 by the Common Council less those appropriations authorized for carryover to 2016. In addition, certain appropriations are budgeted in a general non-departmental account (i.e. contingency) and are only transferred from this account to specific departments during the year to expend after authorization by the Common Council. These appropriation adjustments are part of the final budget. As detailed in the Required Supplementary Information Section, Exhibit E-1 shows both the original 2015 General Fund expenditure budget of \$697 million and the final budget of \$692 million. This is a 2% increase over the final 2014 budget of \$677 million. The original revenue budget and final revenue budgeted both totaled \$627 million. This is a 2% increase over the final 2014 revenue budget of \$613 million.

The General Fund Schedule of Expenditures-Budget and Actual (Exhibit I-9) details current year expenditures by department. The City's General Fund's beginning Fund Balance of \$113 million as reported on the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance differs from the General Fund's budgetary Fund Balance reported in the Budgetary Comparison Schedule (Exhibit E-1) by the amount of the budgeted withdrawal from the Fund Balance of \$17 million.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for governmental and business-type activities as of December 31, 2015 total \$2.1 billion (net of accumulated depreciation). Capital assets include land, buildings, infrastructure, improvements other than buildings, machinery and equipment, furniture and furnishings, non-utility property, and construction in progress. The total increase in the City's capital assets for the current fiscal year was \$85 million or 4%. Governmental activities' capital assets increased \$46 million or a 4% increase from 2014. Business-type activities' capital assets increased \$39 million or 4% at the end of 2015. A schedule comparing the assets by type for 2014 and 2015 for both governmental and business-type activities is depicted in Table 5 below. The net change in assets as detailed in Note 4 reports that additions were \$61 million and deletions were \$15 million for 2015 for governmental activities. The two largest business-type activities are the Sewer Maintenance Fund and the Water Works Fund. The Sewer Maintenance Fund had a net change in capital assets that resulted in a net increase of \$28 million. Of the Sewer Maintenance Fund's net assets at year end, 99% relate to the sewer mains infrastructure. Infrastructure net assets of the Water Works Fund comprise 61% of its total net assets with 29% consisting of machinery and equipment. The total net change in all Water Works net assets was an increase of \$13 million.

Table 5
Capital Assets
 (net of depreciation)
 (Thousands of Dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2014	2015	2014	2015	2014	2015
Capital assets not being depreciated:						
Land	\$ 165,730	\$ 165,730	\$ 19,096	\$ 19,034	\$ 184,826	\$ 184,764
Construction in progress	76,391	89,103	27,731	30,863	104,122	119,966
Intangible right of ways	1,342	1,342	-	-	1,342	1,342
Capital assets being depreciated:.....						
Buildings	307,965	312,660	97,699	97,158	405,664	409,818
Infrastructure	1,605,990	1,662,239	1,002,751	1,042,185	2,608,741	2,704,424
Improvements other than buildings	11,909	11,997	8,150	8,173	20,059	20,170
Machinery and equipment	193,790	207,303	253,901	270,620	447,691	477,923
Intangible software.....	2,605	2,605	-	-	2,605	2,605
Nonutility property	-	-	3,654	3,654	3,654	3,654
Accumulated depreciation	<u>(1,270,401)</u>	<u>(1,312,049)</u>	<u>(450,689)</u>	<u>(470,237)</u>	<u>(1,721,090)</u>	<u>(1,782,286)</u>
Total	<u>\$ 1,095,321</u>	<u>\$ 1,140,930</u>	<u>\$ 962,293</u>	<u>\$ 1,001,450</u>	<u>\$ 2,057,614</u>	<u>\$ 2,142,380</u>

Debt

At year-end, the City had \$880 million in general obligation bonds and notes, \$108 million in State loans, \$95 million in revenue bonds, and \$166 million in extendable municipal commercial paper outstanding as itemized in Table 6.

New debt issued for general obligation bonds and notes totaled \$285 million, of which \$283 million is related to governmental activities.

The City continues to maintain high investment grade ratings from the two major rating agencies. A rating of "AA" from Standard and Poor's Corporation, and "AA" from Fitch's Rating Agency, Inc, were received on the City's general obligation bonds.

The City's gross general obligation debt per capita, excluding enterprise fund debt, was \$1,074 at the end of 2014 and \$1,130 at the end of 2015; a 5% increase from the prior year. As of December 31, 2015, the City's outstanding net general obligation debt for governmental activities was 2.58% of the City's total taxable value of property (Statistical Section - Table 9). The legal debt limit is 7% of equalized property value, including Milwaukee Public Schools debt, which also is issued by the City. Excluding the 2% limit on School debt, the City has a 5% legal debt limit and has used about 50% of this limit. The City issues

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general obligation notes to purchase a portion of General Fund delinquent taxes. During 2015, notes were issued in the amount of approximately \$28.3 million. Collections on these taxes and related interest will be used to meet the related debt service requirements.

Table 6
Outstanding Debt
General Obligation, Revenue Bonds and Extendable Municipal Commercial Paper
(Thousand of Dollars)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2015	2014	2015	2014	2015
General obligation bonds and notes (backed by the City)	\$ 814,522	\$ 848,259	\$ 35,247	\$ 31,822	\$ 849,769	\$ 880,081
Extendable Municipal Commercial Paper.....	41,700	80,302	65,000	86,098	106,700	166,400
State loans	-	-	92,100	107,533	92,100	107,533
Revenue bonds (backed by specific fee revenues)	-	-	94,624	95,459	94,624	95,459
Total	\$ 856,222	\$ 928,561	\$ 286,971	\$ 320,912	\$ 1,143,193	\$ 1,249,473

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND TAX RATE

The average unemployment rate within the City of Milwaukee for 2015 is 6.7%, compared to 7.2% for 2014. The City of Milwaukee per capita income for the most recent fiscal year available (2014) was \$41,507, compared to \$40,219 for 2013. Table 13 contains demographic and economic statistics for the last ten calendar years.

The 2016 adopted City Budget is about \$1.55 billion with a General Fund budget of \$733 million. The General Fund budget decreased \$1 million from the 2015 budgeted amount of \$734 million. In 2016, the City should expend \$108 million for health insurance and related costs compared to \$120 million budgeted for 2015, a decrease of 10%. The City eliminated all mandatory furlough days as of 2015 and continues to do so.

Milwaukee City Hall is a 120 year old building built on a wood piling foundation. A portion of the wood pilings have begun to decay and are in need of replacement. It is estimated that \$60 million may be spent over the next 10 years to repair the foundation. This project has begun and \$13 million is budgeted for the year 2016.

The City has included \$12 million of funding for the Strong Neighborhoods plan and Neighborhood Services for housing repair and demolition and deconstruction. One hundred police officers will be hired in 2016 as part of increasing the Police Department staff. Finally, the City has allocated over \$4 million for replacing two libraries in 2016.

Total property taxes levied for all funds of the City in 2015 for 2016 purposes decreased \$.12 per thousand dollars of assessed valuation to a rate of \$10.59 (1.1%). The 2014 for 2015 rate increased \$.13 (from \$10.58 to \$10.71 or 1.2%).

The total City property tax levy will remain roughly the same at \$256 million from 2015. Since the rate decreased, the property tax revenue will decline slightly in 2016. The property tax levy will provide \$108 million for general City purposes in 2016. This represents a decrease of \$6 million in the property tax revenue from 2015 or a 5% decrease. Property Tax Levy for Employee Retirement Purposes will increase \$3 million for 2016. The 2016 General City Purpose budget includes \$127 million in estimated revenue for City charges for services rendered, an increase of \$5 million. A City Solid Waste Fee is the largest revenue source in this category and is expected to generate \$37 million for 2016. This fee represents 30% of the total charges for services in the 2016 budget. The Street Sweeping-Leaf Collection and Tree Pruning Fee is expected to generate about \$18 million for 2016, about a \$2 million increase over 2015. This fee comprises 14% of the total charges for services in 2016 compared to 13% in 2015.

Estimated General City Purposes intergovernmental revenues, primarily from the State of Wisconsin, are projected to total \$262.6 million; an increase of \$400,000 from 2015.

CITY OF MILWAUKEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the City's finances and to demonstrate the City's accountability for the taxes and other funding received. If you have questions about this report or need additional financial information, contact the City of Milwaukee, Office of the City Comptroller, City Hall, 200 East Wells Street Room 404, Milwaukee, WI 53202.

**BASIC
FINANCIAL
STATEMENTS**

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2015
(Thousands of Dollars)

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 378,981	\$ 61,614	\$ 440,595	\$ 48,713
Receivables (net):				
Taxes	242,699	-	242,699	-
Accounts	41,274	44,396	85,670	442
Unbilled accounts	1,608	19,348	20,956	-
Special assessments	7,114	-	7,114	-
Notes and loans	104,042	-	104,042	38,460
Accrued interest	356	39	395	552
Due from component units	20,342	-	20,342	-
Due from primary government	-	-	-	108
Due from other governmental agencies	154,503	1,176	155,679	979
Inventory of materials and supplies	9,556	3,393	12,949	-
Inventory of property for resale	26	-	26	6,514
Prepaid items	864	859	1,723	171
Other assets	-	22	22	-
	<u>961,365</u>	<u>130,847</u>	<u>1,092,212</u>	<u>95,939</u>
Total Noncapital Assets				
Capital assets:				
Capital assets not being depreciated:				
Land	165,730	19,034	184,764	12,200
Construction in progress	89,103	30,863	119,966	15,640
Intangible right of ways	1,342	-	1,342	-
Capital assets being depreciated:				
Buildings	312,660	97,158	409,818	85,786
Infrastructure	1,662,239	1,042,185	2,704,424	333
Improvements other than buildings	11,997	8,173	20,170	4,264
Machinery and equipment	207,303	270,620	477,923	159
Intangible software.....	2,605	-	2,605	565
Nonutility property	-	3,654	3,654	-
Accumulated depreciation	(1,312,049)	(470,237)	(1,782,286)	(19,603)
	<u>1,140,930</u>	<u>1,001,450</u>	<u>2,142,380</u>	<u>99,344</u>
Total Capital Assets				
Total Assets	<u>2,102,295</u>	<u>1,132,297</u>	<u>3,234,592</u>	<u>195,283</u>
Deferred Outflows of Resources:				
Loss on refunding.....	-	359	359	-
Pension related.....	163,941	6,062	170,003	305
	<u>163,941</u>	<u>6,421</u>	<u>170,362</u>	<u>305</u>
Total Deferred Outflows of Resources				

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
December 31, 2015
(Thousands of Dollars)

Exhibit 1 (Continued)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable	\$ 58,276	\$ 26,238	\$ 84,514	\$ 2,984
Accrued expenses	39,875	1,083	40,958	268
Accrued interest payable	8,991	1,132	10,123	-
Internal balances	(22,781)	22,781	-	-
Due to component units	108	-	108	-
Due to other governmental agencies	2,076	-	2,076	3,446
Unearned revenues.....	3,418	1,176	4,594	-
Revenue anticipation notes payable	130,000	-	130,000	-
Other liabilities	-	-	-	2,748
Due to primary government:				
Due within one year	-	-	-	4,729
Due in more than one year	-	-	-	15,613
Long-term obligations:				
Due within one year	195,558	104,219	299,777	3,181
Due in more than one year	<u>1,319,901</u>	<u>237,261</u>	<u>1,557,162</u>	<u>113,909</u>
 Total Liabilities	 <u>1,735,422</u>	 <u>393,890</u>	 <u>2,129,312</u>	 <u>146,878</u>
 Deferred Inflows of Resources:				
Gain on refunding.....	1,146	-	1,146	-
Subsequent years property taxes.....	290,253	-	290,253	1,397
Pension related.....	<u>163</u>	<u>10</u>	<u>173</u>	<u>10</u>
 Total Deferred Inflows of Resources	 <u>291,562</u>	 <u>10</u>	 <u>291,572</u>	 <u>1,407</u>
NET POSITION				
Net investment in capital assets.....	769,340	675,510	1,444,850	24,780
Restricted for:				
Debt service	200,142	1,174	201,316	-
Other purposes	8,974	-	8,974	11,527
Unrestricted	<u>(739,204)</u>	<u>68,134</u>	<u>(671,070)</u>	<u>10,996</u>
 Total Net Position	 <u>\$ 239,252</u>	 <u>\$ 744,818</u>	 <u>\$ 984,070</u>	 <u>\$ 47,303</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit 2

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:				
Governmental Activities:				
General government	\$ 204,691	\$ 31,100	\$ 2,289	\$ -
Public safety	399,620	26,711	14,200	-
Public works	182,340	81,325	2,804	22,796
Health	20,249	1,081	8,597	-
Culture and recreation	25,315	1,092	3,767	-
Conservation and development	88,252	9	15,669	-
Interest on long-term debt	24,749	-	-	-
Total Governmental Activities	<u>945,216</u>	<u>141,318</u>	<u>47,326</u>	<u>22,796</u>
Business-type Activities:				
Water	72,141	96,687	-	1,276
Sewer Maintenance	49,661	60,695	-	-
Parking	25,233	42,532	-	-
Port of Milwaukee	4,005	6,876	-	1,464
Metropolitan Sewerage District				
User Charges	<u>46,850</u>	<u>44,253</u>	<u>-</u>	<u>-</u>
Total Business-type Activities	<u>197,890</u>	<u>251,043</u>	<u>-</u>	<u>2,740</u>
Total Primary Government	<u>\$ 1,143,106</u>	<u>\$ 392,361</u>	<u>\$ 47,326</u>	<u>\$ 25,536</u>
Component units:				
Redevelopment Authority	\$ 10,295	\$ 7,726	\$ 2,535	\$ -
Neighborhood Improvement Development Corporation	577	194	295	19
Century City Redevelopment Corporation	858	283	-	-
Total Component Units	<u>\$ 11,730</u>	<u>\$ 8,203</u>	<u>\$ 2,830</u>	<u>\$ 19</u>
General revenues:				
Property taxes and other taxes				
State aids for General Fund				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position - Beginning, as restated (note 14).....				
Net Position - Ending				

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (171,302)		\$ (171,302)	
(358,709)		(358,709)	
(75,415)		(75,415)	
(10,571)		(10,571)	
(20,456)		(20,456)	
(72,574)		(72,574)	
(24,749)		(24,749)	
<u>(733,776)</u>		<u>(733,776)</u>	
-	\$ 25,822	25,822	
-	11,034	11,034	
-	17,299	17,299	
-	4,335	4,335	
<u>-</u>	<u>(2,597)</u>	<u>(2,597)</u>	
<u>-</u>	<u>55,893</u>	<u>55,893</u>	
<u>(733,776)</u>	<u>55,893</u>	<u>(677,883)</u>	
			\$ (34)
			(69)
			<u>(575)</u>
			<u>(678)</u>
287,602	-	287,602	-
263,350	-	263,350	-
89,487	1,709	91,196	305
43,038	(43,038)	-	-
<u>683,477</u>	<u>(41,329)</u>	<u>642,148</u>	<u>305</u>
(50,299)	14,564	(35,735)	(373)
<u>289,551</u>	<u>730,254</u>	<u>1,019,805</u>	<u>47,676</u>
<u>\$ 239,252</u>	<u>\$ 744,818</u>	<u>\$ 984,070</u>	<u>\$ 47,303</u>

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**FUND
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
 DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit A-1

	General
ASSETS	
Assets:	
Cash and investments	\$ 128,911
Receivables (net):	
Taxes	153,678
Accounts	39,761
Unbilled accounts	1,608
Special assessments	-
Notes and loans	159
Accrued interest	252
Due from other funds	57,274
Due from component units	432
Due from other governmental agencies	4,286
Advances to other funds	6,380
Inventory of materials and supplies	9,556
Inventory of property for resale	26
Prepaid items	864
Total Assets	<u>\$ 403,187</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 31,482
Accrued expenses	39,783
Due to other funds	962
Due to component units	-
Due to other governmental agencies	-
Unearned revenue.....	388
Revenue anticipation notes payable	-
Advances from other funds	463
Total Liabilities	<u>73,078</u>
Deferred Inflows of Resources:.....	<u>202,861</u>
Fund Balances:	
Nonspendable	17,094
Restricted.....	-
Committed.....	2,035
Assigned	46,404
Unassigned.....	<u>61,715</u>
Total Fund Balances	<u>127,248</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 403,187</u>

The notes to the financial statements are an integral part of this statement.

General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
\$ 180,775	\$ 34,587	\$ 31,620	\$ 3,088	\$ 378,981
54,396	-	1,763	32,862	242,699
-	-	1,491	22	41,274
-	-	-	-	1,608
-	-	7,114	-	7,114
66,847	25,303	-	11,733	104,042
-	104	-	-	356
-	-	-	-	57,274
19,764	-	105	41	20,342
130,095	-	9,453	10,669	154,503
-	-	-	-	6,380
-	-	-	-	9,556
-	-	-	-	26
-	-	-	-	864
<u>\$ 451,877</u>	<u>\$ 59,994</u>	<u>\$ 51,546</u>	<u>\$ 58,415</u>	<u>\$ 1,025,019</u>
\$ 100	\$ -	\$ 20,716	\$ 5,978	\$ 58,276
-	-	-	92	39,875
2,304	-	5,335	25,429	34,030
-	-	83	25	108
-	-	-	2,076	2,076
-	-	1,673	1,357	3,418
130,000	-	-	-	130,000
-	-	6,380	-	6,843
<u>132,404</u>	<u>-</u>	<u>34,187</u>	<u>34,957</u>	<u>274,626</u>
<u>179,325</u>	<u>-</u>	<u>14,375</u>	<u>9,220</u>	<u>405,781</u>
-	-	-	-	17,094
140,148	59,994	18,260	8,974	227,376
-	-	-	5,264	7,299
-	-	-	-	46,404
-	-	(15,276)	-	46,439
<u>140,148</u>	<u>59,994</u>	<u>2,984</u>	<u>14,238</u>	<u>344,612</u>
<u>\$ 451,877</u>	<u>\$ 59,994</u>	<u>\$ 51,546</u>	<u>\$ 58,415</u>	<u>\$ 1,025,019</u>

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CITY OF MILWAUKEE
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION**
 DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit A-2

Fund balances - total governmental funds (Exhibit A-1) \$ 344,612

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 165,730	
Buildings, net of \$112,913 accumulated depreciation	199,747	
Infrastructure, net of \$1,051,040 accumulated depreciation	611,199	
Improvements other than buildings, net of \$9,472 accumulated depreciation	2,525	
Machinery and equipment, net of \$136,629 accumulated depreciation	70,674	
Intangible assets net of \$1,634 accumulated depreciation	1,952	
Construction in progress	<u>89,103</u>	
		1,140,930

Some revenues are unavailable in the funds because they are not available to pay current period's expenditures.

Taxes to be collected	14,452	
Grant revenues to be collected	7,770	
Special assessments to be collected	6,373	
Notes and loans receivable to repay long-term bonds and notes	<u>86,933</u>	
		115,528

Deferred inflows and outflows of resources related to pensions have not been included in governmental fund activity.

Deferred inflows for pensions	(163)	
Deferred outflows for pensions	<u>163,941</u>	
		163,778

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable	(8,991)	
Bonds and notes payable	(928,561)	
Gain on refunding	(1,146)	
Unamortized premiums	(53,183)	
Compensated absences	(48,401)	
Net other postemployment benefits obligation	(363,314)	
Net Pension Liability	(91,088)	
Claims and judgments	<u>(30,912)</u>	
		<u>(1,525,596)</u>

Total net position of governmental activities (Exhibit 1) **\$ 239,252**

The notes to the financial statements are an integral part of this reconciliation.

CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit A-3

	General
Revenues:	
Property taxes	\$ 190,318
Other taxes	2,765
Special assessments	-
Licenses and permits	16,629
Intergovernmental	263,350
Charges for services	141,318
Fines and forfeits	4,110
Contributions received	2,588
Other	<u>18,003</u>
Total Revenues	<u>639,081</u>
Expenditures:	
Current:	
General government	249,029
Public safety	293,787
Public works	101,086
Health	9,553
Culture and recreation	17,624
Conservation and development	3,816
Capital outlay	-
Debt Service:	
Principal retirement	-
Interest	-
Bond issuance costs	-
Total Expenditures	<u>674,895</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(35,814)</u>
Other Financing Sources (Uses):	
General obligation bonds and notes issued	130,968
Proceeds from debt refundings	-
Loans receivable activities	-
Issuance premium	-
Transfers in	46,169
Transfers out	<u>(127,119)</u>
Total Other Financing Sources and Uses	<u>50,018</u>
Net Change in Fund Balances	14,204
Fund Balances - Beginning	<u>113,044</u>
Fund Balances - Ending	<u>\$ 127,248</u>

The notes to the financial statements are an integral part of this statement.

General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
\$ 57,833	\$ -	\$ 5,664	\$ -	\$ 253,815
27,351	2,745	-	-	32,861
2,646	-	2,020	-	4,666
-	-	-	-	16,629
817	-	14,390	44,206	322,763
13,084	-	-	-	154,402
-	-	-	-	4,110
-	-	-	-	2,588
<u>693</u>	<u>2,395</u>	<u>10,647</u>	<u>10,450</u>	<u>42,188</u>
<u>102,424</u>	<u>5,140</u>	<u>32,721</u>	<u>54,656</u>	<u>834,022</u>
677	4	-	4,458	254,168
-	-	-	13,398	307,185
-	-	-	2,426	103,512
-	-	-	8,461	18,014
-	-	-	2,566	20,190
-	-	-	25,362	29,178
-	-	155,227	-	155,227
414,499	-	-	-	414,499
36,606	-	-	-	36,606
<u>1,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180</u>
<u>452,962</u>	<u>4</u>	<u>155,227</u>	<u>56,671</u>	<u>1,339,759</u>
<u>(350,538)</u>	<u>5,136</u>	<u>(122,506)</u>	<u>(2,015)</u>	<u>(505,737)</u>
73,175	-	148,099	28,280	380,522
106,316	-	-	-	106,316
(4,735)	-	-	(237)	(4,972)
9,927	-	2,718	-	12,645
168,237	-	-	-	214,406
<u>(1,945)</u>	<u>(7,000)</u>	<u>(5,278)</u>	<u>(30,026)</u>	<u>(171,368)</u>
<u>350,975</u>	<u>(7,000)</u>	<u>145,539</u>	<u>(1,983)</u>	<u>537,549</u>
437	(1,864)	23,033	(3,998)	31,812
<u>139,711</u>	<u>61,858</u>	<u>(20,049)</u>	<u>18,236</u>	<u>312,800</u>
<u>\$140,148</u>	<u>\$ 59,994</u>	<u>\$ 2,984</u>	<u>\$ 14,238</u>	<u>\$ 344,612</u>

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CITY OF MILWAUKEE
**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit A-4

Net change in fund balances - total governmental funds (Exhibit A-3) \$ 31,812

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$114,084) less additions from Construction-in-Progress (\$14,817) exceeded depreciation expense (\$53,077) in the current period less loss on disposals (\$581) 45,609

Notes and loans receivable to repay long-term bonds and notes 1,371

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.

Taxes accrued in prior years	926	
Capital grants and contributions	(4,635)	
Special assessments beginning of the year \$6,702 less \$6,373 at year end	<u>234</u>	
		(3,475)

The issuance of long-term debt (bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of discounts, premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued:		
Bonds and notes issued	(486,838)	
Issuance premiums	(12,645)	
Gain on refunding	(756)	
Repayments:		
Principal retirement	414,499	
Amortization:		
Premiums	14,088	
Gain/Loss on refunding	<u>(53)</u>	
		(71,705)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather as it accrues. The adjustment combines the net changes of the following balances.

Compensated absences	(1,622)	
Net other postemployment benefits obligation	(46,589)	
Net pension liability	(2,911)	
Claims and judgments	(3,329)	
Accrued interest on bonds and notes	<u>540</u>	
		<u>(53,911)</u>

Changes in net position of governmental activities (Exhibit 2) **\$ (50,299)**

The notes to the financial statements are an integral part of this reconciliation.

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS - PROPRIETARY
 DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit B-1

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 15,420	\$ 16,827	\$ 17,428	\$ 49,675
Restricted cash and cash equivalents	1,174	10,765	-	11,939
Receivables (net):				
Accounts	16,704	15,307	12,385	44,396
Unbilled accounts	13,928	2,449	2,971	19,348
Accrued interest	-	39	-	39
Due from other funds	3,266	1,558	1,264	6,088
Due from other governmental agencies	-	1,176	-	1,176
Advances to other fund	626	-	-	626
Inventory of materials and supplies	3,133	260	-	3,393
Prepaid items	838	-	21	859
Other assets	22	-	-	22
	<u>55,111</u>	<u>48,381</u>	<u>34,069</u>	<u>137,561</u>
Total Current Assets				
Noncurrent assets:				
Capital assets:				
Capital assets not being depreciated:				
Land	2,052	-	16,982	19,034
Construction in progress	25,993	167	4,703	30,863
Capital assets being depreciated:				
Buildings	28,514	-	68,644	97,158
Infrastructure	375,131	649,022	18,032	1,042,185
Improvements other than buildings	-	-	8,173	8,173
Machinery and equipment	251,945	6,009	12,666	270,620
Nonutility property	3,654	-	-	3,654
Accumulated depreciation	<u>(245,321)</u>	<u>(148,761)</u>	<u>(76,155)</u>	<u>(470,237)</u>
	<u>441,968</u>	<u>506,437</u>	<u>53,045</u>	<u>1,001,450</u>
Net Capital Assets				
Total Noncurrent Assets	<u>441,968</u>	<u>506,437</u>	<u>53,045</u>	<u>1,001,450</u>
Total Assets	<u>497,079</u>	<u>554,818</u>	<u>87,114</u>	<u>1,139,011</u>
Deferred Outflows of Resources:				
Loss on refunding.....	-	358	1	359
Deferred outflows for pensions	3,750	1,206	1,106	6,062
	<u>3,750</u>	<u>1,564</u>	<u>1,107</u>	<u>6,421</u>
Total Deferred Outflows of Resources.....				

CITY OF MILWAUKEE
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
 DECEMBER 31, 2015

Exhibit B-1 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 9,546	\$ 4,165	\$ 12,527	\$ 26,238
Accrued expenses	676	156	251	1,083
Accrued interest payable	135	556	147	838
Compensated absences	1,189	164	279	1,632
Advances from other funds	-	-	163	163
Due to other funds	22,770	-	6,562	29,332
Unearned revenue.....	-	1,176	-	1,176
Extendable Municipal Commercial Paper	10,000	75,000	1,098	86,098
General obligation debt payable - current	1,817	706	1,818	4,341
Total Current Liabilities	46,133	81,923	22,845	150,901
Current Liabilities Payable from Restricted Assets:				
Revenue bonds payable	1,817	10,471	-	12,288
Accrued interest payable	-	294	-	294
Total Current Liabilities Payable from Restricted Assets	1,817	10,765	-	12,582
Noncurrent Liabilities:				
General obligation debt payable	8,351	7,278	11,865	27,494
Revenue bonds & State loans payable	14,322	181,390	-	195,712
Other post employment benefits obligation	6,069	2,344	2,140	10,553
Net pension liability	2,147	630	585	3,362
Total Noncurrent Liabilities	30,889	191,642	14,590	237,121
Total Liabilities	78,839	284,330	37,435	400,604
Deferred inflows of Resources:				
Deferred inflows for pensions	10	-	-	10
NET POSITION:				
Net investment in capital assets.....	405,661	231,592	38,257	675,510
Restricted for Debt Service	1,174	-	-	1,174
Unrestricted	15,145	40,460	12,529	68,134
Total Net Position	\$ 421,980	\$ 272,052	\$ 50,786	\$ 744,818

The notes to the financial statements are an integral part of this statement.

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CITY OF MILWAUKEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit B-2

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Operating Revenues:				
Charges for Services:				
Water sales	\$ 79,290	\$ -	\$ -	\$ 79,290
Statutory sewer user fee	-	-	43,062	43,062
Sewer maintenance fee	-	60,695	-	60,695
Rent	-	-	15,017	15,017
Fire protection service	8,723	-	-	8,723
Parking meters	-	-	5,195	5,195
Parking permits	-	-	4,399	4,399
Vehicle towing	-	-	5,775	5,775
Parking forfeitures	-	-	19,022	19,022
Other	8,674	-	1,191	9,865
Total Operating Revenues	<u>96,687</u>	<u>60,695</u>	<u>93,661</u>	<u>251,043</u>
Operating Expenses:				
Milwaukee Metropolitan Sewerage District charges ..	-	-	41,618	41,618
Employee services	-	7,640	9,290	16,930
Administrative and general	8,691	-	-	8,691
Depreciation	17,624	7,326	3,483	28,433
Transmission and distribution	20,832	-	-	20,832
Services, supplies, and materials	-	9,616	21,103	30,719
Water treatment	14,359	-	-	14,359
Water pumping	7,636	-	-	7,636
Billing and collection	2,998	-	-	2,998
Total Operating Expenses	<u>72,140</u>	<u>24,582</u>	<u>75,494</u>	<u>172,216</u>
Operating Income	<u>24,547</u>	<u>36,113</u>	<u>18,167</u>	<u>78,827</u>
Nonoperating Revenues (Expenses):				
Investment income	24	18	-	42
Grant revenue	-	-	1,464	1,464
Interest expense	(1)	(5,908)	(594)	(6,503)
Other	337	(19,171)	1,330	(17,504)
Total Net Nonoperating Revenues (Expenses)	<u>360</u>	<u>(25,061)</u>	<u>2,200</u>	<u>(22,501)</u>
Income before Contributions and Transfers.....	24,907	11,052	20,367	56,326
Capital contributions	1,276	-	-	1,276
Transfers in	-	-	559	559
Transfers out	<u>(12,880)</u>	<u>(5,956)</u>	<u>(24,761)</u>	<u>(43,597)</u>
Change in Net Position	13,303	5,096	(3,835)	14,564
Total Net Position - Beginning, as restated(note 14).....	<u>408,677</u>	<u>266,956</u>	<u>54,621</u>	<u>730,254</u>
Total Net Position - Ending	<u>\$ 421,980</u>	<u>\$ 272,052</u>	<u>\$ 50,786</u>	<u>\$ 744,818</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit B-3

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	\$ 90,603	\$ 61,151	\$ 92,254	\$ 244,008
Receipts from interfund services provided	5,798	-	-	5,798
Payments to suppliers	(23,570)	(10,107)	(61,181)	(94,858)
Payments to employees	(20,400)	(7,307)	(8,979)	(36,686)
Payments from other funds	-	(72)	(257)	(329)
Payments to other funds	(17,672)	-	2,620	(15,052)
 Net Cash Provided by Operating Activities.....	<u>34,759</u>	<u>43,665</u>	<u>24,457</u>	<u>102,881</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Miscellaneous nonoperating revenue	197	-	1,464	1,661
Other nonoperating expenses	-	(19,171)	-	(19,171)
Transfers from other funds	-	-	559	559
Transfers to other funds	(12,880)	(5,956)	(24,761)	(43,597)
 Net Cash Used by Noncapital Financing Activities	<u>(12,683)</u>	<u>(25,127)</u>	<u>(22,738)</u>	<u>(60,548)</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of bonds and notes	16,590	51,411	3,347	71,348
Acquisition of property, plant, and equipment	(29,418)	(35,182)	(1,502)	(66,102)
Retirement of bonds, notes, and revenue bonds	(3,846)	(31,101)	(2,457)	(37,404)
Interest paid	(48)	(6,553)	(603)	(7,204)
Other	-	108	1,214	1,322
 Net Cash Used for Capital and Related Financing Activities	<u>(16,722)</u>	<u>(21,317)</u>	<u>(1)</u>	<u>(38,040)</u>
 CASH FLOWS FROM INVESTING ACTIVITY:				
Investment income	24	18	-	42
 Net Increase (Decrease) in Cash and Cash Equivalents	5,378	(2,761)	1,718	4,335
Cash and Cash Equivalents - Beginning	11,216	30,353	15,710	57,279
 Cash and Cash Equivalents - Ending	<u>\$ 16,594</u>	<u>\$ 27,592</u>	<u>\$ 17,428</u>	<u>\$ 61,614</u>

CITY OF MILWAUKEE
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit B-3 (Continued)

	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds	Total
Cash and Cash Equivalents at Year-End Consist of:				
Unrestricted Cash	\$ 15,420	\$ 16,827	\$ 17,428	\$ 49,675
Restricted Cash	<u>1,174</u>	<u>10,765</u>	<u>-</u>	<u>11,939</u>
	<u>\$ 16,594</u>	<u>\$ 27,592</u>	<u>\$ 17,428</u>	<u>\$ 61,614</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 24,547	\$ 36,113	\$ 18,167	\$ 78,827
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	17,624	7,326	3,483	28,433
Effect of changes in assets and liabilities:				
Receivables	(623)	454	(1,405)	(1,574)
Due from other funds	384	(72)	(257)	55
Inventories	(561)	(26)	-	(587)
Prepaid items	1,248	-	-	1,248
Other assets	(12)	-	-	(12)
Accounts payable	3,013	(465)	1,540	4,088
Accrued liabilities	42	1	(33)	10
Net other postemployment benefits obligation	1,009	387	379	1,775
Net pension liability	2,563	748	672	3,983
Due to other funds	(12,095)	-	2,620	(9,475)
Unearned revenue	-	-	(1)	(1)
Deferred pension outflows	(2,390)	(801)	(708)	(3,899)
Deferred pension inflows	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
 Net Cash Provided by Operating Activities	 <u>\$ 34,759</u>	 <u>\$ 43,665</u>	 <u>\$ 24,457</u>	 <u>\$ 102,881</u>

Non-cash Activities:

During the year, water mains and related property, installed by others were deeded to the Water Works in the amount of \$1,276,094.

During the year, the Sewer Maintenance Fund removed infrastructure assets costing \$108,000 with a net value of \$0.

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
 DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit C-1

	Employee Benefit Trusts	Private- Purpose Trusts	Agency Funds
ASSETS			
Cash and investments.....	<u>\$ 1,151</u>	<u>\$ 3,336</u>	<u>\$ 246,560</u>
Total Assets	<u>1,151</u>	<u>3,336</u>	<u>\$ 246,560</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 76	\$ 124	\$ 1,729
Due to other governmental agencies	<u>-</u>	<u>-</u>	<u>244,831</u>
Total Liabilities	<u>76</u>	<u>124</u>	<u>\$ 246,560</u>
Net Position Held In Trust For:			
Employees' pension benefits and other purposes	<u>\$ 1,075</u>	<u>\$ 3,212</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit C-2

	Employee Benefit Trusts	Private- Purpose Trusts
Additions		
Contributions:		
Plan members	\$ 3,885	\$ -
Private donations	<u>-</u>	<u>2,495</u>
Total Contributions	<u>3,885</u>	<u>2,495</u>
Investment earnings:		
Net appreciation in fair value of investments, dividends and interest	<u>-</u>	<u>7</u>
Total Additions	<u>3,885</u>	<u>2,502</u>
Deductions		
Benefits	3,639	-
Fees remitted from Trust	-	1,499
Other	<u>-</u>	<u>679</u>
Total Deductions	<u>3,639</u>	<u>2,178</u>
Change in Net Position	246	324
Net Position - Beginning	<u>829</u>	<u>2,888</u>
Net Position - Ending	<u>\$ 1,075</u>	<u>\$ 3,212</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
 DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit D-1

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
ASSETS				
Current Assets:				
Cash and investments.....	\$ 6,355	\$ 1,712	\$ 423	\$ 8,490
Restricted cash and investments	39,645	578	-	40,223
Receivables (net):				
Accounts	319	81	42	442
Notes and loans	38,072	388	-	38,460
Accrued interest	406	146	-	552
Due from primary government	108	-	-	108
Due from other governmental agencies	979	-	-	979
Inventory of property for resale	5,764	750	-	6,514
Prepaid items	148	-	23	171
	<u>91,796</u>	<u>3,655</u>	<u>488</u>	<u>95,939</u>
Total Noncapital Assets				
	<u>91,796</u>	<u>3,655</u>	<u>488</u>	<u>95,939</u>
Capital assets:				
Capital assets not being depreciated:				
Land and land improvements	11,091	-	1,109	12,200
Construction in progress	15,640	-	-	15,640
Capital assets being depreciated:				
Buildings	75,621	-	10,165	85,786
Infrastructure	333	-	-	333
Improvements other than buildings	4,264	-	-	4,264
Machinery and equipment	6	-	153	159
Intangible assets.....	565	-	-	565
Accumulated depreciation	(18,118)	-	(1,485)	(19,603)
	<u>89,402</u>	<u>-</u>	<u>9,942</u>	<u>99,344</u>
Total Capital Assets, Net of Depreciation				
	<u>89,402</u>	<u>-</u>	<u>9,942</u>	<u>99,344</u>
Total Assets	<u>181,198</u>	<u>3,655</u>	<u>10,430</u>	<u>195,283</u>
Deferred Outflows of Resources:				
Deferred outflows for pensions	305	-	-	305

CITY OF MILWAUKEE
COMBINING STATEMENT OF NET POSITION
COMPONENT UNITS
 DECEMBER 31, 2015
(Thousands of Dollars)

Exhibit D-1 (Continued)

	Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities:				
Accounts payable	\$ 2,893	\$ 38	\$ 53	\$ 2,984
Accrued expenses	251	-	17	268
Due to other governmental agencies	3,201	-	245	3,446
Other liabilities	<u>2,301</u>	<u>447</u>	<u>-</u>	<u>2,748</u>
 Total Current Liabilities	 <u>8,646</u>	 <u>485</u>	 <u>315</u>	 <u>9,446</u>
Due to primary government:				
Due within one year	4,655	74	-	4,729
Due in more than one year	<u>15,613</u>	<u>-</u>	<u>-</u>	<u>15,613</u>
 Total Due to Primary Government	 <u>20,268</u>	 <u>74</u>	 <u>-</u>	 <u>20,342</u>
Long-term obligations:				
Due within one year	3,181	-	-	3,181
Due in more than one year	<u>95,029</u>	<u>30</u>	<u>18,850</u>	<u>113,909</u>
 Total Noncurrent Liabilities	 <u>98,210</u>	 <u>30</u>	 <u>18,850</u>	 <u>117,090</u>
 Total Liabilities	 <u>127,124</u>	 <u>589</u>	 <u>19,165</u>	 <u>146,878</u>
Deferred Inflows of Resources:				
Unavailable revenue.....	1,207	190	-	1,397
Deferred inflows for pensions	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
Total Deferred Inflows of Resources.....	<u>1,217</u>	<u>190</u>	<u>-</u>	<u>1,407</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>128,341</u>	 <u>779</u>	 <u>19,165</u>	 <u>148,285</u>
NET POSITION:				
Net investment in capital assets.....	26,188	-	(1,408)	24,780
Restricted	10,821	706	-	11,527
Unrestricted	<u>16,153</u>	<u>2,170</u>	<u>(7,327)</u>	<u>10,996</u>
 Total Net Position	 <u>\$ 53,162</u>	 <u>\$ 2,876</u>	 <u>\$ (8,735)</u>	 <u>\$ 47,303</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MILWAUKEE
COMBINING STATEMENT OF ACTIVITIES
COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit D-2

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Redevelopment Authority				
Prevention and elimination of blight	\$ 10,295	\$ 7,726	\$ 2,535	\$ -
Neighborhood Improvement Development Corp.				
Housing improvements	577	194	295	19
Century City Redevelopment Corporation				
Rental income	<u>858</u>	<u>283</u>	<u>-</u>	<u>-</u>
 Total Component Units	 <u>\$ 11,730</u>	 <u>\$ 8,203</u>	 <u>\$ 2,830</u>	 <u>\$ 19</u>

General revenues:	
Miscellaneous	
Total General Revenues	
Change in Net Position	
Net Position - Beginning, as restated (note 14).....	
Net Position - Ending	

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Redevelopment Authority	Neighborhood Improvement Development Corporation	Century City Redevelopment Corporation	Total
\$ (34)	\$ -	\$ -	\$ (34)
-	(69)	-	(69)
<u>-</u>	<u>-</u>	<u>(575)</u>	<u>(575)</u>
<u>(34)</u>	<u>(69)</u>	<u>(575)</u>	<u>(678)</u>
<u>(221)</u>	<u>97</u>	<u>429</u>	<u>305</u>
<u>(221)</u>	<u>97</u>	<u>429</u>	<u>305</u>
(255)	28	(146)	(373)
<u>53,417</u>	<u>2,848</u>	<u>(8,589)</u>	<u>47,676</u>
<u>\$ 53,162</u>	<u>\$ 2,876</u>	<u>\$ (8,735)</u>	<u>\$ 47,303</u>

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**NOTES
TO THE
FINANCIAL
STATEMENTS**

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. Reporting Entity

The City of Milwaukee (the "City") was incorporated on January 31, 1846, and operates under a Council-Mayor form of government. These financial statements present the City (the primary government) and other organizations, including component units, for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component units discussed below are legally separate organizations for which the elected officials of the City are accountable. The City is considered financially accountable if it appoints a voting majority of the organization's governing body and is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to or burdens on the City. The City may be financially accountable if an organization is fiscally dependent on the primary government.

Discretely Presented Component Units

The component unit's columns in the government-wide financial statements include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City. The City has the following discretely presented component units:

Redevelopment Authority - The Redevelopment Authority of the City of Milwaukee (RACM) is responsible for activities related to the prevention and elimination of blighted conditions in the City. The City appoints all members of the Board and approves the budget.

Neighborhood Improvement Development Corporation - The Neighborhood Improvement Development Corporation (NIDC) is a nonprofit organization established to promote reinvestment in both housing and commercial structures within the City. NIDC programs encourage private lending institutions and property owners to make improvements to the community's homes and businesses. Corporate officers of NIDC are provided by the City and daily operations are managed by City employees.

Century City Redevelopment Corporation - The Century City Redevelopment Corporation (CCRC) is a nonprofit organization created to perform redevelopment activities within the City. CCRC is managed by a Board of Directors made up of members from City government and employee services are provided by the Redevelopment Authority through a cooperation agreement.

Financial statements of the individual component units can be obtained from their respective administrative offices. Addresses of the component units are as follows: RACM, 809 North Broadway, 3rd Floor, Milwaukee, Wisconsin 53202; NIDC, 841 North Broadway, 3rd Floor, Milwaukee, Wisconsin 53202; and CCRC, 841 North Broadway, 2nd Floor, Milwaukee, Wisconsin 53202.

The basic financial statements exclude the accounts of the Housing Authority of the City of Milwaukee (HACM), Milwaukee Economic Development Corporation (MEDC), Wisconsin Center District, Milwaukee Public Schools, the Milwaukee Metropolitan Sewerage District, World Festivals Inc. ("Summerfest") and the Employees' Retirement System of the City of Milwaukee, because these entities do not meet the criteria established by GASB Statement 61 as component units of the City. The Milwaukee Metropolitan Sewerage District (MMSD) is a special purpose municipal corporation created to provide sewerage treatment services in the Milwaukee metropolitan area. The City is responsible for paying usage charges within its jurisdiction. These amounts, in turn, are billed by the City to its water customers. The City has no equity interest in MMSD. Financial statements for MMSD can be obtained from its administrative office.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Related Organizations

Housing Authority of the City of Milwaukee

The Housing Authority of the City of Milwaukee (HACM) is responsible for the construction and management of safe, affordable, and quality housing with services that enhance residents' self-sufficiency.

The Housing Authority is governed by a seven member Board of Commissioners who are appointed by the Mayor and confirmed by the Common Council. The City is not legally obligated for any of HACM obligations or debt.

Milwaukee Area Workforce Investment Board

The Milwaukee Area Workforce Investment Board (MAWIB) was established to provide job training, employment services, and workforce development within Milwaukee County. MAWIB acts as the recipient, dispenser, and administer of funding provided under the Workforce Development Act for Milwaukee County.

The Governor designated the Mayor of the City of Milwaukee as Milwaukee County's chief local elected officer for the Workforce Investment Act of 1998. The directors of the MAWIB are appointed by the Mayor in accordance with the Workforce Investment Act. The City is not legally obligated for any of MAWIB obligations or debt. The City is not entitled to access funds of the MAWIB.

B. Basis of Presentation

Government-wide Statements. The government-wide statement of net position and statement of activities report the overall financial activity of the City, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the City. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) fines, fees, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for proprietary funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All expenses not meeting these criteria are reported as nonoperating expenses. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund.

General Obligation Debt – This fund accounts for the resources accumulated and payments made for principal and interest on the City's outstanding long-term general obligation debt.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Public Debt Amortization – This fund accounts for one-third of all interest on general City investments and interest on Fund investments for the retirement of debt. The Public Debt Amortization Fund is governed by Section 67.101 of the Wisconsin Statutes for the retirement of the public debt. See Note 7 for further discussion.

Capital Projects Fund – The Capital Projects Fund is used to account for the financial resources segregated for the acquisition or construction of major capital expenditures other than those financed by proprietary funds.

The City reports the following major enterprise funds:

Water Works – All activities necessary to provide water services to residents of the City and outlying areas. Fund activities include administration, billing and collection, operations, maintenance and financing.

Sewer Maintenance – This fund accounts for the maintenance of the City's sewer system. Wisconsin State Statutes Section 66.0821, permit municipalities to implement sewer fees to recover the costs of operation, maintenance, repair, and depreciation of sewer collection and transportation facilities. Sewer maintenance costs are recovered through a user fee rather than through the property tax.

Additionally, the City reports the following fiduciary fund types:

Pension and Other Employee Benefit Trusts – This fund accounts for resources for employee flexible spending plans.

Private Purpose Trust – These funds account for resources legally held in trust for use by various individuals, governmental entities, and nonpublic corporations. All resources of these funds, including any earnings on invested resources, may be used to support each trust's initiatives.

Agency – These funds account for taxes and deposits collected by the City, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

C. Basis of Accounting – Measurement Focus

The government-wide, proprietary, and fiduciary fund 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 flow takes place. Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property tax revenue, grants, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance, which is the year after the taxes are levied. Taxes levied in 2014 that will be collected in 2015 are recorded as receivable and deferred inflows of resources. Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Revenue from grants and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, excluding property taxes, to be available if they are collected within 90 days of the end of the current year. Property taxes are considered to be available if they are collected within 60 days of the end of the current year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources, which are susceptible to accrual include property taxes, state shared revenues, grants, contributions, and interest. All other revenue sources including licenses, permits, fines, and forfeits are considered to be measurable and available only when cash is received.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, all highly liquid investments (including restricted cash and investments) purchased with a maturity of three months or less are considered to be cash equivalents. The City manages a cash and investment pool to maximize return on funds while providing liquidity to meet day-to-day obligations. Each fund's equity in the City's investment pool is considered to be a cash equivalent, since the funds can deposit or effectively withdraw cash at anytime without prior notice or penalty.

E. Investments

Investments, primarily consisting of fixed income securities, are reported at fair value based on quoted market prices. Commercial paper, which is short term, defined as having an original maturity of one year or less, and highly liquid is carried at amortized cost. Investment transactions are recorded on the trade date. Under Wisconsin Statutes, one-third of all interest on pooled cash and investments is allocated to the Public Debt Amortization Fund. The remaining two-thirds are credited to the General Fund. Each fund type's portion of pooled cash and investments is included in the cash and cash equivalents line on the Statement of Net Position/Balance Sheet.

Wisconsin Statutes permit the City to invest funds not immediately needed in any of the following:

- . Time deposits maturing within three years in any credit union, bank, savings bank, trust company, or savings and loan association, which are authorized to transact business in the State of Wisconsin.
- . Bonds or securities issued or guaranteed by the Federal government.
- . Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the State of Wisconsin, as well as bonds issued by a local exposition district, a local professional baseball park district, the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- . Local Government Investment Pool - Investment Fund of the State of Wisconsin. The Local Government Pooled Investment Fund is an external investment pool administered by the State of Wisconsin. The fair value of the City's investment in the fund is the same as the value of the pooled shares. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of Section 25.50 of the Wisconsin Statutes.
- . Repurchase agreements with public depositories, if the agreement is secured by federal bonds or securities.
- . Any security that matures or that may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating, which is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, Inc., or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating.
- . Securities of open-end management investment companies or investment trusts (mutual funds) if the portfolio is limited to (a) bonds and securities issued by the federal government or a commission, board, or other instrumentality of the federal government, (b) bonds that are guaranteed as to principal and interest by the federal government or a commission, board, or other instrumentality of the federal government, and (c) repurchase agreements that are fully collateralized by these bonds or securities.

F. Property Taxes

Property taxes are recorded as receivables and deferred inflows in the taxing fund in the year levied because the taxes are restricted to funding the succeeding year's budget appropriations. Property tax payments received prior to year-end are also reflected in the taxing fund. Property taxes are recognized in the appropriate funds as revenues in the succeeding year when they are collected and available to finance City services. If not collected at year-end, the delinquent property taxes are reflected as receivables and deferred inflows. Delinquent property taxes and related interest are recognized as revenues when collected.

CITY OF MILWAUKEE
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The allowance for uncollectible property taxes is based on an analysis of the delinquent property taxes and, in management's judgment, represents an amount adequate to provide for potential uncollectible taxes. The allowance is increased by provisions charged against revenues and is reduced by taxes receivable written off.

The City, through its Special Revenue Fund - Delinquent Tax, issues general obligation short-term promissory notes to finance the purchase of the most recent delinquent taxes from its General Fund. Collections on these delinquencies are used for the associated debt service requirements.

G. Accounts Receivable

Accounts receivables are presented net of allowances. The amount of the General Fund allowance as of December 31, 2015 is approximately \$754,000.

Delinquent accounts for business type activities are presented in accounts receivable net of allowances. The amounts of the Water, Sewer, and Non-major Enterprise fund allowances as of December 31, 2015 were approximately \$710,000, \$523,000, and \$983,000 respectively.

H. Unbilled Services

Unbilled water and sewer services at year-end are recognized as revenues and receivables in the accompanying financial statements.

I. Special Assessments

Special assessments consist of capital projects constructed through non-special assessment debt. In governmental fund financial statements, special assessments are recorded as receivables and deferred revenues when the related capital outlays are made and are recorded as revenues when due and payable. In the government-wide financial statements, special assessments are recorded as receivables and capital contribution revenue when the capital outlays are made. All special assessments are due when billed and may be paid on an installment basis with interest. Special assessment receivables that become delinquent are added to the general tax roll. The method of enforcing collections is the same as for general city taxes with like force and effect.

J. Notes and Loan Receivables

The General Fund, the Special Revenue Fund - Community Development Block Grant, and Neighborhood Improvement Development Corporation hold notes and loans receivable from individuals, small businesses, and corporations in the Milwaukee area that are secured by primary or secondary security interests in real estate or other assets. The City periodically analyzes the collectibility of the notes and loans that are not insured and provides allowances as considered necessary. The amount of the allowance in the nonmajor governmental fund is approximately \$27,376,000 as of December 31, 2015.

The City creates tax incremental districts (TID) to issue debt to fund redevelopment projects. Pursuant to a cooperation agreement between the City, the Redevelopment Authority of the City of Milwaukee (Authority), and the Milwaukee Economic Development Corporation (Corporation), the City provides the Authority and the Corporation with the funds necessary to carry out the loan to a private developer to finance the redevelopment projects. Loan repayments to the Authority and the Corporation from the private developer, including interest income as well as other project income, are transferred to the City until the City's loan has been repaid or the TID expires. The City reflects these loans as notes receivable and deferred inflows in governmental fund financial statements based on an amount estimated to be repaid from the Authority and the Corporation.

K. Inventories

Inventories of materials and supplies are stated at moving average cost, based upon perpetual recordkeeping systems and periodic cycle counts of quantities on hand. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased therefore inventories are classified as non-spendable in fund balance.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

L. Prepaid Items

Cash payments benefiting future periods have been recorded as prepaid items. They will be reflected as expenditures or expenses when incurred in the subsequent year and are classified as non-spendable in fund balance.

M. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure, are reported at cost or estimated historical cost. Contributed assets are reported at estimated fair value at the time received. General infrastructure assets, such as roads, bridges, curbs, gutters, streets, sidewalks, and drainage and lighting systems, acquired prior to January 1, 2002 are reported at estimated historical cost using deflated replacement cost. Capital assets are depreciated using the straight-line method. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

Major capital outlays for capital assets of business-type activities are included as part of the capitalized value of the assets constructed. Interest expenses incurred during construction were not capitalized as part of the additions to capital assets.

Capitalization thresholds and the estimated useful lives for the City and component units are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life
Infrastructure	\$ 5,000	5-50 years
Land	5,000	N/A
Land Improvements	5,000	N/A
Intangible right of ways	5,000	N/A
Site Improvements	5,000	3-50
Buildings	5,000	10-60
Building Improvements	5,000	10-45
Machinery and equipment	5,000	3-25
Works of Art, Historical Treasures	5,000	N/A
Intangible software	100,000	5-20

N. Pension Contributions

The employer's share of the annual contribution is recorded in the proprietary funds and government-wide financial statements as an expense when the liability is incurred and in the governmental funds as expenditure when the liability is liquidated with expendable available financial resources.

O. Compensated Absences

The liability for compensated absences reported in the government-wide, proprietary, and fiduciary fund financial statements consists of unpaid, accumulated vacation, and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., social security and Medicare tax). A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

City employees accrue sick leave in accordance with labor agreements or Section 350-37 of the Code of Ordinances.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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P. Claims and Judgments

The liability for claims and judgments is reported in the government-wide, proprietary, and fiduciary fund financial statements when they are both probable and estimable. A liability for claims and judgments is reported in governmental funds only if they have matured (i.e., are due). The City accrues environmental remediation obligations when related liabilities are probable and reasonably estimable. These accruals generally are recognized no later than completion of a remedial feasibility study and are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

Q. Debt Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, debt premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Long-term debt payable are reported net of the applicable debt premium or discount. Debt issuance costs are expensed in the current period.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The City records premiums for governmental fund types in the General Obligation Debt Service Fund.

Advance Refundings of Debt

In the government-wide and proprietary fund financial statements, gains and losses from advance refundings of debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method.

R. Fund Balance-Governmental Funds

The fund balances of the governmental funds are classified as follows:

Non-spendable – Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the City's Common Council. The Common Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Common Council.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. It is the policy of the City that the City Comptroller will have the authority to assign funds intended for a specific purpose but have not received formal approval by the Common Council. The Comptroller will record funds as assigned fund balance based on intentions for use of the funds and can redeploy assigned resources to an alternative fund balance category based on intended use of the funds.

Unassigned – All other spendable amounts.

When expenditure is incurred for purposes for which restricted, committed, assigned, or unassigned amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first followed by committed, assigned and then unassigned fund balance unless the order of fund balance usage is dictated by legal, borrowing or other requirements.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

S. Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "Net investment in capital assets."

T. Interfund Transactions

The City has the following types of interfund transactions:

Loans – amounts provided with a requirement for repayment. Interfund loans are reported as interfund receivables (i.e. due from other funds) in lender funds and interfund payables (i.e. due to other funds) in borrower funds. The noncurrent portions of long-term interfund loans receivable are reported as advances.

Services provided and used – sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the fund balance sheets or fund statements of net position.

Reimbursements – repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursement is reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – flows of assets (such as cash or goods) without equivalent flows of assets in return, including payments in lieu of taxes, and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

U. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

V. New Accounting Pronouncements

In July 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and Statement No. 50, *Pension Disclosures*. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and RSI. As an addition to GASB 68, GASB Statement No. 71 was also issued which added a part to GASB 68 was not included in the original pronouncement. The City has implemented these Statements for the financial statements ending December 31, 2015. See Note 8 for more information.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this statement is to provide guidance for determining a fair value measurement for financial reporting purposes. This statement

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The application of this statement is will be recorded in the year ending December 31, 2016 financial statements

In June 2015, the GASB issued Statement No. 74 and No. 75, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. These Statements replace Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43 and Statement No. 50, *Pension Disclosures*. The application of this statement will be implemented starting with the year ended Dec. 31, 2016 financial statements.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires certain disclosures in regards to tax abatements utilized by local governments. Financial statement users need information regarding a government's ability to raise resources to use. This statement will provide information necessary to assess how tax abatements affect the financial position of the City. This will be implemented in the 2016 financial statements if it is deemed applicable.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement is a modification to Statement No. 68 regarding criteria for pension plans that qualify for reporting requirements under these GASB pronouncements. It will be effective for the year end December 31, 2016 financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses criteria for certain external investment pools and pool participants for disclosing the investments at amortized cost for financial reporting purposes. This statement will be effective and implemented for the year end December 31, 2016 financial statements.

The GASB issued Statement No. 80, *Blending Requirements for Certain Component Units* in January of 2016. This is an amendment to Statement No. 14. It further details blending requirements for component units of local governments. This will be implemented if applicable in the year end December 31, 2016 financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement improves financial reporting by improving recognition and measurement for situations in which a government is a beneficiary of such an agreement. The effective date for this statement is to be implemented for the year end December 31, 2017 financial statements.

In March 2016, the GASB issued Statement No. 82, *An Amendment of GASB Statements No. 67, 68, and No. 73*. This statement addresses issues with payroll related measures for presentation in the Required Supplementary Information of the financial statements. These changes will be reflected in the year end December 31, 2016 statements.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

2. DEPOSITS AND INVESTMENTS

A. Primary Government

The description of the City's deposit and investment policy is discussed in Note 1 D and E.

As of December 31, 2015, the City's deposits and investments are as follows:

	Fair Value	Investment Maturities (in Years)			Greater than 10	Credit Rating
		(Thousands of Dollars)				
		Less than 1	1-5	6-10		
Governmental and Business-type activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 325,679	\$ 325,679	\$ -	\$ -	\$ -	see below
Other Deposits	110	110	-	-	-	not rated
Segregated Deposits and Investments						
Interest Checking	6,999	6,999	-	-	-	not rated
Wisconsin Local Government						
Investment Pool	71,769	71,769	-	-	-	not rated
Municipal Bonds	9,979	1,407	6,891	1,681	-	see below
U.S. Treasury strips	646	646	-	-	-	Aaa
Treasuries (Fiscal Agent)	19,942	19,942	-	-	-	not rated
GNMA Bonds	5,471	5,471	-	-	-	Aaa
	<u>\$ 440,595</u>	<u>\$ 432,023</u>	<u>\$ 6,891</u>	<u>\$ 1,681</u>	<u>\$ -</u>	
Fiduciary activities:						
<i>Investment type</i>						
Pooled Deposits and Investments	\$ 250,437	\$ 250,437	\$ -	\$ -	\$ -	see below
Other Deposits	173	173	-	-	-	not rated
Segregated Deposits and Investments						
Wisconsin Local Government						
Investment Pool	5	5	-	-	-	not rated
U.S. Treasury strips	432	432	-	-	-	Aaa
	<u>\$ 251,047</u>	<u>\$ 251,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Security Ratings

The Governmental and Business-type municipal bond holdings of \$9,979,000 were rated by Moody's as follows: Aa1 (32.2%), Aa2 (30.2%), Aaa (10.2%), Aa3 (8.8%), with the remaining holdings unrated (18.6%).

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Pooled Deposits and Investments

The City maintains a cash and investment pool (Pool) that is available for use by all the funds, except for Debt Service Funds, Water Works Enterprise Fund, and component entities. Each fund's share of pooled cash and investments is included in the cash and cash equivalents line on the Statement of Net Position/Balance Sheet.

As of December 31, 2015, the City had the following investments and maturities in the Pool:

	Fair Value	Investment Maturities (in Years)			Greater than 10	Credit Rating
		Less than 1	1-5	6-10		
<i>(Thousands of Dollars)</i>						
Pooled Deposits and Investments						
Bank Demand Deposits	\$ 40,721	\$ 40,721	\$ -	\$ -	\$ -	not rated
Other Deposits	4,651	4,651	-	-	-	not rated
Deposits and Investments						
Interest Checking	345,895	345,895	-	-	-	not rated
Wisconsin Local Government						
Investment Pool	101,036	101,036	-	-	-	not rated
Investment Portfolio	77,211	7,553	66,190	-	3,468	see below
Certificates of Deposits	6,602	6,602	-	-	-	not rated
	<u>\$ 576,116</u>	<u>\$ 506,458</u>	<u>\$ 66,190</u>	<u>\$ -</u>	<u>\$ 3,468</u>	

Investment Portfolio Ratings

Corporate bond holdings of \$29,863,000 were rated as follows: Moody's Aa2 (27.9%), Aa3 (23.4%), Aa1 (22.6%), A1 (12.8%), Aaa (11.1%), Standard & Poors AA (2.2%). US Agencies and Treasuries of \$44,782,000 were rated Aaa by Moody's. Municipal Bonds of \$582,000 and Money Market of \$1,984,000 were not rated.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned. Per Common Council, the City Treasurer shall require collateralization of certificates of time deposit (including interest checking) at financial institutions when the total amount of such certificates of deposit with any institution exceeds the combined insured limit of \$650,000. As of December 31, 2015, \$5,000 of the City's bank balances was subject to custodial credit risk as they were neither insured nor collateralized.

Interest Rate Risk

Interest rate risk is the risk that the fair value of the City's investments will decrease as a result of an increase in interest rates. The City's investment policy does not explicitly limit investment maturities. However, the City manages its exposure to interest risk based on the anticipated cash flow needs of the City and limiting the amount of pooled investments to \$60,000,000 with maturities greater than one year.

Credit risk

Credit risk is the risk that the City will not recover its investments due to the inability of the counterparty to fulfill its obligations. Wisconsin Statutes expressly limit the City to invest in certain allowable investments as listed in Note 1. E. The City's investment policy generally does not further limit its investment choices.

B. Component Units

Deposits and Investments

Deposits in each local area bank are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for interest bearing accounts and \$250,000 for noninterest bearing accounts. An additional \$400,000 is covered by the State Deposit Guarantee Fund.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Interest Rate Risk

Interest rate risk is the risk that the fair value of the Component Unit investments are exposed to losses as a result of increases in interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligation.

The Component Units have the following deposits and investments as of December 31, 2015:

	Fair value	Investment Maturities (in Years) (Thousands of Dollars)				Moody's Credit Rating
		Less than 1	1-5	6-10	10 and greater	
Component Units:						
Bank Demand Deposits.....	\$ 6,684	\$ 6,684	\$ -	\$ -	\$ -	- not rated
Local Government Investment Pool.....	220	220	-	-	-	- not rated
U.S. Treasury Money Market Fund.....	10,760	10,760	-	-	-	- Aaa
U.S. Treasury Notes.....	1,802	652	1,150	-	-	- Aaa
U.S. Agencies						
Government National Mortgage Association.....	497	271	199	27	-	- AA
Municipal Bonds	193	193	-	-	-	- Aa3
Corporate Bonds	1,836	844	992	-	-	- Aaa
Certificates of Deposit.....	1,688	1,688	-	-	-	- AA
Money Market.....	24,633	24,633	-	-	-	- N/A
Other.....	400	400	-	-	-	- not rated
	<u>\$ 48,713</u>	<u>\$ 46,345</u>	<u>\$ 2,341</u>	<u>\$ 27</u>	<u>\$ -</u>	

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the Component Units deposits may not be returned.

As of December 31, 2015 Component Units bank balances exposed to Custodial Credit Risk are as follows:

	Bank Balance	Uninsured and Uncollateralized
	(Thousands of Dollars)	
Redevelopment Authority.....	\$ 7,671	\$ 4,908
Neighborhood Improvement Development Corporation.....	2,104	1,236

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

3. PROPERTY TAXES

The City's property taxes are levied on or before December 31, on the assessed (taxable) value as of the prior January 1, for all general property located in the City. Taxes become a lien against the property upon filing the roll in the Office of the City Clerk. This generally takes place in December. The taxes are due January 31, but may be paid in ten monthly installments without interest from January through October. Foreclosure can be commenced after one year from date of delinquency.

The City purchases property taxes receivable from other taxing authorities at the unpaid amounts to facilitate the collection of the taxes. The purchases are a financing arrangement and are not included in property tax revenues. Also, delinquent water and sewer charges and special assessment receivables are transferred to the General Fund at the unpaid amounts.

At December 31, 2015, delinquent property taxes include delinquent sewer and water charges and special assessments by year levied, tax deeded property, and allowance for uncollectible taxes. These delinquent property taxes are reported as part of taxes receivable in the General Fund and Special Revenue Fund - Delinquent Tax and consist of the following:

	City Levy	Purchased Taxes Receivable	Total
	<i>(Thousands of Dollars)</i>		
2010 and prior	\$ 1,553	\$ 2,777	\$ 4,330
2011.....	1,185	2,027	3,212
2012.....	2,213	3,632	5,845
2013.....	4,288	6,915	11,203
2014.....	<u>9,893</u>	<u>16,203</u>	<u>26,096</u>
 Total delinquent property taxes receivable	 <u>\$ 19,132</u>	 <u>\$ 31,554</u>	 50,686
 Property taxes receivable on foreclosed property			 44,093
 Less: Allowance for uncollectible taxes			 <u>(36,176)</u>
 Net delinquent property taxes receivable, including tax deeded property			 <u>\$ 58,603</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
Governmental activities	<i>(Thousands of Dollars)</i>			
<i>Capital assets not being depreciated:</i>				
Land	\$ 165,730	\$ -	\$ -	\$ 165,730
Construction in progress	76,391	27,529	14,817	89,103
Intangible right of ways	<u>1,342</u>	<u>-</u>	<u>-</u>	<u>1,342</u>
Total capital assets not being depreciated	<u>243,463</u>	<u>27,529</u>	<u>14,817</u>	<u>256,175</u>
<i>Capital assets being depreciated:</i>				
Buildings	307,965	4,695	-	312,660
Infrastructure.....	1,605,990	63,220	6,971	1,662,239
Improvements other than buildings	11,909	88	-	11,997
Machinery and equipment	193,790	18,552	5,039	207,303
Intangible software.....	<u>2,605</u>	<u>-</u>	<u>-</u>	<u>2,605</u>
Total capital assets being depreciated	<u>2,122,259</u>	<u>86,555</u>	<u>12,010</u>	<u>2,196,804</u>
Less accumulated depreciation for:				
Buildings	104,563	8,350	-	112,913
Infrastructure	1,026,950	31,061	6,971	1,051,040
Improvements other than buildings	9,193	279	-	9,472
Machinery and equipment	128,061	13,026	4,458	136,629
Intangible software	<u>1,634</u>	<u>361</u>	<u>-</u>	<u>1,995</u>
Total accumulated depreciation	<u>1,270,401</u>	<u>53,077</u>	<u>11,429</u>	<u>1,312,049</u>
Total capital assets being depreciated, net ...	<u>851,858</u>	<u>33,478</u>	<u>581</u>	<u>884,755</u>
Government activity capital assets, net	<u>\$ 1,095,321</u>	<u>\$ 61,007</u>	<u>\$ 15,398</u>	<u>\$ 1,140,930</u>
Depreciation expense for governmental activities was charged to functions as follows:				
General government	\$ 632			
Public safety	8,798			
Public works	42,650			
Health	175			
Culture and recreation	<u>822</u>			
Total	<u>\$ 53,077</u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
Business-type activities	<i>(Thousands of Dollars)</i>			
Water Works				
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,065	\$ -	\$ 13	\$ 2,052
Construction in progress	<u>23,377</u>	<u>31,453</u>	<u>28,837</u>	<u>25,993</u>
Total capital assets not being depreciated	<u>25,442</u>	<u>31,453</u>	<u>28,850</u>	<u>28,045</u>
<i>Capital assets being depreciated:</i>				
Buildings	29,055	1,464	2,005	28,514
Infrastructure	369,922	5,489	280	375,131
Machinery and equipment	236,062	21,884	6,001	251,945
Nonutility property	<u>3,654</u>	<u>-</u>	<u>-</u>	<u>3,654</u>
Total capital assets being depreciated	<u>638,693</u>	<u>28,837</u>	<u>8,286</u>	<u>659,244</u>
Less accumulated depreciation for:				
Buildings	18,668	912	1,444	18,136
Infrastructure	99,879	4,994	287	104,586
Machinery and equipment	116,190	11,579	5,948	121,821
Nonutility property	<u>639</u>	<u>139</u>	<u>-</u>	<u>778</u>
Total accumulated depreciation	<u>235,376</u>	<u>17,624</u>	<u>7,679</u>	<u>245,321</u>
Total capital assets being depreciated, net ...	<u>403,317</u>	<u>11,213</u>	<u>607</u>	<u>413,923</u>
Water Works capital assets, net	<u>428,759</u>	<u>42,666</u>	<u>29,457</u>	<u>441,968</u>
Sewer Maintenance				
<i>Capital assets not being depreciated:</i>				
Construction in progress	<u>732</u>	<u>167</u>	<u>732</u>	<u>167</u>
Total capital assets not being depreciated	<u>732</u>	<u>167</u>	<u>732</u>	<u>167</u>
<i>Capital assets being depreciated:</i>				
Infrastructure	614,967	34,618	563	649,022
Machinery and equipment	<u>5,015</u>	<u>1,129</u>	<u>135</u>	<u>6,009</u>
Total capital assets being depreciated	<u>619,982</u>	<u>35,747</u>	<u>698</u>	<u>655,031</u>
Less accumulated depreciation for:				
Infrastructure	138,880	7,012	563	145,329
Machinery and equipment	<u>3,145</u>	<u>314</u>	<u>27</u>	<u>3,432</u>
Total accumulated depreciation	<u>142,025</u>	<u>7,326</u>	<u>590</u>	<u>148,761</u>
Total capital assets being depreciated, net ...	<u>477,957</u>	<u>28,421</u>	<u>108</u>	<u>506,270</u>
Sewer Maintenance capital assets, net	<u>478,689</u>	<u>28,588</u>	<u>840</u>	<u>506,437</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
		<i>(Thousands of Dollars)</i>		
Other business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	17,031	-	49	16,982
Construction in progress	<u>3,622</u>	<u>1,395</u>	<u>314</u>	<u>4,703</u>
Total capital assets not being depreciated	<u>20,653</u>	<u>1,395</u>	<u>363</u>	<u>21,685</u>
<i>Capital assets being depreciated:</i>				
Buildings	68,644	-	-	68,644
Infrastructure—port.....	17,862	170	-	18,032
Improvements other than buildings	8,150	23	-	8,173
Machinery and equipment	<u>12,824</u>	<u>459</u>	<u>617</u>	<u>12,666</u>
Total capital assets being depreciated	<u>107,480</u>	<u>652</u>	<u>617</u>	<u>107,515</u>
Less accumulated depreciation for:				
Buildings	47,733	2,079	-	49,812
Infrastructure—port.....	10,591	306	-	10,897
Improvements other than buildings	6,853	284	-	7,137
Machinery and equipment	<u>8,111</u>	<u>814</u>	<u>616</u>	<u>8,309</u>
Total accumulated depreciation	<u>73,288</u>	<u>3,483</u>	<u>616</u>	<u>76,155</u>
Total capital assets being depreciated, net ...	<u>34,192</u>	<u>(2,831)</u>	<u>1</u>	<u>31,360</u>
Other business-type activities, net	<u>54,845</u>	<u>(1,436)</u>	<u>364</u>	<u>53,045</u>
Business-type activity capital assets, net	<u>\$ 962,293</u>	<u>\$ 69,818</u>	<u>\$ 30,661</u>	<u>\$ 1,001,450</u>
Depreciation expense for business-type activities was charged to functions as follows:				
Water Utility				
Depreciation	\$ 17,485			
Depreciation charged to Sanitary Sewer	<u>139</u>			
	17,624			
Sewer Maintenance	7,326			
Other business-type activities	<u>3,483</u>			
Total	<u>\$ 28,433</u>			

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
		<i>(Thousands of Dollars)</i>		
Component Units				
<i>Capital assets not being depreciated:</i>				
Land	\$ 12,200	\$ -	\$ -	\$ 12,200
Construction in Progress	<u>-</u>	<u>15,640</u>	<u>-</u>	<u>15,640</u>
Total capital assets not being depreciated	<u>12,200</u>	<u>15,640</u>	<u>-</u>	<u>27,840</u>
<i>Capital assets being depreciated:</i>				
Buildings	85,786	-	-	85,786
Infrastructure	333	-	-	333
Improvements other than buildings	4,264	-	-	4,264
Machinery and equipment	159	-	-	159
Intangibles.....	<u>565</u>	<u>-</u>	<u>-</u>	<u>565</u>
Total capital assets being depreciated	<u>91,107</u>	<u>-</u>	<u>-</u>	<u>91,107</u>
Less accumulated depreciation for:				
Buildings	15,815	2,233	-	18,048
Infrastructure	393	318	-	711
Improvements other than buildings	505	14	-	519
Machinery and equipment	52	17	-	69
Intangibles.....	<u>199</u>	<u>57</u>	<u>-</u>	<u>256</u>
Total accumulated depreciation	<u>16,964</u>	<u>2,639</u>	<u>-</u>	<u>19,603</u>
Total capital assets being depreciated, net ..	<u>74,143</u>	<u>(2,639)</u>	<u>-</u>	<u>71,504</u>
Component units capital assets, net	<u>\$ 86,343</u>	<u>\$ 13,001</u>	<u>\$ -</u>	<u>\$ 99,344</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

5. DEFERRED INFLOWS OF RESOURCES

Unavailable revenue is recorded in the governmental funds for amounts not yet available and for resources received prior to being earned by the City. Related revenue is recognized when these amounts become available or when earned. The composition of the deferred balances in the governmental funds as of December 31, 2015 is as follows:

	General	General Obligation Debt Service	Capital Projects	Nonmajor Governmental Funds	Total
	<i>(Thousands of Dollars)</i>				
Current property taxes	\$ 194,630	\$ 92,619	\$ 3,004	\$ -	\$ 290,253
Delinquent property taxes	8,076	-	-	6,376	14,452
Unavailable grant revenue	-	-	4,926	2,844	7,770
Long-term receivables	155	86,706	72	-	86,933
Unbilled special assessments	-	-	6,373	-	6,373
Total	<u>\$ 202,861</u>	<u>\$ 179,325</u>	<u>\$ 14,375</u>	<u>\$ 9,220</u>	<u>\$ 405,781</u>

6. SHORT-TERM DEBT

During 2015, the City issued and repaid \$125,000,000 of Revenue Anticipation Notes, Series 2015 R1 (R1 Notes). The RANs were issued for the purpose of financing the City's operating budget on an interim basis pending receipt of State of Wisconsin shared revenue payments due in November 2015.

As of December 31, 2014, the City had outstanding \$125,000,000 of short-term Revenue Anticipation Notes (RANs) on behalf of Milwaukee Public Schools. In 2015, the City repaid the outstanding balance and issued \$180,000,000 short-term RANs for the same purpose. The new notes of \$180,000,000, of which \$50,000,000 bears an interest rate of .40%, matured on December 30, 2015. \$80,000,000 bears an interest rate of 2.00% and matures on June 30, 2016 and \$50,000,000 bears an interest rate of 1.5% and also matures on June 30, 2016. The liability and related receivable to repay the revenue anticipation notes are recorded in the General Obligation Debt Service Fund.

Following is a summary of the Revenue Anticipation Notes issued (in thousands):

	Balance 01-01-15	Additions	Deletions	Balance 12-31-15
	\$ 125,000	180,000	175,000	\$ 130,000

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

7. LONG-TERM OBLIGATIONS

A. Changes in Long-Term Obligations

Changes in long-term obligations for the year ended December 31, 2015 were as follows:

	Balance 01-01-15	Additions	Deductions	Balance 12-31-15	Amounts Due within One Year
	<i>(Thousands of Dollars)</i>				
Governmental activities:					
General obligation bonds and notes					
City	\$ 724,216	\$ 283,035	\$ 244,472	\$ 762,779	\$ 101,916
Milwaukee Public Schools	90,306	20,041	24,867	85,480	8,878
Unamortized premiums	54,626	12,645	14,088	53,183	-
Extendable Municipal Commercial Paper					
City	41,700	113,762	75,160	80,302	80,302
Milwaukee Public Schools	-	70,000	70,000	-	-
Compensated absences	46,779	3,803	2,181	48,401	2,626
Net other postemployment benefits obligation	316,725	73,857	27,268	363,314	-
Net pension liability (asset)	(17,365)	385,650	277,197	91,088	-
Claims and judgments	27,583	8,230	4,901	30,912	1,836
Total governmental activities	<u>\$ 1,284,570</u>	<u>\$ 971,023</u>	<u>\$ 740,134</u>	<u>\$ 1,515,459</u>	<u>\$ 195,558</u>
Business-type activities					
Water Works					
General obligation bonds and notes	\$ 12,670	\$ -	\$ 2,511	\$ 10,159	\$ 1,817
Unamortized premiums	38	-	29	9	-
Extendable Municipal Commercial Paper	-	10,000	-	10,000	10,000
Revenue bonds	10,884	6,590	1,335	16,139	1,677
Compensated absences	1,207	600	618	1,189	1,189
Net other postemployment benefits obligation	5,059	2,110	1,100	6,069	-
Net pension liability (asset)	(416)	4,079	1,516	2,147	-
Total Water Works	<u>29,858</u>	<u>19,300</u>	<u>5,593</u>	<u>45,712</u>	<u>14,683</u>
Sewer Maintenance					
General obligation bonds and notes	8,687	-	703	7,984	706
State Loans	92,100	20,411	4,978	107,533	5,921
Revenue bonds	83,740	-	4,420	79,320	4,550
Unamortized premiums	5,842	-	834	5,008	-
Extendable Municipal Commercial Paper	65,000	31,000	21,000	75,000	75,000
Compensated absences	179	202	217	164	164
Net other postemployment benefits obligation	1,957	807	420	2,344	-
Net pension liability (asset)	(118)	1,192	444	630	-
Total Sewer Maintenance	<u>256,983</u>	<u>52,420</u>	<u>32,572</u>	<u>277,983</u>	<u>86,341</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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	Balance 01-01-15	Additions	Deductions	Balance 12-31-15	Amounts Due within One Year
	<i>(Thousands of Dollars)</i>				
Other Enterprise Funds					
General obligation bonds and notes	13,890	2,249	2,460	13,679	1,818
Unamortized premiums	14	-	10	4	-
Extendable Municipal Commercial Paper	-	1,098	-	1,098	1,098
Compensated absences	280	276	277	279	279
Net other postemployment benefits obligation	1,761	793	414	2,140	-
Net pension liability (asset)	(110)	1,107	412	585	-
Total Other Enterprise	<u>15,945</u>	<u>4,416</u>	<u>3,161</u>	<u>17,785</u>	<u>3,195</u>
Total business-type activities	<u>\$ 302,786</u>	<u>\$ 76,136</u>	<u>\$ 41,326</u>	<u>\$ 341,480</u>	<u>\$ 104,219</u>
Component Units					
Revenue bonds	\$ 57,975	\$ 38,000	\$ -	\$ 95,975	\$ 3,181
Notes payable	19,030	-	150	18,880	-
Environmental remediation liability.....	2,287	-	784	1,503	-
Net other postemployment benefits.....	489	92	18	563	-
Net pension liability (asset).....	(42)	273	61	170	-
Total component units	<u>\$ 79,739</u>	<u>\$ 38,365</u>	<u>\$ 1,013</u>	<u>\$ 117,091</u>	<u>\$ 3,181</u>

B. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the City and for Milwaukee Public Schools. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are secured by the full faith and unlimited taxing power of the City. The debt for governmental activities will be retired by future property tax levies and other resources accumulated in the Debt Service Funds. The debt for business-type activities (i.e. Water Works, Sewer Maintenance, Parking, and Port of Milwaukee Enterprise Funds) will be retired by revenues from those operations or, if the revenues are not sufficient, by future tax levies. During the year ended December 31, 2015, general obligation bonds totaling \$15,215,415 was issued of which \$14,765,815 was issued to finance capital improvements and \$449,600 for business-type activities.

Use of Public Debt Amortization Fund for retirement of the public debt is governed by the Wisconsin Statutes. The Statutes provide that when total principal and accrued interest in the Public Debt Amortization Fund is substantially equal to the outstanding general obligation bonds and notes, the resources in the fund shall be applied to make annual interest and principal payments on that debt to maturity. The Statutes provide, in part, that "The Public Debt Commission may, however, at any time, apply the fund, not to exceed in any one year 40% of the balance in said fund on the preceding December 31, to acquire for cancellation general obligation bonds or notes prior to their maturity dates at prices not to exceed principal plus accrued interest to date of maturity, but the fund shall not be decreased below \$2,000,000 as a result of such purchases and cancellations." Principal sources of revenue are one-third of all interest on general City investments and interest on Fund investments. As authorized by the Statutes, the Public Debt Amortization Fund may purchase for investment or for cancellation, notes issued by the General Fund to fund operations.

Under the Wisconsin Statutes, the City is required, if requested by the Board of Milwaukee Public Schools, and if approved by referendum, to issue general obligation bonds, under the School's 2% debt limit, to finance purchases of school sites and to construct or remodel school buildings, and without referendum for certain pension obligations. As of December 31, 2015, there was \$12,141,179 of debt outstanding. There is also \$85,479,588 of debt for school purposes issued under the City's 5% debt limit. Under the Wisconsin Statutes, the City has title to the land and buildings of the Milwaukee Public Schools. However, the City does not control the use of the assets or receive the proceeds upon disposition of the assets. At June 30, 2015, the historical costs of the land and buildings as reported by Milwaukee Public Schools were approximately \$1,081,279,000. These assets are excluded from the financial statements of the City.

CITY OF MILWAUKEE
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As of December 31, 2015, \$170,597,673 is outstanding for Tax Incremental District purposes. Total remaining debt service requirements associated with the debt is \$214,926,661. In any year in which TID debt service requirements for the ensuing year are greater than total tax increments received, the shortfall is funded by the property tax levy.

C. State Loans

The City issues revenue bonds to provide funds for water and sewer improvements. The revenue bonds do not have a General Obligation pledge of the City. During 2015 the City received loans from the State's Safe Drinking Water Loan Program for Water Works Fund projects for a total of \$6,590,066, and from the State's Clean Water Fund Program for Sewer Maintenance Enterprise Fund projects for a total of \$20,410,590. The State loans will be repaid from revenues of the Water Works and Sewer Maintenance Enterprise Funds.

D. Notes Payable

The City issues installment notes to provide funds for various public improvement projects, cash flow for the school district, and purchases of delinquent taxes. During the year ended December 31, 2015, installment loans totaling \$70,485,924 was issued of which \$32,163,714 was issued to finance capital improvements, \$5,968,010 for general City, \$899,200 for business-type activities and \$28,280,000 to purchase 2014's delinquent taxes.

E. Letter of Credit

On April 25, 2013, the City entered into a taxable line of credit (the "Line") with PNC Bank, National Association (the "Bank") in the amount of \$50,000,000. The Line is secured by a General Obligation pledge of the City, and may be drawn upon at any time for any public purpose. The Line has an initial maturity date of April 25, 2016, and may be extended by mutual consent until April 25, 2023. Interest on the line is based upon the Daily LIBOR rate. The Line may be terminated at any time by the City for any reason, and by the Bank for certain events, including downgrade of the City below "BBB+". As of December 31, 2015, the City had a zero balance on this line of credit.

F. Extendable Municipal Commercial Paper

During 2015, the City continued to issue Extendable Municipal Commercial Paper Promissory Notes (the "EMCP"), of which are not general obligations of the City. The EMCP are limited obligations of the City payable from proceeds of the sale refunding notes or bonds issued to refinance the EMCP. The EMCP do not represent or constitute a debt of the City within the meaning of any constitutional or statutory limitation. During 2015, \$225,860,000 of EMCP were issued of which \$33,460,000 was issued to refund debt, \$80,301,552 was issued to finance capital expenditures, \$1,098,448 for non-major enterprise, \$31,000,000 for Sewer purposes pending borrowing with sewer revenue bonds, \$10,000,000 for Water pending borrowing with water revenue bonds, and \$70,000,000 for cash flow needs of the schools.

Following is a summary of the EMCP issued (in thousands), which are in the totals in the long-term obligation table in footnote 7(a) above:

Extendable Municipal Commercial Paper				
Balance				Balance
01-01-15	Additions	Deletions		12-31-15
\$ 106,700	225,860	166,160		\$ 166,400

The agreement with the financial institution does not allow the principal amount outstanding at any one time to exceed \$200,000,000 with the maturity of each note ranging from 1 to 90 days and may be extended up to 180 days from the original maturity date not to exceed the final maturity date of May 22, 2017.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

G. Debt Service Requirements

The maturities of the outstanding principal and related interest requirements are as follows:

Year	General Obligation Debt		Revenue Bonds Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
<i>(Thousands of Dollars)</i>					
Governmental activities					
2016	\$ 110,794	\$ 32,620	\$ -	\$ -	\$ 143,414
2017	88,955	28,353	-	-	117,308
2018	138,316	24,058	-	-	162,374
2019	71,411	19,971	-	-	91,382
2020	64,640	16,798	-	-	81,438
2021-2025	225,023	49,625	-	-	274,648
2026-2030	116,024	10,211	-	-	126,235
2031-2035	33,096	243	-	-	33,339
Total	<u>\$ 848,259</u>	<u>\$ 181,879</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,030,138</u>
Business-type activities					
Water Works					
2016	\$ 1,817	\$ 487	\$ 1,677	\$ 315	\$ 4,296
2017	857	395	1,717	274	3,243
2018	857	353	1,758	233	3,201
2019	858	310	613	206	1,987
2020	835	267	625	194	1,921
2021-2025	4,160	712	3,312	783	8,967
2026-2030	775	20	3,643	447	4,885
2031-2035	-	-	2,794	97	2,891
Total	<u>\$ 10,159</u>	<u>\$ 2,544</u>	<u>\$ 16,139</u>	<u>\$ 2,549</u>	<u>\$ 31,391</u>
Sewer Maintenance					
2016	\$ 706	\$ 380	\$ 10,471	\$ 6,085	\$ 17,642
2017	681	346	10,760	5,782	17,569
2018	681	313	11,108	5,427	17,529
2019	681	278	11,495	5,029	17,483
2020	681	245	11,901	4,609	17,436
2021-2025	4,554	528	59,051	16,571	80,704
2026-2030	-	-	52,007	7,375	59,382
2031-2035	-	-	20,060	1,017	21,077
Total	<u>\$ 7,984</u>	<u>\$ 2,090</u>	<u>\$ 186,853</u>	<u>\$ 51,895</u>	<u>\$ 248,822</u>
Other Enterprise					
2016	\$ 1,818	\$ 588	\$ -	\$ -	\$ 2,406
2017	1,472	507	-	-	1,979
2018	1,376	442	-	-	1,818
2019	1,305	380	-	-	1,685
2020	1,234	321	-	-	1,555
2021-2025	4,908	841	-	-	5,749
2026-2030	1,566	109	-	-	1,675
2031-2035	<u>\$ 13,679</u>	<u>\$ 3,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,867</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
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Year	General Obligation Debt		Revenue Bonds Payable		Total Debt Service
	Principal	Interest	Principal	Interest	
<i>(Thousands of Dollars)</i>					
Total Component Units					
2016.....	\$ 30	\$ 211	\$ 3,181	\$ 1,968	\$ 5,390
2017.....	-	210	2,652	1,968	4,830
2018.....	-	193	2,896	1,967	5,056
2019.....	723	208	3,161	1,967	6,059
2020.....	731	201	3,446	1,967	6,345
2021-2025	3,781	877	22,403	9,832	36,893
2026-2030	3,997	660	33,793	9,821	48,271
2031-2035	4,226	432	15,673	9,810	30,141
2036-2040	4,467	190	7,308	9,810	21,775
2041-2050	925	8	1,462	981	3,376
Total	<u>\$ 18,880</u>	<u>\$ 3,190</u>	<u>\$ 95,975</u>	<u>\$ 50,091</u>	<u>\$ 168,136</u>

H. Debt Limit

Wisconsin Statutes limit direct general obligation borrowing in the amount equivalent to 7% of the equalized valuation of taxable property. The Statutes further provide that within the 7% limitation, borrowing for school construction purposes may not exceed 2% of the equalized valuation and borrowing for general city purposes may not exceed 5% of the equalized valuation. At December 31, 2015, the City's legal debt limit was \$1,207,624,000. Of this amount, \$522,762,000 was for school purposes and \$684,862,000 was for City purposes.

I. Refundings

In May 2015, the City issued General Obligation Promissory Notes, Series 2015 N2 with a par amount of \$60,784,076 and Corporate Purpose Bonds, Series 2015 B3 with a par amount of \$12,349,585. A portion of these issues were for refunding purposes to provide long-term financing for interim debt, and to reduce the interest cost of long-term debt. The City used the proceeds to refund \$38,701,661 of Extendable Municipal Commercial Paper.

J. Conduit Debt

Occasionally, the City has issued revenue bonds in order to provide financing to private sector entities for the purpose of acquiring, constructing, or rehabilitating housing units and for retiring the existing debt associated with housing units. These obligations are primarily secured by mortgage or revenue agreements on the associated projects and, together with the interest obligation, are payable solely by the developers from leased rentals and other funds or revenues. In addition, these obligations do not constitute indebtedness of the City, as the City has no responsibility for the debt beyond the resources provided by related leases or loans. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate amount of all revenue bonds outstanding at December 31, 2015 is approximately \$15,800,000 for the City and \$453,000,000 for RACM.

CITY OF MILWAUKEE
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 FOR THE YEAR ENDED DECEMBER 31, 2015

8. RETIREMENT PLANS

Pension Benefits

Plan Description – The City makes contributions to the Employees’ Retirement System of the City of Milwaukee (the “System”), a cost-sharing multiple-employer defined benefit pension plan, on behalf of all eligible City employees. The System provides retirement, disability, and death benefits to plan members and beneficiaries. The City Charter assigns the authority to establish and amend benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Employees’ Retirement System of the City of Milwaukee, 789 North Water Street, Suite 300, Milwaukee, WI 53202, or may be found by visiting ERS’ website www.cmers.com, by clicking on “Library” and then “Reports”.

Funding Policy – Plan members are required to contribute, or have contributed on their behalf, a percentage of their annual earnable compensation equal to 5.5%, for general City employees enrolled prior to January 1, 2014, 4% for general City employees enrolled on or after January 1, 2014, 7%, police officers, firefighters, 7% for elected officials enrolled prior to January 1, 2014, and 4% for elected officials enrolled on or after January 1, 2014. The City Charter assigns the authority to establish and amend contribution requirements. The City Charter was amended so that various groups of represented and non-represented City employees hired on or after January 1, 2010 contribute a percentage of their earnable compensation for pension benefits as described above. A general City employee who enrolls as a member in the Employees’ Retirement System on or after January 1, 2014 has the following: a minimum service retirement age of 65 and a service retirement allowance equal to 1.6% of the members final average salary times the total number of years of all creditable service; eligibility for a service retirement allowance when attaining the age of 60 years and the completion of 30 years of creditable service. Additionally, they are eligible for a pension escalator of 2% annually after the fifth anniversary of their service retirement, with spouse survivors of service retirees also eligible for the escalator. All new city employees enrolled on or after January 1, 2014, are required to contribute 4% of their earnable compensation to the retirement system. Total contributions to the System for the plan year 2015 was \$72,695,000 equal to the required contributions on behalf of the plan members for the year. Total contributions for the years ended December 31, 2014 and 2013 were \$74,790,000 and \$70,607,000 respectively, equal to the required contribution for each year. In 2013 the funding policy changed and the City went to a “stable contribution” policy. The actuarial contribution shall be based on separate calculated rates for police officers, firefighters and general City employees and shall be applicable for a 5-year period. The actuary shall, consistent with actuarial standards of practice, set the actuarial contribution rate at a percentage of covered compensation sufficient to fund the entire amount of the employers’ share of the normal cost, and to amortize any unfunded past service liability.

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

Long-term Expected Return on Plan Assets –The long-term expected rate of return on pension plan investments was determined using Callan Associates’ 10 year geometric capital market projections. Projected long term rates of return for each major asset class in the Retirement System’s target asset allocation as of December 31, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Policy</u>	<u>Actual</u>	<u>Long-term Expected Rate of</u>
Domestic Equity	28.0%	30.1%	7.60%
International Equity	20.0%	20.8%	7.80%
Global Equity	10.0%	7.1%	7.70%
Fixed Income/Cash	28.0%	26.8%	3.60%
Real Estate	7.0%	7.6%	8.00%
Private Equity	2.0%	2.4%	8.50%
Absolute Return	5.0%	5.2%	5.25%
	<u>100.0%</u>	<u>100.0%</u>	

Rate of Return – For the year ended December 31, 2014, the annual money-weighted rate of return, net of investment expense was 5.17%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Actuarial Assumptions – The last actuarial valuation was performed as of January 1, 2014, and the amounts were used to roll-forward the total pension liability to the plan’s year-end December 31, 2014, and was determined using the following actuarial assumptions, applied to all prior periods included in the measurement:

Actuarial Valuation Date	January 1, 2014
Amortization Method	For pension expense; the difference between expected and actual liability experience and changes of assumptions are amortized over the average of the expected remaining service lives of all members. The differences between projected and actual earnings are amortized over a closed period of five years.
Actuarial Cost Method:	Entry Age Normal - Level Percentage Pay
Asset Valuation Method:	Market Value
Actuarial Assumptions:	
Investment Rate of Return:	8.25% for calendar years through 2017, and 8.50% beginning with calendar year 2018.
Discount Rate:	
Projected Salary Increases	General City 3.0% - 7.5%
	Police & Fire 3.0% - 14.4%
Inflation Assumption:	3.00%
Cost of Living Adjustments	Vary by Employee Group as explained in summary of plan provisions.
Mortality Table	For regular retirees and for survivors, the RP-2000 Combined Mortality Table projected nine years using Scale AA. Future generational rates are projected from 2009 based on Scale AA. For duty and ordinary disability retirees, use the RP-2000 Disability Mortality Table. For death in active service, the rates are similar to those used for regular retirees and survivors with a 6-year setback.
Experience Study	The actuarial assumptions used in December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007 - December 31, 2011.

Net Pension Liability – The components of the pension liability of the City of Milwaukee as of December 31, 2014, were as follows:

	Total
	(Thousands of Dollars)
Total pension liability	\$ 4,217,265
Plan fiduciary net position	<u>(4,122,815)</u>
Net pension liability	<u>\$ 94,450</u>
 Plan fiduciary net position as a	 97.76%
 Covered employee payroll	 \$ 441,101
 Net pension liability as a percentage	 21.41%

Discount Rate - The discount rate used to measure the total pension liability was 8.49 percent. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from ERS agencies will be made at contractually required rates, actuarially determined. Based on those assumptions, the ERS’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The cross over analysis produces a single rate of 8.49 percent, which reflects the long-

CITY OF MILWAUKEE
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term expected rate of return on ERS investments. Therefore, the discount rate was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate – The following presents the City's net pension liability (asset) calculated using the discount rate of 8.49%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (7.49%) or 1-percentage-point higher (9.49%) than the current rate:

	1% Decrease to Discount Rate (7.49%)	Current Discount Rate (8.49%)	1% Increase to Discount Rate (9.49%)
City's net pension liability (asset)	\$ 567,169,000	\$ 94,450,000	\$ (302,329,000)

Schedule of Employer Allocations – The Employer Allocation Percentage is based on the employers required contribution compared to the required contribution for all employers. The Employer Allocation Percentage is rounded to seven decimal places.

Schedule of Pension Amounts – The employer's proportionate share of the Collective Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources, and Total Employer Pension Expense (Income) is based on the Employer Allocation Percentage.

The Total Pension Liability is measured as of December 31, 2014 based on a January 1, 2014 actuarial valuation rolled forward to December 31, 2014 using standard roll-forward techniques as shown below:

	Total (Thousands of Dollars)
Total pension liability	
Service cost	\$ 58,485
Interest	343,983
Changes in benefit items	
Differences between expected and actual experience	
Changes of assumptions	
Benefit payments including refunds of member contributions	(287,480)
Net change in total pension liability	114,988
Total pension liability - beginning	4,136,865
Total pension liability - ending	\$ 4,251,854
Plan fiduciary net position	
Contributions - employer	61,130
Contributions - member	36,642
Net investment income	201,327
Benefit payments, including refunds of member contributions	(287,480)
Administrative expense	(9,089)
Other	
Net change in plan fiduciary net pension	2,530
Plan fiduciary net position - beginning	4,154,874
Plan fiduciary net position - ending	\$ 4,157,404
Net pension liability - ending	\$ 94,450

The Fiduciary Net Position is 97.76% of the Total Pension Liability, so the City has a Net Pension Liability.

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The Collective Deferred Inflows and Outflow of Resources due to liabilities are amortized over the Average Expected Service Lives of all Employees of 4.09 years. The Collective Deferred Inflows and Outflows of Resources due to the net difference between projected and actual earnings on pension plan investments are amortized over 5 years. Collective Deferred Inflows and Outflows of Resources to be recognized in the Current Pension Expense are as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
	(Thousands of Dollars)		
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-
Net differences between projected and actual earnings on pension plan investments	26,594	-	26,594
	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,594</u>	<u>\$ -</u>	<u>\$ 26,594</u>

Collective Deferred Inflows and Outflows of Resources to be recognized in the Future Pension Expense are as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
	(Thousands of Dollars)		
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes in assumptions	-	-	-
Current year contributions to be deferred	63,628	-	63,628
Net differences between projected and actual earnings on pension plan investments	106,375	173	106,202
	<u>106,375</u>	<u>173</u>	<u>106,202</u>
Total	<u>\$ 170,003</u>	<u>\$ 173</u>	<u>\$ 169,830</u>

Deferred Outflows and Inflows of Resources to be recognized in the Future Pension Expense are as follows:

Year Ended December 31:	Net Deferred Outflows of Resources
	(Thousands of Dollars)
2015	\$ 26,594
2016	\$ 26,594
2017	\$ 26,594
2018	<u>\$ 26,593</u>
Total	<u>\$ 106,375</u>

Employers may also need to recognize a Deferred Outflow or Inflow of Resources related to a change in their proportionate share of the Net Pension Liability and for differences between employer contributions and proportionate share of contributions.

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The Collective Pension Expense is determined as follows:

	Total (Thousands of Dollars)
Service Cost	\$ 58,485
Interest cost on total pension liability	343,979
Projected earnings on plan investments	(335,081)
Contributions - Member	(36,642)
Administrative Expense	9,089
Plan Changes	-
Recognition of net deferred outflows (inflows)	-
Changes in assumptions	-
Differences between expected and actual liability experience	-
Difference between projected and actual earnings	26,805
Other changes in fiduciary net position	-
Total Pension Expense	\$ 66,635

Other Postemployment Benefits

The City provides other postemployment benefits (OPEB) to its retirees for health and life insurance.

Plan Description. The City provides a single-employer defined benefit healthcare plan and life insurance administered by both the City and Milwaukee's Employee Retirement System (MERS). The City provides medical and COBRA dental insurance benefits for substantially all retirees in accordance with terms set forth in labor contracts or by Common Council resolution. Retirees are eligible to enroll in any of the group plans offered by the City. The City provides full health insurance coverage to general City employees who retire at age 55, but less than age 65, with 30 years of creditable service or at age 60, but less than age 65, with 15 years of creditable service until the age of 65. Management employees retiring beginning in 2004 at age 55, but less than 65, pay a portion of health insurance the same as active management employees. In accordance with a "percentage formula" as provided in labor agreements, the City provides between 65% and 100% of the cost of the Basic Plan coverage for firefighters and police officers who retire with 25 years of creditable service and having attained at least the age of 52 but less than 60. Upon reaching the age of 60 but prior to the age of 65, the City provides full health insurance coverage for firefighters and police officers with single enrollment status. The City contribution for firefighters and police officers between the ages of 60 and 65 with family enrollment status is the greater of 100% of the cost of single enrollment in the Basic Plan or an amount determined using the "percentage formula." The "percentage formula" used to determine the City contribution in the labor agreements is based on the amount of unused sick leave at retirement.

After attaining the age of 65 and having completed a minimum of 15 years of creditable service, all retirees are eligible to enroll in a "subsidized plan" for medical insurance. Under this plan, the City contributes 25% of the base rate toward retirees enrolled in the Basic Plan, while the retiree pays 75% of the base rate and 100% of the major medical rate.

In addition to medical insurance, before 2014 the City allowed its employees to continue life insurance coverage under the Group Life Insurance Plan offered to active employees in accordance with Section 350-25 of the Code of Ordinances. The base amount of coverage for general City employees covered under the City's Life Insurance plan until December 31, 2013 was equal to the employee's annual basic salary to the next higher thousand dollars. The base amount of coverage for firefighters and police officers is equal to one and one-half the employee's annual basic salary to the next higher thousand dollars.

General City employees retiring after 2013 must have purchased before retirement at least 50% of their annual base salary in voluntary life insurance coverage to be able to continue their enrollment in the City's General Life Insurance program. Premiums are paid at age banded rates that are in effect at that time. Employees maintaining a minimum of 50% of their annual base salary at the time of retirement in voluntary coverage until age 65, upon attaining age 65, have \$10,000 of coverage paid for by the City.

General City employees retiring at age 55 or older with 30 years of service or at age 60 regardless of years of service and covered under the group life insurance plan at retirement are eligible prior to 2014 continue coverage at the level on the date

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prior to their date of retirement. Firefighters retiring at age 49 with 22 years of service, or at age 57 regardless of service, and police officers retiring with 25 years of service regardless of age, or at age 57 regardless of service and who have coverage under the group life insurance plan at the time of retirement are eligible to continue coverage up to their base amount of coverage on the date prior to their date of retirement. Prior to age 65, all retirees are required to pay the full premium rates as established by the insurance carrier, less an adjustment for estimated dividends.

The rates established are group rates applied consistently to all employees, without regard to age or health. Upon reaching the age of 65, those retirees still part of the group life plan have their coverage reduced in accordance with the reduction schedule in effect on their last day physically at work, with the City assuming all future premiums.

Funding Policy. The contribution of plan members and the City are established and may be amended by the City. The required contribution for medical and life insurance for retirees is based on a pay-as-you-go financing. Medical benefits provided through the basic health care plan are self-insured. For 2015, the City paid approximately \$27,209,655 and \$1,643,438, respectively, toward medical and life insurance for retirees.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan (pay-as-you basis), and the changes in the City's net OPEB obligation:

Funding Status and Funding Progress

ARC.....	\$	76,194,600
Interest on Net OPEB Obligation.....		14,647,600
Adjustment to ARC.....		<u>(13,276,500)</u>
Annual OPEB Cost.....		77,565,700
Contribution made.....		<u>29,202,762</u>
Increase in net OPEB Obligation.....		48,362,938
Net OPEB Obligation - beginning of year.....		<u>325,503,335</u>
Net OPEB Obligation - end of year.....	\$	<u><u>373,866,273</u></u>

The City annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation were as follows:

Annual Cost and Net OPEB Liability

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	71,489,000	52.5%	287,460,000
12/31/2014	74,790,000	49.9%	325,503,335
12/31/2015	77,565,700	37.3%	373,866,273

Funded Status and Funding Progress. Actuarial liabilities increased from \$928.5 million as of January 1, 2014, to \$975.7 million as of January 1, 2015. As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$975,695,600, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$975,695,600. The covered payroll (annual payroll of active employees covered by the plan) was \$366,784,900 and the ratio of the UAAL to the covered payroll was 266 percent.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend amounts determined regarding the funded status of the plan and the annual required contributions of

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the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. The retiree healthcare valuation was based on the projected unit credit (PUC) cost method. The PUC method produces an explicit normal cost and actuarial accrued liability. The normal cost and actuarial accrued liability are directly proportional to the employee's service. That is, the normal cost equals the present value of future benefits divided by projected service at retirement, and the actuarial accrued liability equals the present value of benefits multiplied by the ratio of service at valuation date to projected service at retirement. Depending on the demographic characteristics of the current group and new entrants in the future, this method could produce stable annual costs, in the aggregate, when expressed as a percentage of pay.

The OPEB valuation uses a discount rate assumption of 4.5% based on the City's projected short-term investment rate of return. The healthcare cost trends rate is 8.0% initially, and reduced by decrements to the ultimate rate of 4.5% after 9 years. The actuarial assumption for wage inflation is 3%. The amortization of the unfunded actuarial accrued liability is based on a level percentage of pay over a 30-year open amortization period.

Terminal Leave Payments

Upon retirement, employees receive a portion of their unused sick leave as terminal leave, in accordance with labor contracts and Section 350-38 of the Code of Ordinances. Firefighters whose normal hours of work exceed 40 hours per week receive between \$45 and \$65 for each work shift equivalent of unused sick leave. Firefighters whose normal hours of work average 40 hours per week receive between \$21 and \$30 for each work shift equivalent of unused sick leave. Police officers receive payment for up to 55 days of unused sick leave at base pay. Management pay plan employees are entitled to payment of 30% of unused sick leave (maximum 960 hours) plus one-half of the sick leave days accumulated during the last twelve months of service for up to six additional days for a total maximum of 42 days at the rate of pay at retirement. Substantially all remaining City employees receive up to 30 days for unused sick leave as terminal leave, although some bargaining units receive slightly different benefits in accordance with related labor agreements. In 2015, approximately \$6,945,351 was paid for sick leave from all funds. At December 31, 2015, accumulated sick leave earned but not taken totaled approximately \$163,013,538 determined on the basis of current salary rates.

Terminal leave pay is funded on a pay-as-you-go basis and provided for in the salary budgets of the respective departments annually. In 2015, terminal leave payments totaled \$2,067,000 to employees retiring during the year. As of December 31, 2015, the City has accrued approximately \$30,750,000 in the government-wide statements for future terminal leave payments. This amount is included under the unfunded compensated absences of \$48,401,000 with the remainder accrued vacation leave of \$17,651,000.

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9. FUND BALANCE

The constraints placed on fund balance for the governmental funds at December 31, 2015 were as follows:

	General	General Obligation Debt Service	Public Debt Amortization	Capital Projects	Nonmajor Governmental Funds	Total
<i>(Thousands of Dollars)</i>						
Nonspendable						
Loans receivable.....	\$ 159	\$ -	\$ -	\$ -	\$ -	\$ 159
Advances.....	6,380	-	-	-	-	6,380
Inventory.....	9,556	-	-	-	-	9,556
Inventory of property for resale.....	26	-	-	-	-	26
Prepaid items.....	864	-	-	-	-	864
Investment-Targeted Mortgage.....	109	-	-	-	-	109
Spendable						
Restricted for:						
Future debt payments.....	-	140,148	59,994	-	-	200,142
Capital projects.....	-	-	-	18,260	-	18,260
Grants.....	-	-	-	-	8,872	8,872
Economic Development.....	-	-	-	-	102	102
Committed to:						
Contributions.....	1,960	-	-	-	-	1,960
Delinquent taxes.....	-	-	-	-	5,264	5,264
Equipment replacement.....	75	-	-	-	-	75
Assigned to:						
Conservation and development.....	138	-	-	-	-	138
General government.....	21,590	-	-	-	-	21,590
Health.....	388	-	-	-	-	388
Library.....	219	-	-	-	-	219
Public safety.....	1,644	-	-	-	-	1,644
Public works.....	1,105	-	-	-	-	1,105
2016 budgetary financing.....	21,087	-	-	-	-	21,087
Environmental remediation.....	233	-	-	-	-	233
Unassigned	<u>61,715</u>	<u>-</u>	<u>-</u>	<u>(15,276)</u>	<u>-</u>	<u>46,439</u>
Total Fund Balance.....	<u>\$ 127,248</u>	<u>\$ 140,148</u>	<u>\$ 59,994</u>	<u>\$ 2,984</u>	<u>\$ 14,238</u>	<u>\$ 344,612</u>

Tax Stabilization and Advances to Other Funds

A tax stabilization arrangement is incorporated into the City's adopted *Reserve for Tax Stabilization Fund Balance Policy* and is governed by the City's Code of Ordinances. At December 31, 2015, the tax stabilization reserve was \$89,182,000. Of this amount, \$21,087,000 has been committed to the funding of the 2016 General Fund budget and \$61,715,000 is unassigned for 2016 and subsequent years' budgets. This Reserve includes an amount for advances of \$6,380,000 from the General Fund to the Capital Projects Fund. All General Fund appropriation balances not encumbered or carried over are reserved for tax stabilization in subsequent years. The total amount that can be withdrawn from the reserved for tax stabilization in any one year is an amount that prevents an increase of more than 3% in the City's property tax rate, as defined, and is anticipated to be available as of April 15 of the year covered by the budget. Such amount must be included in the adopted budgeted, which requires a majority affirmative vote of the Common Council. Fund withdrawals not needed to stabilize the tax rate can be made for up to 50% of the available balance, but require a three-fourths affirmative vote of the Common Council prior to budget adoption.

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10. INTERFUND RECEIVABLE AND PAYABLE BALANCES AND NET TRANSFERS

The individual interfund receivable and payable balances at December 31, 2015 were as follows:

		Due From				
		General Fund	Water Works	Sewer Maintenance Fund	Nonmajor Enterprise Funds	Total
		<i>(Thousands of Dollars)</i>				
Due To	General Fund	\$ -	\$ 962	\$ -	\$ -	\$ 962
	General Obligation Debt	-	2,304	-	-	2,304
	Capital Projects	5,335	-	-	-	5,335
	Nonmajor Governmental Funds.....	25,429	-	-	-	25,429
	Water Works	19,948	-	1,558	1,264	22,770
	Nonmajor Enterprise Funds	<u>6,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,562</u>
Totals		<u>\$ 57,274</u>	<u>\$ 3,266</u>	<u>\$ 1,558</u>	<u>\$ 1,264</u>	<u>\$ 63,362</u>

Balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) funds overdraw their share of pooled cash or when there are transactions between funds where one fund does not participate in the City's pooled cash.

The City of Milwaukee General Fund advances funds to the Special Assessments Capital Projects fund periodically to finance cash flows. These advances are non-interest bearing and are repaid as collections from the receivables are obtained. At December 31, 2015 the outstanding balance was \$6,380,000.

The City of Milwaukee Water Fund advanced \$272,286 to the Parking Enterprise Fund in 2012. This advance is non interest bearing and is due in annual installments from 2013 to 2021. At December 31, 2015 the outstanding balance was \$163,000.

The City of Milwaukee Water Fund advanced \$500,000 to the General Fund in 2015. This advance is non interest bearing and is due in annual installments from 2015 to 2026. At December 31, 2015 the outstanding balance was \$463,000.

CITY OF MILWAUKEE
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Interfund transfers for the year ended December 31, 2015 were as follows *(in thousands)*:

Funds Transferred To	Fund Transferred From	Amount	Purpose
General Fund	General Obligation Debt	\$ 1,386	Funding for debt payments
	Nonmajor Governmental Funds	8,190	Subsidize uncollected property taxes
	Nonmajor Governmental Funds	15	Grant variance closeouts
	Water Works	12,880	Payment in Lieu of taxes
	Nonmajor Enterprise Funds	1,669	Payment in Lieu of taxes
	Nonmajor Enterprise Funds	16,913	Subsidy for operations
	Nonmajor Enterprise Funds	<u>5,116</u>	Excess earnings of Port
	Subtotal General Fund	<u>46,169</u>	
General Obligation Debt	General	125,000	Funding for cash flow debt
	General	2,119	Funding for debt payments
	Public Debt Amortization	7,000	Capital Projects
	Capital Projects	5,278	Capital close outs
	Nonmajor Governmental Funds	21,821	Funding for debt payments
	Sewer Maintenance	5,956	Subsidy for operations
	Nonmajor Enterprise Funds	<u>1,063</u>	Subsidy for operations
	Subtotal Debt Service	<u>168,237</u>	
Nonmajor Enterprise	General Obligation Debt	<u>559</u>	Funding for debt payments
	Subtotal Nonmajor Proprietary	<u>559</u>	
	Total Interfund Transfers	<u>\$ 214,965</u>	

Transfers are used to (1) move revenues from the fund that statute or budget requires collection from to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

11. BALANCES BETWEEN THE CITY AND COMPONENT UNITS

Balances due to and due from component units as of December 31, 2015 were as follows:

Component Unit Payable	Primary Government's Receivable <i>(Thousands of Dollars)</i>
Due from RACM for reimbursable expenditures	432
Due from RACM for loans issued to developers for the purpose of renovations and improvements to existing parcels of real estate	19,764
Due from RACM for reimbursable housing escrow	72
Due from NIDC for housing projects.....	33
Due from NIDC for home and Community Development Block grants	41
Total	<u>\$ 20,342</u>

Component Unit Receivable	Primary Government's Payable <i>(Thousands of Dollars)</i>
Due to RACM for reimbursable expenditures	83
Due to RACM for home and Community Development Block grants	25
Total	<u>\$ 108</u>

12. OPERATING LEASES

The City is the lessor for various properties under operating lease agreements expiring at various dates through 2016 and beyond. Certain leases contain provisions for possible renewal at term of the lease.

Scheduled minimum lease payments for years ending December 31 are as follows:

Year	Amount <i>(Thousands of Dollars)</i>
2016	\$ 4,641
2017	4,145
2018	3,912
2019	3,489
2020	4,410
2021-2025	18,918
2026-2030	19,405
2031-2035	7,413
2036 and beyond	4,742
Total	<u>\$ 71,075</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

13. COMMITMENTS AND CONTINGENCIES

Claims and Other Legal Proceedings

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employee or natural disaster. With certain exceptions, it is not the policy of the City to purchase commercial insurance for the risks of losses to which it is exposed. Instead, the City believes it is more economical to manage its risks internally and set aside funds as needed for reasonably estimated current claim settlements and unfavorable judgments through annual appropriations and supplemental appropriations. Current settlements are paid from the General Fund and recorded as expenditures when paid in the fund based statements. The liabilities are recorded in the government-wide financial statements.

Under Wisconsin Statutes, the amount recoverable by any person for any damages, injuries, or death in any action founded on fact against the City, agencies, officials, officers, or employees cannot exceed \$50,000, with certain exceptions.

The City is self-insured for workers' compensation, health insurance (basic plan), uninsured motorist motor vehicle coverage for City employees, and general liability. Liabilities are reported when it is probable that a loss can be reasonable estimated. These losses include an estimate of claims that have been incurred but not reported. Liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other economic and social factors. Claims are paid from the General Fund and recorded as expenditures when paid in the fund based financial statements. The liabilities are recorded in the government-wide financial statements.

The liabilities recorded as long-term debt in the government-wide financial statements at December 31, 2015 were as follows:

General liability claims	\$ 18,736,000
Workers' compensation claims	9,594,000
Unemployment claims	611,000
Pollution remediation obligation.....	1,971,000

Changes in the balances of claim liabilities during the past two years were as follows:

	2014	2015
Beginning of year liability	\$ 25,804,000	\$ 27,583,000
Current year claims and changes in estimates	6,847,000	8,230,000
Claim payments	<u>(5,068,000)</u>	<u>(4,901,000)</u>
End of year liability	<u>\$ 27,583,000</u>	<u>\$ 30,912,000</u>

The City is self-insured for active and retiree health insurance, which is recorded in accounts payable within the general fund. Changes in the balance of this claim liability during 2013 were for active only. Beginning in 2014, active and retiree are included. The past years were as follows:

	2014	2015
Beginning of year liability	\$ 7,098,000	\$ 8,011,000
Current year claims and changes in estimates	93,561,000	87,972,000
Claim payments	<u>(92,648,000)</u>	<u>(85,974,000)</u>
End of year liability	<u>\$ 8,011,000</u>	<u>\$ 10,009,000</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

In 2014, there were many plaintiffs that had brought a series of approximately a dozen lawsuits involving the refund of allegedly excessive property taxes (under Section 74.37). At least 11 of these cases are still currently pending. Of these cases, five of them have the potential to result in high judgements individually if they are successful. These include Marathon Oil, US Venture (formerly Amoco Oil), CP-South Howell, Metropolitan Associates and Clear Channel Outdoor. As these cases are still pending, their contingencies remain as of current date.

The case of the estate of Dontre Hamilton vs. the City of Milwaukee is still pending. \$1.5 million is currently included in the City's long term liabilities for this case.

Throughout the year of 2015, some smaller cases and law suits were closed. At the same time, two new claims were filed against the city. Remaining are some of the other smaller pending cases to be determined within the current year and years to come.

Environmental Liabilities

The nature and sources of the City's pollution remediation obligation are asbestos abatement, underground storage tanks, PCB pollution, and contaminated properties. The probability-weighted expected cash flow measurement technique is used in determining the amount of liability. This involves determining a range of probabilities or likelihoods that different probable outlays will be necessary and calculating a weighted average of these outlays. There is a potential for changes in the estimated pollution remediation obligation due to third-party contracts and City labor costs changes, amendments to regulatory requirements and rules, and previously unknown conditions. The estimated costs of \$700,000 to address PBC pollution could increase if the Environment Protection Agency (EPA) does not approve the City's proposed cleanup methods. The EPA could require the City to do additional testing and remediation, resulting in greater costs to the City. The City qualifies for the State of Wisconsin *Municipal Liability Exemption Program* for contaminated properties. As long as the City is protective of human health environment, cleanup is not required. The City generally cleans up contaminated properties based on remediation grants awarded to the City. The City does not expect to receive any non-grant revenues from insurance or other parties to reduce the City's liability for pollution remediation.

During 2015, the City spent \$23,986 in pollution remediation-related activities. At December 31, 2015, the City has an outstanding liability of \$1,970,920 related to pollution remediation obligations.

The City is exposed to numerous environmental liabilities, the most significant of which relate to seven landfills. Four of the seven landfills have been closed. The remaining three landfills are no longer accepting waste. The Wisconsin Department of Natural Resources has imposed closure requirements on the North College Avenue Site, which the City substantially closed during 2000. The City has accrued \$253,000 in the government-wide financial statement, as part of general liability claims for landfill closure related to the three sites. The City spent \$87,631 in post-closure care of solid waste landfills during 2015. Actual future costs may be higher due to inflation, changes in technology, or changes in regulations.

Intergovernmental grants

Intergovernmental awards received by the City are subject to audit and adjustment by the funding agency or their representatives. If grant revenues are received for expenditures, which are subsequently disallowed, the City may be required to repay the revenues to the funding agency. In the opinion of management, liabilities resulting from such disallowed expenditures, if any, will not be material to the accompanying financial statements at December 31, 2015.

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

Commitments

The following is a list of encumbrances by function at December 31, 2015:

	General Fund	Capital Projects	Water Works	Total
	<i>(Thousands of Dollars)</i>			
General government.....	\$ 15,701	\$ 1	\$ -	\$ 15,702
Conservation and development.....	145	17,443	-	17,588
Health.....	537	-	-	537
Library.....	614	-	-	614
Public safety.....	2,546	-	-	2,546
Public works.....	1,503	-	-	1,503
Infrastructure.....	<u>-</u>	<u>32,976</u>	<u>7,872</u>	<u>40,848</u>
Total.....	<u>\$ 21,046</u>	<u>\$ 50,420</u>	<u>\$ 7,872</u>	<u>\$ 79,338</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

14. RESTATEMENT

The City of Milwaukee adopted GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date* as of January 1, 2015. These statements impacted financial reporting for pensions by establishing accounting and financial reporting standards that measure and recognize assets, liabilities, deferred outflows of resources, deferred inflows of resources and expenditures relation to pensions.

These standards required the City to restate beginning net position to reflect the net pension asset and related deferred outflows related to pensions. The impact of the restatements is as follows:

Government-Wide	Governmental Activities	Business-type Activities	Component Units
		<i>(Thousands of Dollars)</i>	
Net Position December 31, 2014 as previously reported.....	\$ 213,950	\$ 727,470	\$ 47,515
Adjustment for Net pension asset.....	17,365	644	42
Adjustment for Deferred outflows related to pensions.....	<u>58,236</u>	<u>2,140</u>	<u>119</u>
Net Position December 31, 2014 as restated.....	<u>\$ 289,551</u>	<u>\$ 730,254</u>	<u>\$ 47,676</u>

Business-type	Water Works	Sewer Maintenance	Nonmajor Enterprise Funds
		<i>(Thousands of Dollars)</i>	
Net Position December 31, 2014 as previously reported.....	\$ 406,902	\$ 266,432	\$ 54,136
Adjustment for Net pension asset.....	416	118	110
Adjustment for Deferred outflows related to pensions.....	<u>1,359</u>	<u>406</u>	<u>375</u>
Net Position December 31, 2014 as restated.....	<u>\$ 408,677</u>	<u>\$ 266,956</u>	<u>\$ 54,621</u>

CITY OF MILWAUKEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

15. SUBSEQUENT EVENTS

On February 12, 2016, the City issued \$22,400,000 of Extendable Municipal Commercial Paper for refunding purposes. This issuance was repaid on May 20, 2016.

On April 21, 2016, the City drew \$50,000,000 on its taxable line of credit with PNC Bank, National Association for capital projects and refunding purposes. This issuance was repaid on June 24, 2016.

On May 20, 2016, the City issued \$90,000,000 of limited obligation revenue anticipation notes series R1 for cash flow purposes. The maturity date is December 20, 2016, and is anticipated to be repaid from the receipt of State shared revenues.

On May 20, 2016, the City issued \$124,670,000 of general obligation promissory notes, series N2 for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2017 through 2026.

On May 20, 2016, the City issued \$40,675,000 of general obligation corporate purpose bonds, series B3 for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2027 through 2033.

On May 20, 2016, the City issued \$27,405,000 of taxable general obligation corporate purpose bonds, series T4 for capital projects, fiscal, and refunding purposes. The notes mature in each of the years 2016 through 2025.

On June 24, 2016, the City issued \$25,870,000 of general obligation promissory notes, series N5 for capital projects purposes. The notes mature in each of the years 2017 through 2033.

On June 24, 2016, the City issued \$11,565,000 of general obligation corporate purpose bonds, series B6 for capital projects purposes. The bonds mature in each of the years 2021 through 2033.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit E-1

	<u>Budgeted Amounts</u>		Actual - Amounts Budgetary Basis	Variance Positive (Negative)
	Original Budget	Final Budget		
Revenues:				
Property taxes	\$ 198,747	\$ 198,747	\$ 190,318	\$ (8,429)
Other taxes	3,525	3,525	2,765	(760)
Licenses and permits	15,277	15,277	16,629	1,352
Intergovernmental	262,211	262,211	263,350	1,139
Charges for services	117,768	117,768	120,908	3,140
Fines and forfeits	4,506	4,506	4,110	(396)
Other	<u>24,512</u>	<u>25,142</u>	<u>28,486</u>	<u>3,344</u>
Total Revenues	<u>626,546</u>	<u>627,176</u>	<u>626,566</u>	<u>(610)</u>
Expenditures:				
Current:				
General government	288,946	266,560	239,232	27,328
Public safety	275,944	293,444	293,085	359
Public works	101,536	101,678	101,007	671
Health	9,884	9,643	9,459	184
Culture and recreation	16,673	16,676	16,669	7
Conservation and development	<u>3,761</u>	<u>3,872</u>	<u>3,816</u>	<u>56</u>
Total Expenditures	<u>696,744</u>	<u>691,873</u>	<u>663,268</u>	<u>28,605</u>
Deficiency of Revenues over Expenditures	<u>(70,198)</u>	<u>(64,697)</u>	<u>(36,702)</u>	<u>27,995</u>
Other Financing Sources (Uses):				
General obligation bonds and notes issued	-	10,391	130,968	120,577
Transfers in	32,863	32,863	46,169	13,306
Transfers out	-	-	(127,119)	(127,119)
Contributions received	33,268	33,268	23,943	(9,325)
Contributions used	(34,069)	(31,965)	(23,055)	8,910
Use of fund balance - reserved for tax stabilization ..	<u>16,700</u>	<u>16,700</u>	<u>16,700</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>48,762</u>	<u>61,257</u>	<u>67,606</u>	<u>6,349</u>
Net Change in Fund Balance	(21,436)	(3,440)	30,904	34,344
Fund Balance - Beginning (Excludes Reserved for Tax Stabilization)	<u>96,344</u>	<u>96,344</u>	<u>96,344</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 74,908</u>	<u>\$ 92,904</u>	<u>\$ 127,248</u>	<u>\$ 34,344</u>

Explanation of Differences of Budget to GAAP:

For budget purposes, the fund balance - reserved for tax stabilization is reflected as other financing sources whereas for accounting purposes, it is reflected as part of fund balance. The difference between the fund balance on a GAAP basis compared with budget basis is \$16.7 million at January 1, 2015.

Contributions received and used for budget purposes are reported as other financing sources, but for GAAP are considered to be revenues and expenditures.

The City budgets for pension contributions to paid from the Employees' Retirement System reserve fund as revenues and expenditures which are netted for GAAP basis fund presentation. In 2015, this amount was \$10.5 million.

See accompanying independent auditors' report.

CITY OF MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (Thousands of Dollars)

Exhibit E-2

RETIREE HEALTH AND LIFE INSURANCE

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2013	-	888,983	888,983	0.0%	382,795	232.23%
1/1/2014	-	928,496	928,496	0.0%	408,231	227.44%
1/1/2015	-	975,696	975,696	0.0%	366,785	266.00%

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (AS)
 Employee's Retirement System

	<u>2015</u>
The City's proportion of the net pension liability (asset)	83.92%
The City's proportionate share of the net pension liability (asset)	\$ 95,224
The City's covered-employee payroll	444,719
Plan fiduciary net position as a percentage of the total pension liability (asse	97.76%

SCHEDULE OF THE CITY'S CONTRIBUTIONS
 Employees' Retirement System

	<u>2015</u>
Legally required contributions *	\$ 65,474
Contributions in relation to the required contributions	61,130
Contribution deficiency (excess)	4,344
City's covered - employee payroll	444,719
Contributions as a percentage of covered-employee payroll	13.75%

See accompanying independent auditors' report.

RETIREE HEALTH AND LIFE INSURANCE

Budgets and Budgetary Accounting

City departments are required to submit their annual budget requests for the ensuing year to the Mayor by the second Tuesday in May. The Department of Administration, Division of Budget and Management Analysis, acting as staff for the Mayor, reviews the request in detail with the departments during June and July. After all of the requests have been reviewed, the Mayor submits his proposed Executive Budget to the Common Council. The City Charter requires that this be done on or before September 28. The Common Council must complete its review and adopt the budget on or before November 14. Once adopted, Common Council approval is required to amend the total appropriations by a department, the legal level of control for each budget. During the year, various amendments were made to the budget including carryovers of appropriations and encumbrances, and internal transfers.

Annual budgets are legally adopted by the Common Council for some but not all governmental funds. Annual budgets are not adopted for Special Revenue Fund - Delinquent Tax, Debt Service Fund - Public Debt Amortization and Capital Projects Funds. The Debt Service Fund - General Obligation Debt uses a non-appropriated budget. Budgets for Capital Projects Funds are prepared for the project life, rather than for the standard current fiscal year. Therefore, project appropriations for these budgets lapse at the conclusion of the project. All other appropriations lapse at the end of the current fiscal year. Governmental funds for which annual budgets have been adopted are included in the accompanying Required Supplementary Information Budgetary Comparison Schedule and in the Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual.

Schedule of Funding Progress – Actuarial Methods and Assumptions

Valuation date	January 1, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	30 years (open)
Actuarial assumptions:	
Investment rate of return	4.5%
Projected salary increases	3.0%
Health care inflation rate	8.0% per year graded down to 4.5% per year ultimate trend in 0.5% increments.

PENSION LIABILITY AND CONTRIBUTIONS

City of Milwaukee Employee Retirement System

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

Changes of benefit terms. There were no changes of benefit terms for any City of Milwaukee Employee Retirement System.

* See Ch.36 of the City Ordinances - City requirement is to contribute 100% of pension liability.

REMAINDER OF FINANCIAL SECTION
Combined and Individual Fund Statements and Schedules
Miscellaneous Financial Data

STATISTICAL SECTION

Pages 105-166 Omitted

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APPENDIX B

Draft Forms of Legal Opinions

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May 17, 2017

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of \$____,000,000 aggregate principal amount of Revenue Anticipation Notes, Series 2017 R3 (the "Notes") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 18, 2017.

The Notes constitute an issue of "revenue anticipation notes" under Section 67.12(1) of the Wisconsin Statutes and are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated May 17, 2017, mature (without option of prior redemption) on December 21, 2017 and bear interest from their date at the rate of _____ per centum (_____) per annum payable at maturity.

In our opinion, the Notes are valid and legally binding limited obligations of the City; payment of the principal of and interest on the Notes is secured by an irrevocable pledge of State of Wisconsin aid payments to be received by the City and by a pledge of all other general fund revenues included in the City budget for the current calendar year, which are due to the City and have not yet been received as of the date of issuance of the Notes and which are not otherwise pledged or assigned. The Notes are not general obligations of the City and neither the full faith and credit nor the general taxing power of the City is pledged as security for the payment of the principal of or interest on the Notes. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the "Code"), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Notes are not "private activity bonds" within the meaning of Section 141(a) of the Code; accordingly, interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Notes, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Notes. These requirements relate to the use and investment of the proceeds of the Notes, the payment of certain amounts to the United States, the security and source of payment of the Notes and the use of the property financed with the proceeds of the Notes. The City has covenanted to comply with these requirements.

Interest on the Notes is not exempt from Wisconsin income taxes.

Respectfully submitted,

May 17, 2017

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of General Obligation Promissory Notes, Series 2017 N4 (the “Notes”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 18, 2017.

The Notes constitute an issue of “promissory notes” under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated May 17, 2017, mature (without option of prior redemption) on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2017 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$,000	. %
2019	,000	
2020	,000	
2021	,000	
2022	,000	
2023	,000	
2024	,000	
2025	,000	
2026	,000	
2027	,000	

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), we are of the opinion that interest on the Notes will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Notes are not “private activity bonds” within the meaning of Section 141(a) of the Code; accordingly, interest on the Notes is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Notes, however, is includable in earnings and profits of a corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Notes. These requirements relate to the use and investment of the proceeds of the Notes, the payment of certain amounts to the United States, the security and source of payment of the Notes and the use of the property financed with the proceeds of the Notes. The City has covenanted to comply with these requirements.

Interest on the Notes is not exempt from Wisconsin income taxes.

Respectfully submitted,

May 17, 2017

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of General Obligation Corporate Purpose Bonds, Series 2017 B5 (the “Bonds”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on February 5, 2013, January 22, 2014, January 21, 2015, January 19, 2016 and January 18, 2017.

The Bonds constitute an issue of “corporate purpose bonds” under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Bonds are dated May 17, 2017, mature on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2017 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2028	\$,000	. %
2029	,000	
2030	,000	
2031	,000	
2032	,000	
2033	,000	
2034	,000	

The Bonds are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on April 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

We are further of the opinion that, under existing law, interest on the Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes. If there is continuing compliance with the applicable requirements of the Internal Revenue Code of 1986 (the “Code”), we are of the opinion that interest on the Bonds will continue to be excluded from the gross income of the owners thereof for Federal income tax purposes. We are further of the opinion that the Bonds are not “private activity bonds” within the meaning of Section 141(a) of the Code; accordingly, interest on the Bonds is not an item of tax preference for purposes of computing individual or corporate alternative minimum taxable income. Interest on the Bonds, however, is includable in earnings and profits of a

corporation and therefore must be taken into account when computing corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

The Code contains certain requirements that must be satisfied from and after the date hereof in order to preserve the exclusion from gross income for Federal income tax purposes of interest on the Bonds. These requirements relate to the use and investment of the proceeds of the Bonds, the payment of certain amounts to the United States, the security and source of payment of the Bonds and the use of the property financed with the proceeds of the Bonds. The City has covenanted to comply with these requirements.

Interest on the Bonds is not exempt from Wisconsin income taxes.

Respectfully submitted,

May 17, 2017

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of Taxable General Obligation Promissory Notes, Series 2017 T6 (the "Notes") of the City of Milwaukee (the "City"), a municipal corporation of the State of Wisconsin. The Notes are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of a resolution passed by the Common Council of the City on January 18, 2017.

The Notes constitute an issue of "promissory notes" under Section 67.12(12) of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Notes are dated May 17, 2017, mature (without option of prior redemption) on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2017 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$,000	. %
2019	,000	
2020	,000	
2021	,000	
2022	,000	
2023	,000	
2024	,000	
2025	,000	
2026	,000	
2027	,000	

In our opinion, the Notes are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Notes and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes, however, may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and remedies heretofore or hereafter enacted.

Interest on the Notes is not exempt from Federal or Wisconsin income taxes.

Respectfully submitted,

May 17, 2017

The City Comptroller and the Commissioners
of the Public Debt of the City of Milwaukee,
Wisconsin

We have examined a record of proceedings relating to the issuance of \$_____,000 aggregate principal amount of Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7 (the “Bonds”) of the City of Milwaukee (the “City”), a municipal corporation of the State of Wisconsin. The Bonds are authorized and issued pursuant to the provisions of Chapter 65 and Chapter 67 of the Wisconsin Statutes and the City Charter and by virtue of resolutions passed by the Common Council of the City on February 5, 2013, January 22, 2014, January 21, 2015, January 19, 2016 and January 18, 2017.

The Bonds constitute an issue of “corporate purpose bonds” under Section 67.05 of the Wisconsin Statutes, are issuable in fully registered form in the denominations of \$5,000 or any integral multiple thereof. The Bonds are dated May 17, 2017, mature on April 1 in each of the following years in the respective principal amount set forth opposite each such year in the following table, and bear interest from their date, payable on October 1, 2017 and semiannually thereafter on April 1 and October 1 of each year, at the respective rate of interest per annum set forth opposite such year:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2028	\$,000	. %
2029	,000	
2030	,000	
2031	,000	
2032	,000	
2033	,000	
2034	,000	

The Bonds are subject to redemption prior to maturity at the option of the City, in such principal amounts and from such maturities as the City shall determine and by lot within a single maturity, on April 1, 2026 and on any date thereafter, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest thereon to the date fixed for redemption.

In our opinion, the Bonds are valid and legally binding general obligations of the City, and the City has power and is obligated to levy ad valorem taxes upon all the taxable property within the City for the payment of the Bonds and the interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Bonds, however, may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights and remedies heretofore or hereafter enacted.

Interest on the Bonds is not exempt from Federal or Wisconsin income taxes.

Respectfully submitted,

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APPENDIX C

**Form of Continuing Disclosure Certificate
and list of EMMA filings for the past 5 years**

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MASTER CONTINUING DISCLOSURE CERTIFICATE

This Master Continuing Disclosure Certificate (the “Certificate”) dated as of December 1, 2010 is executed and delivered in connection with the issuance, from time to time, of municipal securities of the City of Milwaukee, Wisconsin (the “City”) and pursuant to resolution 100846 duly adopted by the Common Council of the City on November 23, 2010 (the “Resolution”). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the City agrees as follows:

ARTICLE I - Definitions

Section 1.1. Definitions. The following capitalized terms used in this Certificate shall have the following respective meanings:

(1) “Annual Financial Information” means, collectively, (i) the financial information and operating data as described in an Addendum Describing Annual Report (Exhibit B); and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(c) and (d) of this Certificate.

The descriptions contained in clause (i) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. Where such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a new Addendum Describing Annual Report shall be executed describing the information to be provided.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP for governmental units as prescribed by GASB; provided, however, that the City may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification, other than modifications prescribed by GASB, shall be provided to the Repository, and shall include a reference to the specific federal or State law or regulation describing such accounting basis.

(3) “Counsel” means a nationally recognized bond counsel or counsel expert in federal securities laws, acceptable to the City.

(4) “GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

(5) “GASB” means the Governmental Accounting Standards Board.

(6) “Material Event” means any of the following events with respect to the Offered Obligations, whether relating to the City or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;

- (vi) 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-exempt status of the Offered Obligations, or other events affecting the tax-exempt status of the Offered Obligations;
- (vii) modifications to rights of Security Holders, if material;
- (viii) bond calls, if material;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Offered Obligations, if material;
- (xi) rating changes;
- (xii) tender offers;
- (xiii) bankruptcy, insolvency, receivership or similar event of the Obligor (as specified in the Addendum Describing Annual Report).

The event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Obligor 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 Obligor, 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 Obligor.

- (xiv) the consummation of a merger, consolidation, or acquisition involving the Obligor or the sale of substantially all of the assets of the Obligor, other than pursuant to its terms, if material; and
- (xv) appointment of a success or additional trustee or the change of name of a trustee, if material.

(7) “Material Event Notice” means notice of a Material Event.

(8) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

(9) “Offered Obligations” means an issue of municipal securities of the City in connection with which the City has executed and delivered a Supplemental Certificate (Exhibit C).

(10) “Official Statement” means the “final official statement” as defined in paragraph (f)(3) of the Rule.

(11) “Repository” means the SID and repository(ies), as designated from time to time by the SEC to receive continuing disclosure filings. The SID, repository(ies), and filing information are set forth in the Addendum Describing Repository and SID (Exhibit A) as may be revised from time to time.

(12) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this

Certificate, including any amendments and official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(13) “SEC” means the United States Securities and Exchange Commission.

(14) “Security Holders” means the holders from time to time of Offered Obligations.

(15) “SID” means, at any time, a then-existing state information depository, if any, as operated or designated as such by or on behalf of the State for the purposes referred to in the Rule. As of the date of this Certificate, there is no SID.

(16) “State” means the State of Wisconsin.

(17) “Unaudited Financial Statements” means the same as Audited Financial Statements, except the same shall not have been unaudited.

(18) “Underwriters” means the underwriter(s) purchasing an issue of Offered Obligations.

ARTICLE II - The Undertaking

Section 2.1. Purpose. This Certificate shall apply to Offered Obligations, and shall constitute a written undertaking for the benefit of the Security Holders, and is being executed and delivered solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 2.2. Annual Financial Information. (a) The City shall provide Annual Financial Information for the City with respect to each fiscal year of the City, by no later than nine months after the end of the respective fiscal year, to the Repository.

(b) The City shall provide, in a timely manner, not in excess of ten (10) business days after the occurrence of the event, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) above to the Repository.

Section 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the dates required by Section 2.2(a) hereof, the City shall provide Audited Financial Statements, when and if available, to the Repository.

Section 2.4. Notices of Material Events. (a) If a Material Event occurs, the City shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, a Material Event Notice to the Repository.

(b) Upon any legal defeasance of an Offered Obligation, the City shall provide notice of such defeasance to the Repository, which notice shall state whether the Offered Obligations to be defeased have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 2.5. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and SEC Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that under some circumstances compliance with this Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the City under such laws.

Section 2.6. Additional Information. Nothing in this Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this

Certificate or any other means of communication, or including any other information in any Annual Financial Information or Material Event Notice, in addition to that which is required by this Certificate. If the City chooses to include any information in any Annual Financial Information or Material Event Notice in addition to that which is specifically required by this Certificate, the City shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or Material Event Notice.

ARTICLE III - Operating Rules

Section 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the City provides Annual Financial Information by specific reference to documents (i) either (1) provided to the Repository existing at the time of such reference, or (2) filed with the SEC, or (ii) if such a document is an Official Statement, available from the MSRB.

Section 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents, and at one time or in part from time to time.

Section 3.3. Material Event Notices. Each Material Event Notice shall be so captioned and shall prominently state the title, date and CUSIP numbers of the Offered Obligations.

Section 3.4. Transmission of Information and Notices. Transmission of information and notices shall be as prescribed by the SEC and the Repository. The transmission requirements are described in the Addendum Describing Repository.

ARTICLE IV - Termination, Amendment and Enforcement

Section 4.1. Termination. (a) The City's obligations under this Certificate with respect to an Offered Obligation shall terminate upon legal defeasance, prior redemption or payment in full of the Offered Obligation.

(b) This Certificate or any provision hereof, shall be null and void in the event that the City (1) delivers to the City an opinion of Counsel, addressed to the City, to the effect that those portions of the Rule which require the provisions of this Certificate or any of such provisions, do not or no longer apply to the Offered Obligations, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the Repository.

Section 4.2. Amendment. (a) This Certificate may be amended, by written certificate of the Comptroller, without the consent of the Security Holders if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby; (2) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the City shall have received an opinion of Counsel addressed to the City, to the same effect as set forth in clause (2) above and further to the effect that the amendment does not materially impair the interests of the Security Holders; and (4) the City delivers copies of such opinion and amendment to the Repository.

(b) In addition to subsection (a) above, this Certificate may be amended and any provision of this Certificate may be waived, without the consent of the Security Holders, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate;

(2) the City shall have received an opinion of Counsel to the effect that performance by the City under this Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and (3) the City shall have delivered copies of such opinion and amendment to the Repository.

(c) To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the accounting principles to be followed in preparing financial statements, other than changes prescribed by GASB, the Annual Financial Information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. Notice of any such amendment shall be provided by the City to the Repository.

Section 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the Security Holders. Beneficial owners of Offered Obligations shall be third-party beneficiaries of this Certificate.

(b) Except as provided in this subparagraph (b), the provisions of this Certificate shall create no rights in any person or entity. The obligations of the City to comply with the provisions of this Certificate shall be enforceable by the Security Holders, including beneficial owners of Offered Obligations. The Security Holders' rights to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Certificate and the Resolution. In consideration of the third-party beneficiary status of beneficial owners of Offered Obligations pursuant to subsection (a) of this Section, beneficial owners shall be deemed to be Security Holders for purposes of this subsection (b).

(c) Any failure by the City to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Certificate shall be instituted in a court of competent jurisdiction in the State; provided, however, that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, I have hereunto executed this Certificate this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

ADDENDUM DESCRIBING REPOSITORY AND SID

This Addendum Describing Repository (the “Addendum”) is delivered by the City of Milwaukee, Wisconsin (the “Issuer”) pursuant to the Master Continuing Disclosure Certificate, executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the filing information as specified by the Securities and Exchange Commission.

Repositories

In December, 2008, the Securities and Exchange Commission modified Exchange Act Rule 15c2-12 to require that Continuing Disclosure shall be made to the Electronic Municipal Market Access system administered by the MSRB (“EMMA”). Pursuant to that modification, continuing disclosure filings will be provided to the Municipal Securities Rulemaking Board for disclosure on the EMMA system.

Information submitted to the MSRB for disclosure on the EMMA shall be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

SID (State Information Depository)

None.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

**ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATION DEBT**

This Addendum Describing Annual Report for General Obligation Debt (the “Addendum”) is delivered by the City of Milwaukee, Wisconsin (the “City”) pursuant to the Master Continuing Disclosure Certificate (the “Certificate”), executed and delivered by the Issuer and dated December 1, 2010. This Addendum describes the content of Annual Financial Information prepared with respect to general obligation debt of the Issuer. Capitalized terms that are not defined in this Addendum have the meanings set forth in the Certificate.

Obligor: The City of Milwaukee, Wisconsin

Content of Annual Financial Information for Issuer:

Audited Financial Statements, if available, or Unaudited Financial Statements of the Issuer.

IN WITNESS WHEREOF, this Addendum is executed this 1st day of December, 2010.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

WMM:RL

SUPPLEMENTAL CERTIFICATE

This Supplemental Certificate is executed and delivered by the City of Milwaukee, Wisconsin (the "Issuer") to supplement the Master Continuing Disclosure Certificate (the "Certificate"), executed and delivered by the Issuer and dated December 1, 2010. Pursuant to the provisions of the Certificate, the Issuer hereby determines that the Certificate and the Addendum Describing Annual Report, as described below, shall apply to the following issue of obligations:

Name of Obligations:

- \$120,000,000 Revenue Anticipation Notes, Series 2017 R3
- ____,000 General Obligation Promissory Notes, Series 2017 N4
- ____,000 General Obligation Corporate Purpose Bonds, Series 2017 B5
- ____,000 Taxable General Obligation Promissory Notes, Series 2017 T6
- ____,000 Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7

Addendum Describing Annual Report:

**ADDENDUM DESCRIBING ANNUAL REPORT
FOR GENERAL OBLIGATION DEBT**

Date of Issues:

May 17, 2017

No Previous Non-Compliance. The Issuer represents that for the period beginning 6 years prior to the date hereof, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

IN WITNESS WHEREOF, this Supplemental Certificate is executed this 17th day of May, 2017.

CITY OF MILWAUKEE, WISCONSIN

By: _____
Comptroller

MM:RL

**City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since April 1, 2012**

Date	Submission ID	Description of Filing	CAFR (1)	
			City	MPS
5/__/2017		OS: Series 2017 T6 and T7		
5/__/2017		OS: Series 2017 N4 and B5		
5/__/2017		OS: Series 2017 R3		
5/__/2017		Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
4/__/2017		POS: Series 2017 T6 and T7		
4/__/2017		POS: Series 2017 N4 and B5		
4/__/2017		POS: Series 2017 R3		
1/31/2017	ER806929	CAFR, MPS, 6/30/16		2016
1/9/2017	ER794709	Bond Call: 2007 B5		
1/9/2017	ER794708	Bond Call: 2006 B10		
12/7/2016	ES786074	Bank Loan: JP Morgan Chase Line		
12/7/2016	ES786061	OS: Series 2016 W10 Water		
11/29/2016	ES377098	OS: RACM MPS 2016A, 2016B QECB		
11/21/2016	ES781334	Bank Loan: US Bank Line		
11/21/2016	ES781270	POS: Series 2016 W10 Water		
11/18/2016	ES780313	Bond Call: 2012 F9 & V10		
10/12/2016	EP752983	OS: Series 2016 M8 MPS RANs		
9/29/2016	EP750542	POS: Series 2016 M8 MPS RANs		
9/23/2016	ES663847	Rating Change: Moody's on RACM Summerfest		
8/16/2016	ES652467	OS: Series 2016 S7 Sewers		
8/3/2016	EP744796	POS: Series 2016 S7 Sewers		
8/2/2016	ES652017	Pension Actuarial Valuation Report, 1/1/16		
8/2/2016	ES651988	Pension Actuarial Valuation Report, 1/1/15		
8/1/2016	ES650872	CAFR, City, 12/31/15, raw formatting	2015	
6/14/2016	ER764909	OS: Series 2016 B6		
6/14/2016	ER764907	OS: Series 2016 N5		
6/1/2016	ES640183	Annual Financial Information: POS Series 2016 N5, B6		
6/1/2016	ES640180	POS: Series 2016 N5, B6		
6/1/2016	EP741451	Failure to file CAFR, City by June 30		
5/12/2016	EP735406	OS: Series 2016 T4		
5/12/2016	EP735405	OS: Series 2016 N2, B3		
5/12/2016	EP735402	OS: Series 2016 R1		
5/2/2016	ER755640	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
3/8/2016	ES622894	Rating Change: Moody's on RACM (MPS NSI) to "A1" and "A2"		
1/4/2016	ES611748	CAFR, MPS, 6/30/15		2015

(1) The current requirement for the City's audit to be filed is by June 30th. In 2018, or when the 2001-A Bonds are defeased, the new requirement will be by September 30th. MPS's audit is required to be filed by March 31st.

**City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since April 1, 2012**

Date	Submission ID	Description of Filing	CAFR (1)	
			City	MPS
1/4/2016	ES611742	Bond Call: 2006 B2		
11/19/2015	EP705011	Reoffering Circular, Series 2012 V10		
10/5/2015	ER730150	OS Series 2015 M7 MPS RANs		
9/22/2015	ES596432	POS: Series 2015 M7 MPS RANs		
9/10/2015	EA600555	CAFR, City, 12/31/14, previous file replaced with final formatting		
7/31/2015	EA600555	CAFR, City, 12/31/14, raw formatting (archived)	2014	
7/1/2015	ER718386	Bond Call: 2005 B10, 2019-2022 maturities		
7/1/2015	ER716342	Bond Call: 2005 B10, 2016-2018 maturities		
6/29/2015	ER713827	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
6/26/2015	ER712870	Official Statement RACM 2015A MPS QSCB		
6/4/2015	EP687877	Failure to file CAFR, City by June 30		
5/26/2015	EP685340	OS Series 2015 T4		
5/26/2015	EP685338	OS Series 2015 N2 B3		
5/26/2015	EP685335	OS Series 2015 R1		
5/8/2015	ER699706	POS: Series 2015 R1, N2, B3, and T4		
5/1/2015	ER697247	Bond Call, Mandatory Sinking Fund Redemption: Series 2001-A		
1/30/2015	EA572313	CAFR, MPS, 6/30/14		2014
1/23/2015	EA566970	Bond Call: 2005 B2, 2018-2022 maturities		
1/20/2015	EA564896	Bond Call: 2005 A5		
1/8/2015	ER670752	Bond Call: 2005 B2, 2018-2022 maturities		
12/31/2014	ER667442	Bond Call: 2005 B2		
10/23/2014	ER645647	Successor Trustee: 2009 M6, and 2010 M6 QSCB		
10/14/2014	EA543863	OS Series 2014 M4		
10/7/2014	EA472095	2012 CAFR, City updated to also be the AFI filing		
10/1/2014	EP666595	POS Series 2014 M4		
7/31/2014	ER639237	CAFR, City, 12/31/13	2013	
7/29/2014	ER637373	Pension Actuarial Valuation Report, 1/1/13		
7/29/2014	ER637379	Pension Actuarial Valuation Report, 1/1/14		
7/18/2014	ER635579	Successor Trustee, 2003 RACM Pension Bonds		
7/14/2014	EA521008	Bank Loan, Series 2013 T4, PNC Line		
6/3/2014	ER626851	Failure to file CAFR, City by June 30		
5/9/2014	EA508249	Official Statement with updated financial information		
5/9/2014	EA508254	Official Statement with updated financial information		
5/9/2014	EA508256	Official Statement with updated financial information		
4/11/2014	EP645783	Rating Change: Moody's on City to "Aa3"		
1/30/2014	ER606473	Bond Call: Series 2004 B1		
12/29/2013	ER598943	CAFR, MPS, 6/30/13		2013
10/18/2013	ER579753	Official Statement with updated financial information		

**City of Milwaukee, Wisconsin
Continuing Disclosure Filings on the EMMA
Since April 1, 2012**

Date	Submission ID	Description of Filing	CAFR (1)	
			City	MPS
9/13/2013	ER570974	CAFR, City, 12/31/11 (color)		
9/13/2013	ER570972	Official Statement with updated financial information		
8/20/2013	EA472095	CAFR, City, 12/31/12	2012	
6/26/2013	EA461298	Failure to file CAFR, City by June 30		
6/26/2013	EA461481	Bond Call: RACM 2003A (MPS NSI)		
6/17/2013	EA457491	Bond Call: RACM 2005A (MPS Congress Craig Fratney)		
5/15/2013	EA454755	Bond Call: 2004 B1		
5/15/2013	EA454753	Bond Call: 2003 B6		
5/15/2013	EA454742	Refunding: 2003 B6, 2004 B1, RACM 2005A		
5/1/2013	EP614626	Bond Call: Sewer 2003		
4/11/2013	EP612596	Bond Call: RACM 2002A (MPS NSI)		
4/2/2013	EP608693	Bond Call: Sewer 2003 S4		
2/18/2013	EA438554	CAFR, MPS, 6/30/12 (Revised)		
2/6/2013	EA440349	Bond Call: 2003 B1		
12/28/2012	ER529554	CAFR, MPS, 6/30/12		2012
10/3/2012	EP573117	Rating Change: Fitch on City to "AA"		
8/9/2012	EP557070	Bond Call: Series Y		
8/4/2012	EP555645	City Pension Actuarial Valuation Report, 1/1/12		
8/1/2012	ER517058	CAFR, City, 12/31/11 (black and white)	2011	
7/24/2012	ER513579	Bond Call: Series Y		
6/27/2012	ER506658	Failure to file CAFR, City by June 30		
5/4/2012	EP532107	Official Statement with updated financial information		
5/4/2012	EP532139	Defeasance: Series Y, 2003 B1, 2004 B1, 2005 B2, 2005 B10		
4/23/2012	ER498389	Bond Call: Series 2005 V8		
4/18/2012	ER496979	Bond Call: Sewer 2001		
4/16/2012	ER496146	Rating Change: Moody's on City to "Aa2"		

(1) The current requirement for the City's audit to be filed is by June 30th. In 2018, or when the 2001-A Bonds are defeased, the new requirement will be by September 30th. MPS's audit is required to be filed by March 31st.

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APPENDIX D

BOOK-ENTRY-ONLY SYSTEM

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BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning The Depository Trust Company (“DTC”) and DTC’s book-entry-only system has been obtained from DTC, and the City and the Underwriter take no responsibility for the accuracy thereof.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Offered Obligations. The Offered Obligations 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 Note certificate will be issued for each maturity of the Offered Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 and www.dtc.org.

Purchases of Offered Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Offered Obligations on DTC’s records. The ownership interest of each actual purchaser of each Note (“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 Offered Obligations 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 Offered Obligations, except in the event that use of the book-entry system for the Offered Obligations is discontinued.

To facilitate subsequent transfers, all Offered Obligations 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 Offered Obligations 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 Offered

Obligations; 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.

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.

Redemption notices shall be sent to DTC. If less than all of the Offered Obligations 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Offered Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Offered Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Offered Obligations 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 Issuer 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 Issuer, 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 Issuer 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.

A Beneficial Owner shall give notice to elect to have its Offered Obligations purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Offered Obligations by causing the Direct Participant to transfer the Participant's interest in the Offered Obligations, on DTC's records, to Agent. The requirement for physical delivery of Offered Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Offered Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Offered Obligations to Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Offered Obligations at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note or Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE CITY, THE PAYING AGENT NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE OFFERED OBLIGATIONS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF THE OFFERED OBLIGATIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS THE HOLDER OF THE OFFERED OBLIGATIONS; OR (5) THE SELECTION BY DTC, ANY DTC PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNER TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF OFFERED OBLIGATIONS.

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APPENDIX E

OFFICIAL NOTICES OF SALE AND BID FORMS

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**OFFICIAL NOTICE OF SALE AND
OFFICIAL BID FORM**

FOR

\$120,000,000

**CITY OF MILWAUKEE, WISCONSIN
REVENUE ANTICIPATION NOTES, SERIES 2017 R3**

Sale Data:

SALE DATE AND TIME:

Thursday, May 4, 2017
9:45 a.m. Central Time

PLACE OF ACCEPTANCE FOR SEALED BIDS:

City of Milwaukee
Office of the City Comptroller
City Hall, Room 404
200 E. Wells St.
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically
via PARITY®

OFFICIAL NOTICE OF SALE

\$120,000,000

CITY OF MILWAUKEE, WISCONSIN REVENUE ANTICIPATION NOTES, SERIES 2017 R3

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the "City"), will receive sealed bids and electronic bids until 9:45 A.M., Central Time, on Thursday, the

4th DAY OF MAY, 2017

at the Office of the City Comptroller, in said City, for the purchase of One Hundred Twenty Million Dollars (\$120,000,000) Revenue Anticipation Notes, Series 2017 R3 (the "Notes"). Sealed bids should be delivered to Room 404, 200 E. Wells St., Milwaukee, Wisconsin. Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event that access to, or function of, PARITY is materially interrupted at any time during the 30 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City's Public Debt Commission scheduled for 4:00 P.M., Central Time on May 4, 2017. *Information regarding the Notes is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

Details of the Notes

Notes will be dated as of May 17, 2017, will bear interest from the Dated Date payable at maturity, and will mature on December 21, 2017. Interest will be computed on the basis of a 360-day year of twelve 30-day months. The Notes are not subject to redemption prior to maturity.

Bid Parameters

Partial Bids: Bidders may bid for all of the Notes or part of the Notes. No bid for less than \$30,000,000 principal amount of the Notes at a particular interest rate will be entertained, and all bids must be in multiples of \$30,000,000. **Coupons:** Bidders are required to name the interest rate or rates the Notes are to bear. Such rates shall be no greater than 4%, and be in multiples of one-eighth of one percent or one-twentieth of one percent. **Minimum Price:** No bid at less than par value plus accrued interest, if any, will be considered.

Good Faith Deposit

The winning bidder(s) must submit a Good Faith Deposit ("Deposit") in the form of a certified check or a cashier's check drawn on a state or national bank or trust company in the amount of one-half of one percent (0.50%) of the par value of the maximum amount of Notes bid for, payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder(s) as liquidated damages should such bidder(s) fail to provide an Issue Price certificate and/or take up and pay for the Notes when ready. The Deposit of the successful bidder(s) will be retained by the City and deducted from the purchase price at the time of closing.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid(s) to be accepted. In the event of an award of less than all of the Notes included in a bid, the City shall, promptly, issue to such successful bidder(s) a check representing the amount of the Deposit in excess of one-half of one percent of the amount of the Notes awarded. All bids shall remain firm until 6:00 P.M. Central Time. A meeting of the Public Debt Commission of the City is scheduled for 4:00 P.M., Central Time on the sale date at which time the official award of the Notes will be made or all bids rejected.

Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions: Bidders may elect to provide a Deposit (one-half of one percent (0.50%) of the par value of the amount of Notes won) after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier's check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 12:00 Noon, Central time ("Due Time") on the date bids are open.
3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder. The winning bidder agrees to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

Award

The Notes will be awarded to the qualified bidder or combination of bidders offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt service payments from the payment dates to the Dated Date, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The "Purchase Price" is principal, plus premium. The City reserves the right to reject any or all bids or to waive any irregularity in any bid.

In awarding the Notes, the City may award a principal amount less than the principal amount of a bid. If only part of the Notes bid for are awarded to a bidder, the premium offered, if any, shall be prorated. If any two or more bids shall be equal, and not all of the equal bids can be accepted, then the City shall determine by lot, which bid(s) to accept.

The winning bid or bids will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

Submission of Bids

Sealed proposals for the purchase of said Notes must be made using the Official Bid Form, or if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, including using more than one electronic method, shall be submitted by the same bidder for any part of the Notes, each such bid shall be considered a separate proposal for purchase of such part.

Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a Bidder agrees:

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the purchase price for the Issue and interest rate or rates to be borne by the Issue and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the Bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this

Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the Bidder shall be bound by the terms of such contract.

2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the Bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services are an agent of the City. The City shall have no liability whatsoever based on the Bidders use of the electronic service including, but not limited to, any failure by the electronic service to correctly or timely transmit information provided by the Bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the City's Notes presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Notes on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY pursuant to this notice, 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, the terms of this notice shall control. For further information about PARITY, potential bidders may contact PARITY at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

Payment and Delivery of the Notes

Payment for the Notes shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Notes will be delivered on or about May 17, 2017, or as soon thereafter as the Notes may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Notes, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. A certificate for each interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Notes purchased. The successful bidder(s) shall be required to deposit the Notes with DTC as a condition to delivery of the Notes. The City will make payment of the principal and interest on the Notes to DTC or its nominee as registered owner of the Notes. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Notes. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the

failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Notes. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Notes is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Notes in fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Notes of the same interest rate then outstanding as directed by the registered owners of the Notes.

Issue Price Certificate

In order for the City to comply with certain conditions of the Internal Revenue Code relating to the exclusion of interest on the Notes from gross income for Federal tax purposes, the successful bidder will be required to complete, execute, and deliver to the City a certification regarding "Issue Price". Each bidder, by submitting its bids, agrees to complete, execute and deliver such certificate if its bid is accepted by the City. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. We anticipate the Issue Price Certificate to be similar to the following:

We hereby certify that as of May 4, 2017, the date on which the Notes were sold by the Issuer (the "Sale Date"), all of the Notes were offered and the first 10 percent or more of the Notes were [actually][reasonably expected to be] sold to the General Public for money in a bona fide public offering at the initial offering prices shown on the attached schedule (the "Issue Price"), which does not exceed the fair market value of the Notes as of the Sale Date. On this basis, we have determined the Issue Price of the Notes to be \$_____.

For purposes of this certificate, "General Public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

It is understood by the undersigned that the certifications contained in this certificate will be relied upon by the Issuer and Bond Counsel in determining that the Notes are tax-exempt under Section 103 of the Internal Revenue Code of 1986.

Authorization, Security, and Conditions of Delivery

The Notes have been approved by a resolution adopted by the Common Council of the City. The Notes are not general obligations of the City and do not constitute an indebtedness of the City for the purpose of determining the City's constitutional debt limitation, and no separate debt service tax shall be levied to pay the Notes or the interest thereon. The Notes are being issued pursuant to the provisions of Section 67.12(1), Wisconsin Statutes, for the purpose of financing the operating budget of the City on an interim basis pending receipt of State aid payments. As security for repayment of the Notes and interest thereon, the City has pledged, and will irrevocably segregate upon receipt, State shared revenue payments due in November, 2017 in an amount sufficient with interest thereon to pay the principal and interest due on the Notes at maturity and the City has irrevocably pledged all other General Fund Revenues included in the budget for calendar year 2017 which are due the City and not yet paid as of the date of delivery of, and payment for, the Notes and which are not otherwise applied.

The Notes are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and of Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Notes, will be furnished to the successful bidder(s) at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder(s) will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of said Notes. The Preliminary Official Statement is in a form which the City "deems final" as of April 25, 2017 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder(s) will also be furnished with up to twenty-five copies of the Final Official Statement (pro rata) issued in conjunction with this offering within seven business days after the award of the Notes in accordance with SEC Rule

15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Notes, but neither the failure to include such numbers on any Notes nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Note or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Notes the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Notes, to provide in a timely manner and notice of certain events with respect to the Notes. Notice of the occurrence of certain events with respect to the Notes will be provided to a central repository designated by the SEC.

The successful bidder(s) may, at its option, refuse to accept the Notes if prior to their delivery, any income tax law of the United States of America shall provide that the interest on such Notes is includable or shall be includable at a future date in gross income for federal income tax purposes, and in such case the deposit made by them will be returned and they will be relieved of their contractual obligations arising from the acceptance of their proposal.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. Bond insurance is at the sole discretion and risk of the bidder(s). The use of bond insurance will require insurance related certifications by the bidder in the Issue Price certificate. The City will assist in the reoffering of the Notes with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. The successful bidder(s) do not have the option to refuse delivery of the Notes due to bond insurance related issues, including downgrade of the bond insurer prior to delivery. Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

Additional information may be obtained from the undersigned City Comptroller upon request.

MARTIN MATSON
City Comptroller and Secretary
Public Debt Commission
City Hall, Room 404
200 E. Wells St.
Milwaukee, WI 53202

By order of the Commissioners of the
Public Debt of the City of Milwaukee

CRAIG D. KAMMHOLZ, Chairperson
BERNARD J. ALLEN, Member
PETER ARMBRUSTER, Member
COMMISSIONERS OF THE PUBLIC DEBT

April 25, 2017

OFFICIAL BID FORM
(Electronic Bids also accepted via Parity – See the Official Notice of Sale)

\$120,000,000
CITY OF MILWAUKEE, WISCONSIN
REVENUE ANTICIPATION NOTES, SERIES 2017 R3

May 4, 2017

Commissioners of the Public Debt
 200 E. Wells St., Room 404
 Milwaukee, Wisconsin 53202

Commissioners:

We offer to purchase the General Obligation Cash Flow Promissory Notes, Series 2017 R3 (the “Notes”) of the City of Milwaukee, Wisconsin, in the principal amount(s) set forth below, as described in the Official Notice of Sale, dated April 25, 2017 of said Notes, which Notice is by reference incorporated herein, and made a part of the bid described herein.

The Notes shall bear interest at the following rate(s) per annum, and we will pay you par value and accrued interest to the date of delivery (plus a premium, if any), as shown:

	<u>Principal Amount</u> <u>(\$30,000,000 minimum) ⁽¹⁾</u>	<u>Interest</u> <u>Rate ⁽²⁾</u>	<u>Premium</u> <u>(if any)</u>
Bid A:	\$ _____	_____ %	\$ _____
Bid B:	\$ _____	_____ %	\$ _____
Bid C:	\$ _____	_____ %	\$ _____
Bid D:	\$ _____	_____ %	\$ _____
Bid E:	\$ _____	_____ %	\$ _____

- (1) Each Bid shall be a minimum of \$30,000,000, and in multiples of \$30,000,000.
 (2) Interest rate must be no greater than 4.00%, and in multiples of 1/8 or 1/20 of one percent.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company for one-half of one percent (0.50%) of the maximum amount of the Notes bid for as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice. We understand that in the event the Commission awards to us part of the Notes subject to the bids described herein, it will refund a pro rata share of the selected good faith deposit.

If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.

By: _____

Phone Number: _____

 Company Name

No addition, alteration or change is to be made to the form of this bid.

RECEIPT

Return of Good Faith Deposit is hereby acknowledged: _____

By: _____

Please attach a list of account members –

If we receive the award of the Notes, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting of the Notes so awarded and the amount of each firm's participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award of the Notes. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

**OFFICIAL NOTICE OF SALE AND
OFFICIAL BID FORM**

FOR

\$132,225,000*

**CITY OF MILWAUKEE, WISCONSIN
GENERAL OBLIGATION NOTES AND BONDS**

comprised of

\$116,930,000*

**GENERAL OBLIGATION PROMISSORY NOTES
SERIES 2017 N4**

and

\$15,295,000*

**GENERAL OBLIGATION CORPORATE PURPOSE BONDS
SERIES 2017 B5**

Sale Data:

SALE DATE AND TIME:

Thursday, May 4, 2017
10:00 a.m. Central Time

PLACE OF ACCEPTANCE FOR SEALED BIDS:

City of Milwaukee
Office of the City Comptroller
City Hall, Room 404
200 E. Wells St.
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically
via PARITY®

* Subject to change in accordance with this Official Notice of Sale.

OFFICIAL NOTICE OF SALE

CITY OF MILWAUKEE, WISCONSIN

\$116,930,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017 N4

AND

\$15,295,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017 B5

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the "City"), will receive sealed bids and electronic bids until 10:00 A.M., Central Time, on Thursday, the

4th DAY OF MAY, 2017

at the Office of the City Comptroller, in said City, for the purchase of One Hundred Sixteen Million Nine Hundred Thirty Thousand Dollars (\$116,930,000)* General Obligation Promissory Notes, Series 2017 N4 (the "Notes") and Fifteen Million Two Hundred Ninety Five Thousand Dollars (\$15,295,000)* General Obligation Corporate Purpose Bonds, Series 2017 B5 (the "Bonds", and collectively with the Notes, the "Obligations"). Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event that access to, or function of, PARITY is materially interrupted at any time during the 60 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City's Public Debt Commission scheduled for 4:00 P.M. Central Time on May 4, 2017. *Information regarding the Obligations is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

Details of the Obligations

The Obligations will be dated as May 17, 2017 (the "Dated Date"), and will bear interest from the Dated Date, payable commencing on October 1, 2017 and semiannually thereafter on April 1 and October 1. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes mature on April 1, in each of the years and in the principal amounts as follows:

<u>Maturing (April 1)</u>	<u>Amount*</u>	<u>Maturing (April 1)</u>	<u>Amount*</u>
2018	\$12,185,000	2023	\$11,815,000
2019	12,235,000	2024	10,750,000
2020	12,425,000	2025	10,810,000
2021	12,490,000	2026	10,730,000
2022	12,700,000	2027	10,790,000

The Notes are not subject to redemption prior to maturity.

The Bonds mature on April 1, in each of the years and in the principal amounts as follows:

<u>Maturing (April 1)</u>	<u>Amount*</u>	<u>Maturing (April 1)</u>	<u>Amount*</u>
2028	\$3,000,000	2032	\$2,870,000
2029	3,020,000	2033	345,000
2030	2,850,000	2034	360,000
2031	2,850,000		

* Subject to change in accordance with this Official Notice of Sale

The Bonds are subject to redemption prior to their maturity at the option of the City on any date on and after April 1, 2026, at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding Bonds are called for redemption, the Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any Bonds to be redeemed in whose name such Bonds are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15th calendar day (whether or not a business day) prior to the redemption date.

Bid Parameters

No bid for less than all of the Obligations will be considered. **Coupons:** Bidders are required to name the interest rate or rates the Obligations are to bear. The rates must not exceed 5.00%; and the rates shall be in multiples of one-eighth of one percent or one-twentieth of one percent. There shall be only one rate for Obligations maturing on the same date. **Minimum Dollar Bid per Maturity:** No maturity may have an initial offering price of less than 100% of par value plus accrued interest, if any. **Minimum Issue Price:** No bid at less than par value plus accrued interest, if any, will be considered.

Good Faith Deposit

The winning bidder must submit a Good Faith Deposit (“Deposit”) in the form of a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of One Million Dollars (\$1,000,000), payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder as liquidated damages should such bidder fail to take up and pay for the Obligations when ready. The Deposit of the successful bidder will be retained by the City and deducted from the purchase price at the time of closing. No adjustment of the Deposit will be made as a result in the change in the final par amount of the Obligations.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid to be accepted. All bids shall remain firm until 6:00 P.M. Central Time, by which time the official award of the Obligations will be made or all bids rejected.

Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions: Bidders may elect to provide a Deposit after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier’s check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 12:00 Noon, Central Time (“Due Time”) on the date bids are open.
3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder at a higher or lower cost, or at all. The winning bidder agrees

to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

Award

The Obligations will be awarded to the qualified bidder offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt service payments from the payment dates to the Dated Date, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The "Purchase Price" is principal plus premium. The City reserves the right to reject any or all bids or to waive any irregularity in any bid.

Prior to the award of the Obligations, the aggregate principal amount of the Obligations offered for sale may be revised downward in an amount not to exceed the aggregate premium bid. A SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE PRICE OR INTEREST RATE BID AT THE INITIAL OFFERING PRICE AS A RESULT OF ANY REVISION MADE TO THE PRINCIPAL AMOUNT OF THE NOTES OR BONDS. In the event of any such revision, no re-bidding or re-calculation of bids submitted will be required or permitted. Obligations will be awarded up to the revised aggregate principal amount.

The City will contact the successful bidder shortly after opening of the bids. The successful bidder will then have 15 minutes to provide the City with the reoffering yield and prices of each maturity of the Obligations. The City will calculate the underwriting discount, which shall be a fixed percentage of the par amount of each Offered Obligation. Based upon the information, the City will recalculate the par amount of each maturity of the Obligations being offered, and the adjusted bid price. The City will inform the successful bidder as soon as possible of the anticipated adjusted amounts.

The winning bid will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

Submission of Bids

Sealed proposals for the purchase of the Obligations must be made using the Official Bid Form or, if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your contract/agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, including using more than one electronic method, shall be submitted by the same bidder for the Obligations, each such bid shall be considered a separate proposal for the purchase of the Obligations.

Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a bidder agrees:

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the Purchase Price for the Obligations and interest rate or rates to be borne by the Obligations and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.
2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such

access. None of the electronic bidding services is an agent of the City. The City shall have no liability whatsoever based on the bidders use of the electronic service including, but not limited, to any failure by the electronic service to correctly or timely transmit information provided by the bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the Obligations presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Obligations on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY® pursuant to this notice, 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, the terms of this notice shall control. For further information about PARITY®, potential bidders may contact PARITY® at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

Payment and Delivery of the Obligations

Payment for the Obligations shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Obligations will be delivered on or about May 17, 2017, or as soon thereafter as the Obligations may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Obligations, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Obligations. A certificate for each interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Obligation purchased. The successful bidder shall be required to deposit the Obligations with DTC as a condition to delivery of the Obligations. The City will make payment of the principal and interest on the Obligations to DTC or its nominee as registered owner of the Obligations. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to beneficial owners of the Obligations. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Obligations. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Obligations is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Notes and Bonds in fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Obligations of the same interest rate then outstanding as directed by the registered owners of the Obligations.

Issue Price Certificate

In order for the City to comply with certain conditions of the Internal Revenue Code relating to the exclusion of interest on the Obligations from gross income for Federal tax purposes, the successful bidder will be required to complete, execute, and deliver to the City a certification regarding "Issue Price". Each bidder, by submitting its bids, agrees to complete, execute and deliver such certificate if its bid is accepted by the City. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel. We anticipate the Issue Price Certificate to be similar to the following:

We hereby certify that as of May 4, 2017, the date on which the Obligations were sold by the Issuer (the "Sale Date"), all of the Obligations were offered and the first 10 percent or more of the Obligations were [actually][reasonably expected to be] sold to the General Public for money in a bona fide public offering at the initial offering prices shown on the attached schedule (the "Issue Price"), which do not exceed the fair market value of the Obligations as of the Sale Date. On this basis, we have determined the Issue Price of the Obligations to be \$_____.

For purposes of this certificate, "General Public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers.

It is understood by the undersigned that the certifications contained in this certificate will be relied upon by the Issuer and Bond Counsel in determining that the Obligations are tax-exempt under Section 103 of the Internal Revenue Code of 1986.

Authorization, Security, and Conditions of Delivery

The Obligations have been approved by resolutions adopted by the Common Council of the City and are issued for the financing of various public improvement projects, fiscal requirements of the City, and refunding outstanding obligations of the City. The Obligations will be direct general obligations of the City, payable from taxes levied on all property within said City, subject to taxation by said City, without limitation as to rate or amount.

The Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Obligations, will be furnished to the successful bidder at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Obligations. The Preliminary Official Statement is in a form which the City "deems final" as of April 25, 2017 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder will also be furnished with up to twenty-five copies of the Final Official Statement issued in conjunction with this offering within seven business days after the award of the Obligations in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Obligations, but neither the failure to include such numbers on any Obligation nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Obligation or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City's contractual obligation arising from its acceptance of the successful bidder's proposal, at the time of the delivery of the Obligations the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Obligations, to provide in a timely manner and notice of certain events with respect to the Obligations. Notice of the occurrence of certain events with respect to the Obligations will be provided

to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the Wisconsin State Information Repository, if created.

The successful bidder may, at its option, refuse to accept the Obligations if prior to their delivery, any income tax law of the United States of America shall provide that the interest on such Obligations is includable or shall be includable at a future date in gross income for federal income tax purposes, and in such case the deposit made by the successful bidder will be returned and the successful bidder will be relieved of its contractual obligations arising from the acceptance of its proposal.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. The use of bond insurance will require insurance related certifications by the bidder in the Issue Price certificate. Bond insurance is at the sole discretion and risk of the bidder. The City will assist in the reoffering of the Obligations with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. The successful bidder does not have the option to refuse delivery of the Obligations due to bond insurance related issues, including downgrade of the bond insurer prior to delivery. Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

Additional information may be obtained from the undersigned City Comptroller upon request.

MARTIN MATSON
City Comptroller and Secretary
Public Debt Commission
City Hall, Room 404
200 E. Wells St.
Milwaukee, WI 53202

By order of the Commissioners of the
Public Debt of the City of Milwaukee

CRAIG D. KAMMHOLZ, Chairperson
BERNARD J. ALLEN, Member
PETER ARMBRUSTER, Member

COMMISSIONERS OF THE PUBLIC DEBT

April 25, 2017

OFFICIAL BID FORM

(Electronic Bids also accepted via Parity – See the Official Notice of Sale)

CITY OF MILWAUKEE, WISCONSIN
\$116,930,000* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017 N4
AND
\$15,295,000* GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017 B5

May 4, 2017

Commissioners of the Public Debt
 200 E. Wells St., Room 404
 Milwaukee, Wisconsin 53202

Commissioners:

For all but no part of \$132,225,000* notes and bonds of the City of Milwaukee, Wisconsin, comprised of the \$116,930,000* General Obligation Promissory Notes, Series 2017 N4 (the “Notes”) and the \$15,295,000* General Obligation Corporate Purpose Bonds, Series 2017 B5 (the “Bonds”), we offer to pay a price of \$_____ (not less than \$132,225,000), plus accrued interest from May 17, 2017, the dated date, to the date of delivery. The Notes and Bonds shall bear interest as follows:

Series 2017 N4 (Notes)			Series 2017 B5 (Bonds)		
	Coupon	Price		Coupon	Price
April 1, 2018	____.____%*	____.____**	April 1, 2028	____.____%*	____.____**
April 1, 2019	____.____%*	____.____**	April 1, 2029	____.____%*	____.____**
April 1, 2020	____.____%*	____.____**	April 1, 2030	____.____%*	____.____**
April 1, 2021	____.____%*	____.____**	April 1, 2031	____.____%*	____.____**
April 1, 2022	____.____%*	____.____**	April 1, 2032	____.____%*	____.____**
April 1, 2023	____.____%*	____.____**	April 1, 2033	____.____%*	____.____**
April 1, 2024	____.____%*	____.____**	April 1, 2034	____.____%*	____.____**
April 1, 2025	____.____%*	____.____**			
April 1, 2026	____.____%*	____.____**			
April 1, 2027	____.____%*	____.____**			

* Rates must not exceed 5.00%, and must be in multiples of 1/8 or 1/20 of one percent.
 ** The minimum initial reoffering price for a maturity shall not be less than 100% of the par amount.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of \$1,000,000 for as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice.

If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.

By: _____
 Phone Number: _____

 Company Name

No addition, alteration or change is to be made to the form of this Bid Form.

* Subject to change in accordance with the Official Notice of Sale.

RECEIPT

Return of Good Faith Deposit is hereby acknowledged: _____

By: _____

Please attach a list of account members –

If we receive the award, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting and the amount of each firm’s participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

**OFFICIAL NOTICE OF SALE AND
OFFICIAL BID FORM**

FOR

\$18,215,000*

**CITY OF MILWAUKEE, WISCONSIN
TAXABLE GENERAL OBLIGATION NOTES AND BONDS**

comprised of

\$13,620,000*

**TAXABLE GENERAL OBLIGATION PROMISSORY NOTES
SERIES 2017 T6**

and

\$4,595,000*

**TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS
SERIES 2017 T7**

Sale Data:

SALE DATE AND TIME:

Thursday, May 4, 2017
10:30 a.m. Central Time

PLACE OF ACCEPTANCE FOR SEALED BIDS:

City of Milwaukee
Office of the City Comptroller
City Hall, Room 404
200 E. Wells St.
Milwaukee, Wisconsin 53202

Bids will also be accepted electronically
via PARITY®

* Subject to change in accordance with this Official Notice of Sale.

OFFICIAL NOTICE OF SALE

CITY OF MILWAUKEE, WISCONSIN

\$13,620,000* TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017 T6 AND \$4,595,000* TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES 2017 T7

NOTICE IS HEREBY GIVEN that the City of Milwaukee, Wisconsin (the "City"), will receive sealed bids and electronic bids until 10:30 A.M., Central Time, on Thursday, the

4th DAY OF MAY, 2017

at the Office of the City Comptroller, in said City, for the purchase of Thirteen Million Six Hundred Twenty Thousand Dollars (\$13,620,000)* Taxable General Obligation Promissory Notes, Series 2017 T6 (the "Notes") Four Million Five Hundred Ninety Five Thousand Dollars (\$4,595,000)* Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7 (the "Bonds", and collectively with the Notes, the "Obligations"). Electronic bids must be submitted via PARITY through their competitive bidding application BidComp. Sealed bids will be opened, and electronic bids will be retrieved, and publicly announced in Room 404, 200 E. Wells St., Milwaukee, Wisconsin shortly after the deadline for the receipt of bids. In the event that access to, or functions of, PARITY is materially interrupted at any time during the 90 minutes prior to the time bids are due, the City reserves the right to extend the deadline for submitting bids. The official award will be considered at a meeting of the City's Public Debt Commission scheduled for 4:00 P.M. Central Time on May 4, 2017. *Information regarding the Obligations is furnished solely to provide limited summary information, and does not purport to be comprehensive. All such information is qualified in its entirety by reference to the more detailed descriptions appearing in the Official Statement, including Appendices.*

Details of the Obligations

The Obligations will be dated as May 17, 2017 (the "Dated Date"), and will bear interest from the Dated Date, payable commencing on October 1, 2017 and semiannually thereafter on April 1 and October 1. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Notes mature on April 1, in each of the years and in the principal amounts as follows:

<u>Maturing (April 1)</u>	<u>Amount*</u>	<u>Maturing (April 1)</u>	<u>Amount*</u>
2018	\$1,335,000	2023	\$1,410,000
2019	1,340,000	2024	1,340,000
2020	1,350,000	2025	1,355,000
2021	1,360,000	2026	1,360,000
2022	1,400,000	2027	1,370,000

The Notes are not subject to redemption prior to maturity.

* Subject to change in accordance with this Official Notice of Sale

The Bonds mature on April 1, in each of the years and in the principal amounts as follows:

Maturing (April 1)	Amount*	Maturing (April 1)	Amount*
2028	\$825,000	2032	\$805,000
2029	835,000	2033	270,000
2030	785,000	2034	280,000
2031	795,000		

* Subject to change in accordance with this Official Notice of Sale

The Bonds are subject to redemption prior to their maturity at the option of the City on any date on and after April 1, 2026, at a price of par plus accrued interest to the date fixed for their redemption. If less than all outstanding Bonds are called for redemption, the Bonds shall be called in such order of maturity as shall be determined by the City. If less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot. Notice of redemption shall be mailed, postage prepaid, no earlier than 60 days and no later than 30 days prior to the redemption date, to the owners of any Bond to be redeemed in whose name such Bond are registered as of the date of the notice. Any defect in the notice shall not invalidate the notice. The record date for receiving payment of the redemption price shall be the 15th calendar day (whether or not a business day) prior to the redemption date.

Bid Parameters

No bid for less than all of the Obligations will be considered. **Coupons:** Bidders are required to name the interest rate or rates the Obligations are to bear. The rates must not exceed 7.00%; and the rates shall be in multiples of one-eighth of one percent, or one-one-hundredth of one percent. There shall be only one rate for Obligations maturing on the same date. **Minimum Dollar Price per Maturity:** No maturity may have an initial offering price of less than 100% of par value plus accrued interest, if any. **Minimum Issue Price:** No bid of less than \$18,335,000 plus accrued interest, if any, will be considered.

Good Faith Deposit

The winning bidder must submit a Good Faith Deposit (“Deposit”) in the form of a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of One Hundred Eighty Thousand Dollars (\$180,000), payable to the City Treasurer of Milwaukee, Wisconsin, as a guarantee of good faith, to be forfeited to said City by the successful bidder as liquidated damages should such bidder fail to take up and pay for the Obligations when ready. The Deposit of the successful bidder will be retained by the City and deducted from the purchase price at the time of closing. No adjustment of the Deposit will be made as a result in the change in the final par amount of the Obligations.

The good faith checks of the unsuccessful bidders will be returned promptly upon the official determination of the bid to be accepted. All bids shall remain firm until 6:00 P.M. Central Time, by which time the official award of the Obligations will be made or all bids rejected.

Good Faith Deposit Submitted After Bids Are Due – Terms and Conditions: Bidders may elect to provide a Deposit after the time Bids are due, subject to the following conditions:

1. Submission of a bid without providing a Deposit prior to the time bids are due, in consideration for the City considering the bid, the bidder shall be deemed to have consented to these additional terms for Good Faith Deposit Submitted After Bids Are Due.
2. The winning bidder shall provide the City a Deposit by cashier’s check or a certified check drawn on a state or national bank or trust company (or wire transfer such amount as instructed by the City) payable to the City by 12:00 Noon, Central Time (“Due Time”) on the date bids are open.

3. Failure to provide a Deposit by the Due Time will result in the winning bid being rejected, and the City will negotiate with the next highest bidder(s) for the completion of the transaction.
4. The winning bidder agrees that, in addition to the general terms for the Good Faith Deposit, the Deposit amount represents liquidated damages for the City in the event that the winning bidder fails to provide the Deposit by the Due Time. The City shall be entitled to the liquidated damages even if the City rejects the winning bid due to failure to provide the Deposit by the Due Time, and regardless of whether the City is able to complete the transaction with another bidder at a higher or lower cost, or at all. The winning bidder agrees to reimburse the City for costs to collect the liquidated damages, and to the jurisdiction of Wisconsin courts.

Award

The Obligations will be awarded to the qualified bidder offering the lowest true interest cost to the City. The City's computation of true interest cost of each bid will be controlling. True interest cost can be estimated as follows: the present value rate necessary to discount, to the Purchase Price (hereinafter defined), the future debt service payments from the payment dates to the Dated Date, calculated on the basis of a 360-day year of twelve 30-day months, and with semi-annual compounding. The "Purchase Price" is principal plus premium. The City reserves the right to reject any or all bids or to waive any irregularity in any bid.

Prior to the award of the Obligations, the aggregate principal amount of the Obligations offered for sale may be revised downward in an amount not to exceed the aggregate premium bid above the minimum purchase price. A SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE PRICE OR INTEREST RATE BID AT THE INITIAL OFFERING PRICE AS A RESULT OF ANY REVISION MADE TO THE PRINCIPAL AMOUNT OF THE NOTES OR BONDS. In the event of any such revision, no re-bidding or recalculation of bids submitted will be required or permitted. Obligations will be awarded up to the revised aggregate principal amount.

The City will contact the successful bidder shortly after opening of the bids. The successful bidder will then have 15 minutes to provide the City with the reoffering yield and prices of each maturity of the Obligations. The City will calculate the underwriting discount, which shall be a fixed percentage of the par amount of each Offered Obligation. Based upon the information, the City will recalculate the par amount of each maturity of the Obligations being offered, and the adjusted bid price. The City will inform the successful bidder as soon as possible of the anticipated adjusted amounts.

The winning bid will be reported to PARITY, but the City assumes no responsibility or liability for results posted on such website.

Submission of Bids

Sealed proposals for the purchase of the Obligations must be made using the Official Bid Form or, if submitted electronically via the PARITY, in accordance with the requirements prescribed by this Notice of Sale. For bidders submitting their electronic bid via PARITY, please refer to your contract/agreement with PARITY regarding any requirements for participation. If more than one bid, either through the same method or through more than one method, including using more than one electronic method, shall be submitted by the same bidder for the Obligations, each such bid shall be considered a separate proposal for the purchase of the Obligations.

Any prospective bidder intending to submit an electronic bid must submit its electronic bid via PARITY through their competitive bidding application BidComp. By submitting an electronic bid, a bidder agrees:

1. The City may regard the electronic transmission of the bid via the electronic service (including information about the Purchase Price for the Obligations and interest rate or rates to be borne by the Obligations and any other information included in such transmission) as though the same information were submitted on the Bid Form and executed on behalf of the

bidder by a duly authorized signatory. If the bid is accepted by the City, the terms of the Bid Form, this Notice of Sale, and the information transmitted through the electronic service shall form a contract, and the bidder shall be bound by the terms of such contract.

2. To comply with the rules of the electronic bidding service. In the event of any conflict between such rules (regardless of what the rules are called or how they are established) and the terms set forth in the Bid Form and this Notice of Sale, the terms set forth in the Bid Form and this Notice of Sale shall control.
3. That the bidder is solely responsible for making necessary arrangements to access electronic bidding services. The City shall not have any duty or obligation to provide or assume such access. None of the electronic bidding services is an agent of the City. The City shall have no liability whatsoever based on the bidders use of the electronic service including, but not limited, to any failure by the electronic service to correctly or timely transmit information provided by the bidder.

The City assumes no responsibility or liability for bids submitted through PARITY. The City also assumes no responsibility for the accuracy of information on the Obligations presented by, nor of calculations performed by, nor of restrictions on the entry of bids enforced by, PARITY. If any provisions in this Official Notice of Sale conflict with information provided by PARITY, this Official Notice of Sale shall control. The City's computation of true interest cost of each bid will be controlling.

An electronic bid shall be deemed an irrevocable offer to purchase the Obligations on the terms provided in the Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY, the use of such facility being the sole risk of the prospective bidder.

For purposes of both the sealed bid process and the electronic bid process, the time as maintained by the City shall constitute the official time. All bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the Official Bid Form.

Bids may be submitted electronically via PARITY® pursuant to this notice, 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, the terms of this notice shall control. For further information about PARITY®, potential bidders may contact PARITY® at (212) 404-8102. The fee for use of PARITY may be obtained from PARITY, and such fee shall be the responsibility of the bidder.

Payment and Delivery of the Obligations

Payment for the Obligations shall be made in Federal Reserve Funds or other available funds immediately subject to use by the City. The Obligations will be delivered on or about May 17, 2017, or as soon thereafter as the Obligations may be ready for delivery, at the expense of the City, through the facilities of The Depository Trust Company, New York, New York.

The Obligations, when issued, will be registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Obligations. A certificate for each interest rate will be issued to DTC and immobilized in its custody. Individual purchases will be made in book-entry-only form pursuant to the rules and procedures established between DTC and its participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Obligation purchased. The successful bidder shall be required to deposit the Obligations with DTC as a condition to delivery of the Obligations. The City will make payment of the principal and interest on the Obligations to DTC or its nominee as registered owner of the Obligations. Transfer of said payments to participants of DTC will be the responsibility of DTC; transfer of said payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by rules and procedures of DTC and the participants. No assurance can be given by the City that DTC, its participants and other nominees of beneficial owners will make prompt transfer of said payments. The City assumes no liability for failures of DTC, its participants or other nominees to promptly transfer said payments to

beneficial owners of the Obligations. Notices, if any, given by the City to DTC are redistributed in the same manner as are payments. The City assumes no liability for the failure of DTC, its participants or other nominees to promptly transfer said notices to the beneficial owners of the Obligations. The City is not responsible for supervising the activities or reviewing the records of DTC, its participants or other persons acting through such participants. In the event that the securities depository relationship with DTC for the Obligations is terminated and the City does not appoint a successor depository, the City will prepare, authenticate and deliver, at its expense, Notes and Bonds in fully registered certificated notes in the denomination of \$5,000 or any integral multiple thereof in the aggregate principal amount of Obligations of the same interest rate then outstanding as directed by the registered owners of the Obligations.

Authorization, Security, and Conditions of Delivery

The Obligations have been approved by resolutions adopted by the Common Council of the City and are issued for the financing of various public improvement projects. The Obligations will be direct general obligations of the City, payable from taxes levied on all property within said City, subject to taxation by said City, without limitation as to rate or amount.

The Obligations are being issued subject to the legal opinions of Katten Muchin Rosenman LLP, Chicago, Illinois and Hurtado Zimmerman SC, Wauwatosa, Wisconsin, Bond Counsel, which opinions, together with the completed Obligations, will be furnished to the successful bidder at the expense of the City. The form of such opinion appears as Appendix B in the Official Statement.

The successful bidder will be furnished with the usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Obligations. The Preliminary Official Statement is in a form which the City “deems final” as of April 25, 2017 for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement as defined in SEC Rule 15c2-12(e)(3). The successful bidder will also be furnished with up to twenty-five copies of the Final Official Statement issued in conjunction with this offering within seven business days after the award of the Obligations in accordance with SEC Rule 15c2-12(b)(3). It is anticipated that CUSIP identification numbers will be included on the Obligations, but neither the failure to include such numbers on any Obligation nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with terms of its proposal. No CUSIP identification number shall be deemed to be a part of any Obligation or a part of the contract evidenced thereby, and no liability shall hereafter attach to the City or any of its officers or agents because of or on account of such numbers.

In order to assist bidders in complying with the continuing disclosure requirements of SEC Rule 15c2-12 and as part of the City’s contractual obligation arising from its acceptance of the successful bidder’s proposal, at the time of the delivery of the Obligations the City will provide an executed copy of its Continuing Disclosure Certificate. Said Certificate will constitute a written agreement or contract of the City for the benefit of holders of and owners of beneficial interests in the Obligations, to provide in a timely manner and notice of certain events with respect to the Obligations. Notice of the occurrence of certain events with respect to the Obligations will be provided to each nationally recognized municipal securities information repository, to the Municipal Securities Rulemaking Board and to the Wisconsin State Information Repository, if created.

The City understands that, from time to time, it is advantageous to take bond insurance into account when submitting a bid. Bond insurance is at the sole discretion and risk of the bidder. The City will assist in the reoffering of the Obligations with insurance by including bidder provided bond insurance information in the Final Official Statement. However, the City does not have the authority to enter into agreements with the bond insurer. The successful bidder does not have the option to refuse delivery of the Obligations due to bond insurance related issues, including downgrade of the bond insurer prior to delivery. Reprinting of the Final Official Statement due to bond insurance related issues that arise after the date of sale shall be at the sole expense of the bidder.

Additional information may be obtained from the undersigned City Comptroller upon request.

MARTIN MATSON
City Comptroller and Secretary
Public Debt Commission
City Hall, Room 404
200 E. Wells St.
Milwaukee, WI 53202

By order of the Commissioners of the
Public Debt of the City of Milwaukee

CRAIG D. KAMMHOLZ, Chairperson
BERNARD J. ALLEN, Member
PETER ARMBRUSTER, Member

COMMISSIONERS OF THE PUBLIC DEBT

April 25, 2017

OFFICIAL BID FORM

(Electronic Bids also accepted via Parity – See the Official Notice of Sale)

CITY OF MILWAUKEE, WISCONSIN
\$13,620,000* TAXABLE GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2017 T6
AND
\$4,595,000* TAXABLE GENERAL OBLIGATION CORPORATE PURPOSE BONDS, SERIES
2017 T7

May 4, 2017

Commissioners of the Public Debt
 200 E. Wells St., Room 404
 Milwaukee, Wisconsin 53202

Commissioners:

For all but no part of \$18,215,000* notes and bonds of the City of Milwaukee, Wisconsin, comprised of the \$13,620,000* Taxable General Obligation Promissory Notes, Series 2017 T6 (the “Notes”) and the \$4,595,000* Taxable General Obligation Corporate Purpose Bonds, Series 2017 T7 (the “Bonds”), we offer to pay a price of \$_____ (not less than \$18,335,000), plus accrued interest from May 17, 2017, the dated date, to the date of delivery. The Notes and Bonds shall bear interest as follows:

Series 2017 T6 (Notes)			Series 2017 T7 (Bonds)		
	Coupon	Price		Coupon	Price
April 1, 2018	_____%*	_____**	April 1, 2028	_____%*	_____**
April 1, 2019	_____%*	_____**	April 1, 2029	_____%*	_____**
April 1, 2020	_____%*	_____**	April 1, 2030	_____%*	_____**
April 1, 2021	_____%*	_____**	April 1, 2031	_____%*	_____**
April 1, 2022	_____%*	_____**	April 1, 2032	_____%*	_____**
April 1, 2023	_____%*	_____**	April 1, 2033	_____%*	_____**
April 1, 2024	_____%*	_____**	April 1, 2034	_____%*	_____**
April 1, 2025	_____%*	_____**			
April 1, 2026	_____%*	_____**			
April 1, 2027	_____%*	_____**			

* Rates must not exceed 7.00%, and must be in multiples of 1/8 or 1/100 of one percent.
 ** The minimum initial reoffering price for a maturity shall not be less than 100% of the par amount.

This bid is made for prompt acceptance and subject to the conditions of the Official Notice of Sale. As required by said Notice, enclosed herewith is a certified check or a cashier’s check drawn on a state or national bank or trust company in the amount of \$180,000 for as a good faith deposit, payable to the City Treasurer of the City of Milwaukee, which deposit is to be promptly returned to us if our bid is not accepted, but otherwise to be applied in accordance with said Notice.

If this bid is not accompanied by a Good Faith Deposit, we agree to the additional terms for Good Faith Deposit Submitted After Bids Are Due.

By: _____
 Phone Number: _____

 Company Name

No addition, alteration or change is to be made to the form of this Bid Form.

* Subject to change in accordance with the Official Notice of Sale.

RECEIPT

Return of Good Faith Deposit is hereby acknowledged: _____

By: _____

Please attach a list of account members –

If we receive the award, we agree to provide the Commissioners of the Public Debt with a list of all firms that are participating with us in the underwriting and the amount of each firm’s participation, specifying which are minority-owned and specifying the amount of the initial participation and the final participation of each firm. We further agree to supply to the City all necessary pricing information and any Participating Underwriter identification necessary to complete the Final Official Statement within 24 hours after the award. Immediately upon receiving the Final Official Statement from you, we agree to file it with the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board.

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