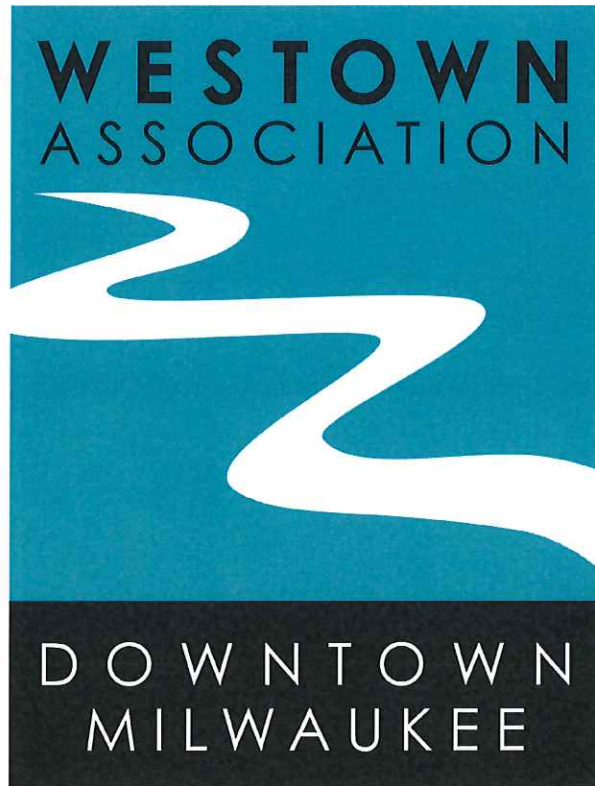


BUSINESS IMPROVEMENT DISTRICT NO. 5 - Westown

OPERATING PLAN - 2018



September 27, 2017

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I. INTRODUCTION

A. Background

In 1984, the Wisconsin legislature created 66.1109 (formerly S. 66.608) of the Statutes (see Appendix A) enabling cities to establish Business Improvement Districts (BIDs). The purpose of the law is “to allow businesses within those districts to develop, to manage and promote the districts and to establish an assessment method to fund these activities.” (1983 Wisconsin Act 184, Section 1, legislative declaration.)

The City of Milwaukee received a petition from property owners which requested the creation of a Business Improvement District for the purpose of revitalizing and improving the Westown area in Milwaukee's downtown central business district. The BID law requires that every district have an annual Operating Plan. This document is the Operating Plan for the Westown BID #5 district. The BID proponents prepared this Plan with technical assistance from the City of Milwaukee Department of City Development.

B. Physical Setting

The BID #5 boundaries are roughly comprised of Fourth Street on the east, Tenth Street on the west, W. Wells St. on the North and Clybourn St. on the south (with exclusion of certain exempt properties within those boundaries).

III. DISTRICT BOUNDARIES

Boundaries of the district are shown on the map in Appendix A of this plan. A listing of the properties included in the district is provided in Appendix C.

III. PROPOSED OPERATING PLAN

A. Plan Objectives

The Westown Association BID #5 continues to move forward with the following objectives.

- Create new ways to attract people to visit the Westown area and increase positive perception
- Foster an environment conducive to economic development for businesses
- Engage rapidly growing neighborhood residential base
- Continue current mix of Westown program and event offerings
- Continued advocacy and outreach to businesses and property owners

B. Proposed Activities

Principle activities to be engaged in by the district will include:

- Continued advocacy on issues that impact quality of life, business environment and perception of the neighborhood – such as licensing, nuisance issues and public safety.
- Work with and support the priorities of the Wisconsin Avenue Milwaukee Development Corporation (WAM DC) that has been developed to redevelop West Wisconsin Avenue as well as the Old World Third Street Association, which represents the neighborhood's largest entertainment district
- Continue to establish and highlight the neighborhood's brand identity and programs through the continued implementation of the street banner program, website, social media and development of print collateral.
- Promotion and maintenance of the comprehensive downtown parking website Parkmilwaukee.com
- Promote/advocate for new developments and leverage impact of these developments - New arena, Marquette Athletic Performance Research Center, Shops of Grand Avenue, redevelopment of Grand Theatre by Milwaukee Symphony Orchestra, Brewery area and new residential development.
- Participate in existing and future efforts to address transit issues that affect Westown and Downtown Milwaukee such as the streetcar, bus rapid transit, BublR Bikes and bus system
- Participation in Downtown Neighbors Association - downtown residents group as means to engage expanding neighborhood residential base.
- Grow membership base to better engage business and property owners in the neighborhood

- Continue production of successful programs that attract thousands of people to the Westown area, activate public spaces and raise funds for the association. Those programs include: River Rhythms, Farmer's Market, Westown Golf Open, St. Patrick's Parade and Oktoberfest in Pere Marquette Park.
- Advocate for further activation of public spaces in the Westown area such as Pere Marquette Park, Zeidler Union Square and MacArthur Square
- Promote use of Westown Design Guidelines
- Continue restoration of and fundraising for the Court of Honor – \$75,000 has been raised to date to help restore and maintain the three historically- significant bronze statues owned by the City and located in the boulevard on 8th and Wisconsin near Central Library

Proposed 2018 Budget Draft

Revenue	
BID Assessments	86,442
City Match	0
Membership Dues	27,500
Interest Income	200
Program Revenue (St. Patrick's Parade, Farmer's Market, River Rhythms, golf outing and Oktoberfest)	177,300
Total Revenue	\$291,442.00
Expenses	
Gross Wages	106,350
Employer Benefit Contribution	14,750
Employer Payroll Taxes	8,150
Association Dues	2,500
Bank Charges	50
Business Meeting Costs	2,500
Insurance	3,750
Misc. Exp.	1,800
Equipment Lease/Maintenance	5,000
Equipment Purchase	1,000
Office Supplies	1,200
Postage	2,400
Printing	2,000
Professional Services	7,250
Subscriptions	150
Telephone/Fax	4,000
Meetings/Conferences	0
Newsletter	400
Program Expenses	128,192
Total Expenses	\$291,442.00

D. Financing Method

It is proposed to raise **\$86,442** in BID assessments (see Appendix C. We also expect to raise money through membership dues and program revenue. The BID Board shall have the authority and responsibility to prioritize expenditures and to revise the budget as necessary to match the funds actually available.

E. Organization of BID Board

Upon creation of the BID, the Mayor will appoint members to the district board ("board"). The board's primary responsibility will be implementation of this Operating Plan. This will require the board to negotiate with providers of

services and materials to carry out the Plan; to enter into various contracts; to monitor development activity; to periodically revise the Operating Plan; to ensure district compliance with the provisions of applicable statutes and regulations; and to make reimbursements for any overpayments of BID assessments.

State law requires that the board be composed of at least five members and that a majority of the board members be owners or occupants of property within the district.

It is recommended that the BID board be structured and operate as follows:

1. Board Size – 8
2. Composition - At least three members shall be owners or occupants of property within the district. Any non-owner or non-occupant appointed to the board shall be a resident of the City of Milwaukee. The board shall elect its Chairperson from among its members.
3. Term - Appointments to the board shall be for a period of three years except that initially two members shall be appointed for a period of three years, two members shall be appointed for a period of two years, and one member shall be appointed for a period of one year.
4. Compensation -- None
5. Meetings - All meetings of the board shall be governed by the Wisconsin Open Meetings Law.
6. Record Keeping - Files and records of the board's affairs shall be kept pursuant to public record requirements.
7. Staffing - The board may employ staff and/or contract for staffing services pursuant to this Plan and subsequent modifications thereof.
8. Meetings - The board shall meet regularly, at least twice each year. The board shall adopt rules of order (“by laws”) to govern the conduct of its meetings.

F. Relationship to the Westown Association

The BID shall be a separate entity from the Westown Association of Milwaukee, Inc, notwithstanding the fact that members, officers and directors of each may be shared. The Association shall remain a private organization, not subject to the open meeting law, and not subject to the public record law except for its records generated in connection with the BID board. The Association may, and it is intended, shall, contract with the BID to provide services to the BID, in accordance with this Plan.

IV. METHOD OF ASSESSMENT

A. Assessment Rate and Method

The annual assessment for the BID #5 operating expenses will be levied against each property within the BID in direct proportion to the current assessed value of each property for real property tax purposes as of the date the BID holds its public hearing regarding its **Year Twenty-Nine** Operating Plan (**September 27, 2017**). No owner of property within the BID shall be eligible to receive or be subject to any reductions or increases in its assessment as a result of a decrease or increase in the assessed value for their property occurring after such date. In addition, the amount of a special assessment against a particular property may change from year to year if that property’s assessed value changes relative to other properties within the BID.

As of **January 1, 2017** the property in the Westown district had a total assessed value of **\$130,578,00**. This plan proposes to assess the property in the district at a rate of \$.90 per \$1,000 of assessment for the purposes of the BID with a

\$210 per parcel minimum assessment and a \$12,600 per parcel maximum assessment. Appendix C shows the projected BID assessment for each property included in the BID.

The principle behind the assessment methodology (Appendix B) is that each property should contribute to the BID in proportion to benefit derived from the BID. After consideration of other assessment methods, it was determined that assessed value of a property was the characteristic most directly related to the potential benefit provided by the BID. Therefore, a fixed assessment on the assessed value of the property was selected as the assessment methodology for this BID. It is assumed that development of the District will produce at least some minimum benefit for all parcels. Thus, a \$210 minimum assessment has been applied.

B. Excluded and Exempt Property - The BID law requires explicit consideration of certain classes of property. In compliance, the following statements are provided.

1. State Statute 66.608 (1) (f)lm: The District will contain property used exclusively for manufacturing purposes, as well as properties used in part for manufacturing. These properties will be assessed according to the method set forth in this plan because it is assumed that they will benefit from development in the District.

2. State Statute 66.608 (5) (a): Property known to be used exclusively for residential purposes will not be assessed; such properties are identified as BID Exempt Properties in Appendix C with no value assigned.

3. In accordance with the interpretation of the City Attorney regarding State Statute 66.608 (1)(b), property exempt from general real estate taxes has been excluded from the district boundaries. Tax exempt property adjoining the district and which is expected to benefit from district activities will be asked to make a financial contribution to the district on a voluntary basis.

The principle behind the assessment methodology is that each property should contribute to the BID in proportion to the benefit derived from the BID. After consideration of other assessment methods, it was determined that assessed value of a property was the characteristic most directly related to the potential benefit provided by the BID. Therefore, a fixed assessment on the assessed value of the property was selected as the basic assessment methodology for this BID.

However, maintaining an equitable relationship between the BID assessment and the expected benefits requires an adjustment to the basic assessment method. To prevent the disproportional assessment of a small number of high value properties, a maximum assessment of \$12,600 per parcel will be applied.

V. RELATIONSHIP TO MILWAUKEE COMPREHENSIVE PLAN AND ORDERLY DEVELOPMENT OF THE CITY

A. City Plans

In February 1978, the Common Council of the City of Milwaukee adopted a Preservation Policy as the policy basis for its Comprehensive Plan and as a guide for its planning, programming and budgeting decisions. The Common Council reaffirmed and expanded the Preservation Policy in Resolution File Number 881978, adopted January 24, 1989.

The Preservation Policy emphasizes maintaining Milwaukee's present housing, jobs, neighborhoods, services, and tax base rather than passively accepting loss of jobs and population, or emphasizing massive new development. In its January 1989 reaffirmation of the policy, the Common Council gave new emphasis to forging new public and private partnerships as a means to accomplish preservation.

The district is a means of formalizing and funding the public-private partnership between the City and property owners in the Westtown business area and for furthering preservation and redevelopment in this portion of the City of Milwaukee. Therefore, it is fully consistent with the City's Comprehensive Plan and Preservation Policy.

B. City Role in District Operation

The City of Milwaukee has committed to helping private property owners in the district promote its development. To this end, the City expected to play a significant role in the creation of the Business Improvement district and in the implementation of the Operating Plan. In particular, the City will:

1. Provide technical assistance to the proponents of the district through adoption of the Plan, and provide assistance as appropriate thereafter.
2. Monitor and, when appropriate, apply for outside funds that could be used in support of the district.
3. Collect assessments, maintain in a segregated account, and disburse the monies of the district.
4. Receive annual audits as required per sec. 66.1109 (3) (c) of the BID law.
5. Provide the board, through the Tax Commissioner's Office on or before June 30th of each Plan year, with the official City records and the assessed value of each tax key number with the district, as of January 1st of each Plan year, for purposes of calculating the BID assessments.
6. Encourage the State of Wisconsin, Milwaukee County and other units of government to support the activities of the district.

VI. PLAN APPROVAL PROCESS

A. Public Review Process

The Wisconsin Business Improvement district law establishes a specific process for reviewing and approving proposed districts. Pursuant to the statutory requirements, the following process was followed:

1. The Milwaukee City Plan Commission reviewed the proposed district boundaries and proposed Operating Plan and held a formal public hearing.
2. The City Plan Commission sent by certified mail, a public hearing notice and a copy of the proposed Operating Plan to all owners of real property within the district. In addition, a Class 2 notice of the public hearing was published in a local newspaper of general circulation.
3. The City Plan Commission held a public hearing, approved the Plan, and reported its action to the Common Council.
4. The Economic Development Committee of the Common Council reviewed the proposed BID Plan at a public meeting and made a recommendation to the full Common Council.
5. The Common Council acted on the proposed BID Plan.
6. After being adopted by the Common Council, the BID Plan was sent to the Mayor for his approval.
7. After being approved by the Mayor, the BID was created and the Mayor appointed members to the district board, which was established to implement the Plan.

B. Early Termination of the BID

The City shall consider terminating the BID if the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified herein, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all property assessed under the Operating Plan, file a petition with the City Plan Commission requesting termination of the BID. On or after the date such a petition is filed, neither the Board nor the City may enter into any new obligations by contract or otherwise until the expiration of thirty (30) days after the date a public hearing is held and unless the BID is not terminated.

Within thirty (30) days after filing of a petition, the City Plan Commission shall hold a public hearing on the proposed termination. Notice of the hearing shall be published as a Class 2 notice. Before publication, a copy of the notice with a copy of the Operating Plan and a copy of the detail map showing the boundaries of the BID shall be sent by certified mail to all owners of real property within the BID

Within thirty (30) days after the date of such hearing, every owner of property assessed under the Operating Plan may send a written notice to the City Plan Commission indicating, if the owner signed a petition, that the owner retracts the owner's request to terminate the BID or, if the owner did not sign the petition, that the owner requests termination of the BID.

If, after the expiration of thirty (30) days after the date of the public hearing, by petition or subsequent notification and after subtracting any retractions, the owners of property assessed under the Operating Plan having a valuation equal to more than 50% of the valuation of all property assessed under the Operating Plan, using the method of valuation specified in the Operating Plan, or the owners of property assessed under the Operating Plan having an assessed valuation equal to more than 50% of the assessed valuation of all properties assessed under the Operating Plan have requested the termination of the BID, the City shall terminate the BID on the date that the obligation with the latest completion date entered into to implement the Operating Plan expires.

VII. FUTURE YEAR OPERATING PLANS

A. Phased Development

It is anticipated that the BID will continue to revise and develop the Operating Plan annually, in response to changing development needs and opportunities in the district, in accordance with the purposes and objectives defined in this initial Operating Plan.

Section 66.1109 (3) (a) of the BID law requires the board and the City to annually review and make changes as appropriate in the Operating Plan. Therefore, while this document outlines in general terms the complete development program, it focuses upon Year One activities, and information on specific assessed values, budget amounts and assessment amounts are based on Year One conditions. Greater detail about subsequent year's activities will be provided in the required annual Plan updates, and approval by the Common Council of such Plan updates shall be conclusive evidence of compliance with this Plan and the BID law.

In later years, the BID Operating Plan will continue to apply the assessment formula, as adjusted, to raise funds to meet the next annual budget. However, the method of assessing shall not be materially altered, except with the consent of the City of Milwaukee.

B. Amendment, Severability and Expansion

This BID has been created under authority of Section 66.1109 of the Statutes of the State of Wisconsin. Should any court find any portion of this Statute invalid or unconstitutional its decision will not invalidate or terminate the BID and this BID Plan shall be amended to conform to the law without need of reestablishment.

Should the legislature amend the Statute to narrow or broaden the process of a BID so as to exclude or include as assessable properties a certain class or classes of properties, then this BID Plan may be amended by the Common Council of the City of Milwaukee as and when it conducts its annual Operating Plan approval and without necessity to undertake any other act. This is specifically authorized under Section 66.1109(3)(b).

Appendix B

ASSESSMENT METHODOLOGY for BID #5 in YEAR TWENTY-NINE ASSESSMENTS (2018)

It is intended to assess all properties described in the plan equally, with the exception that there shall be a minimum assessment of \$210.00 and a maximum assessment of \$12,600.00 on all individual parcels. The rate for Year Twenty-Eight will be \$0.90 per \$1,000.00 in assessed valuation.

EXAMPLES:

WI Tower LLC, 606 W. Wisconsin Avenue

Given that the total valuation of this property as of 1 January 2017 is \$36,100; then dividing this by \$1,000 and then multiplying this valuation by \$0.90 would result in an assessment of \$32.49. Because this is below the \$210.00 minimum, the actual assessment for the BID should be \$210.00.

THE CLARK BUILDING JOINT VENTURE, 633 W. Wisconsin Ave.

Given that the total valuation of this property as of 1 January 2017 is \$12,374,000; then dividing this by \$1,000 and multiplying this valuation by \$0.900 would result in an assessment of \$11,137.00. Because this is not below the \$210.00 minimum and not above the \$12,600.00 maximum, the actual assessment for the BID would be \$11,137.00.

TIME INSURANCE COMPANY - 501 W. Michigan Avenue

Given that the total valuation of this property as of 1 January 2017 is \$16,990,000; then dividing this by \$1,000 and multiplying this valuation by \$0.900 would result in an assessment of \$15,291.00. Because this is above the \$12,600.00 maximum, the actual assessment for the BID would be \$12,600.00.

Complete tabulation of the assessment per parcel in the Westtown BID #5 is in the next page on Appendix C.

Appendix C - Page 11 Projected 2018 BID #5 Assessments

BID #5 Assessments - 2018							
Taxkey	Address	Owner	Property Class	Land	Improvement	Total Value	2018 Assess.
3610701000	825 W WISCONSIN	ST JAMES COURT HISTORIC	Mercantile Apartmen	268,800.00	2,146,200.00	2,415,000.00	2,174
3610702000	815 W WISCONSIN	TOWNE PETERSON LLC	Special Mercantile	183,000.00	76,000.00	259,000.00	233
3610703000	801 W WISCONSIN	TOWNE PETERSON LLC	Special Mercantile	882,300.00	33,700.00	916,000.00	824
3610709100	625 N JAMES LOVELL	TOWNE PETERSON LLC	Special Mercantile	218,300.00	29,700.00	248,000.00	223
3610713111	633 W WISCONSIN	THE CLARK BUILDING	Special Mercantile	2,856,000.00	9,518,000.00	12,374,000.00	11,137
3610714111	611 W WISCONSIN	DOWNTOWN VENTURES LLP	Special Mercantile	1,678,200.00	16,567,800.00	18,246,000.00	12,600
3610719112	509 W WISCONSIN	MILW CITY CENTER LLC	Special Mercantile	6,539,000.00	35,332,800.00	41,871,800.00	12,600
3610739120	615 N 4TH	TI INVESTORS MILW PARKING LL	Special Mercantile	2,880,000.00	1,196,000.00	4,076,000.00	3,668
3610814122	501 W MICHIGAN	TIME INSURANCE COMPANY	Special Mercantile	5,108,700.00	11,881,300.00	16,990,000.00	12,600
3610822110	633 W MICHIGAN	FLORA REAL PROPERTIES LLC	Special Mercantile	963,700.00	2,528,600.00	3,492,300.00	3,143
3610825120	525 N 6TH	MARQUETTE UNIVERSITY	Special Mercantile	238,000.00	1,128,000.00	1,366,000.00	1,229
3610834112	547 N 9TH	MARQUETTE UNIVERSITY	Special Mercantile	3,955,200.00	0.00	3,955,200.00	3,560
3610834210	545 N JAMES LOVELL	MARQUETTE UNIVERSITY	Special Mercantile	168,800.00	0.00	168,800.00	210
3610835000	555 N JAMES LOVELL	MARQUETTE UNIVERSITY	Special Mercantile	150,000.00	0.00	150,000.00	210
3610840111	803 W MICHIGAN	MARQUETTE UNIVERSITY	Special Mercantile	1,807,800.00	2,892,200.00	4,700,000.00	4,230
3610849100	531 N 8TH	MARQUETTE UNIVERSITY	Special Mercantile	288,000.00	9,900.00	297,900.00	268
3610850110	521 N 8TH	MARQUETTE UNIVERSITY	Special Mercantile	274,400.00	0.00	274,400.00	247
3611713100	601 W WELLS	601723 LP	Special Mercantile	1,470,000.00	60,000.00	1,530,000.00	1,377
3611715000	738 N JAMES LOVELL	HANSON & PAYNE LLC	Special Mercantile	80,000.00	216,000.00	296,000.00	266
3611716000	746 N JAMES LOVELL	STEVEN M LECHTER &	Special Mercantile	70,000.00	156,000.00	226,000.00	210
3611718100	723 N 6TH	601723 LP	Special Mercantile	480,000.00	106,000.00	586,000.00	527
3611721000	626 W WISCONSIN	THE CENTRAL MARKET PLACE	Special Mercantile	652,500.00	0.00	652,500.00	587
3611722000	612 W WISCONSIN	WISCONSIN AVENUE PROPER	Mercantile Apartmen	520,300.00	1,844,700.00	2,365,000.00	2,129
3612182000	700 W WISCONSIN	LIBRARY HILL LLC	Special Mercantile	281,000.00	422,000.00	703,000.00	633
3910101000	900 W WISCONSIN	WISCONSIN CITY CLUB	Special Mercantile	4,730,000.00	395,000.00	5,125,000.00	4,613
3910761000	606 W WISCONSIN	WI TOWER LLC	Special Mercantile	26,300.00	251,700.00	278,000.00	250
3910762000	606 W WISCONSIN	WI TOWER LLC	Special Mercantile	2,600.00	33,500.00	36,100.00	210
3910763100	606 W WISCONSIN	WISCONSIN TOWER PROPS LL	Special Mercantile	3,000.00	5,900.00	8,900.00	210
3980117210	533 N 9TH	MARQUETTE UNIVERSITY	Special Mercantile	451,100.00	177,900.00	629,000.00	566
3981202100	635 N JAMES LOVELL	RAUCH AND ROMANSHEK	Special Mercantile	480,000.00	153,000.00	633,000.00	570
3981204100	701 W WISCONSIN	CIK LLP	Special Mercantile	720,000.00	948,000.00	1,668,000.00	1,501
3981281000	735 W WISCONSIN	WISCONSIN AVENUE LOFTS LI	Special Mercantile	1,353,100.00	1,478,900.00	2,832,000.00	2,549
3981282000	610 N 8TH	735 W WISCONSIN AVE LLC	Special Mercantile	1,209,100.00	0.00	1,209,100.00	1,088
Total				40,989,200	89,588,800	130,578,000	86,442

BID #5 Board of Directors

	First Name	Last Name	Officers	Company	Address
1	Joan	Bartels Farrell	Pres.	Goodwill Industries of Southeastern WI	5400 S. 60th Street.
2	Vacant				
3	John	Hennessy	V. Pres.	St. James Court Apts.	831 W. Wisconsin Ave.
4	Mike	Kenney	Treas.	Next Realty	411 E. Wisconsin Suite 400
5	Erica- Nicole	Harris		WISPARK, LLC	301 W. Wisconsin Ave.
6	Mahesh	Reddy		Hilton Milwaukee City Center	509 W. Wisconsin
7	Lisa	Braun		Zilber Property Group	710 N. Plankinton
8	Vacant				

WESTOWN BUSINESS IMPROVEMENT DISTRICT NO. 5
Milwaukee, Wisconsin

Audited Financial Statements
Years Ended December 31, 2016 and 2015

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David A. Grotkin
Joel A. Joyce
Brian J. Mechenich
Carrie A. Gindt



Patrick G. Hoffert
Jason J. Wrasse
Joshua T. Bierbach

Independent Auditors' Report

Board of Directors
Westown Business Improvement District No. 5
Milwaukee, Wisconsin

We have audited the accompanying financial statements of the Westown Business Improvement District No. 5 (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for years then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westown Business Improvement District No. 5 as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Reilly, Penner & Benton LLP

August 29, 2017
Milwaukee, Wisconsin

WESTOWN BUSINESS IMPROVEMENT DISTRICT NO. 5

Milwaukee, Wisconsin

Statements of Financial Position

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 501	\$ 500
Assessments receivable	---	17,559
Total current assets	<u>501</u>	<u>18,059</u>
Liabilities and Net Assets:		
Current Liabilities:		
Due to Westown Association of Milwaukee, Inc.	\$ 501	\$ 18,059
Unrestricted Net Assets	<u>---</u>	<u>---</u>
Total Liabilities and Net Assets	<u>\$ 501</u>	<u>\$ 18,059</u>

The accompanying notes to financial statements
are an integral part of these statements.

WESTOWN BUSINESS IMPROVEMENT DISTRICT NO. 5
Milwaukee, Wisconsin

Statements of Activities
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenues and Other Support:		
City of Milwaukee funds	\$ 78,870	\$ 93,830
Contributions	34,500	34,500
Forgiveness of debt	1,964	---
Interest income	17	3
Total revenues and other support	115,351	128,333
Expenses:		
Bad debt expense	1,964	---
Westown Association of Milwaukee, Inc.	113,387	128,333
Total expenses	115,351	128,333
Change in net assets	---	---
Unrestricted net assets, beginning of year	---	---
Unrestricted net assets, end of year	\$ ---	\$ ---

The accompanying notes to financial statements
are an integral part of these statements.

WESTOWN BUSINESS IMPROVEMENT DISTRICT NO. 5

Milwaukee, Wisconsin

Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ ---	\$ ---
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Assessments receivable	17,559	(17,559)
Due to Westown Association of Milwaukee, Inc.	<u>(17,558)</u>	<u>17,557</u>
Net cash provided (used) by operating activities	<u>1</u>	<u>(2)</u>
Cash and equivalents at beginning of year	<u>500</u>	<u>502</u>
Cash and equivalents at end of year	<u>\$ 501</u>	<u>\$ 500</u>

The accompanying notes to financial statements
are an integral part of these statements.

WESTOWN BUSINESS IMPROVEMENT DISTRICT NO. 5

Milwaukee, Wisconsin

Notes to Financial Statements

December 31, 2016 and 2015

1. Summary of Significant Accounting Policies

A. Nature of Organization

In 1984, the State of Wisconsin created S. 66.608 of the statutes enabling cities to establish Business Improvement Districts upon the petition of at least one property owner within the district. This law allows businesses within those districts to develop, manage, and promote the districts, and to establish an assessment method to fund these activities.

On November 14, 1989, the Westown Business Improvement District No.5 (Westown BID) was created through the adoption of Resolution File Number 890817 of the Common Council of the City of Milwaukee. The Westown area is bounded by the Milwaukee River on the east, I-43 on the west, McKinley Avenue on the north, and the Menomonee River on the south. The goal of the Westown BID is to develop, improve, and promote the western section of downtown Milwaukee.

Operating plans for 2016 and 2015 were submitted by the Westown BID and approved by the City of Milwaukee. To fund the plans, assessments were added to the property tax bills of the Westown area businesses, as outlined in the 2016 and 2015 operating plans.

B. Method of Accounting

The financial statements have been prepared on the accrual basis of accounting.

C. Financial Statement Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Westown BID and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Westown BID and/or the passage of time

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Westown BID

There were no temporarily or permanently restricted net assets as of December 31, 2016 and 2015.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Assessments Receivable

In 2014 some taxpayers were assessed an incorrect amount on their tax bill. As of December 31, 2016 and 2015, assessments receivable due from taxpayers for the corrected amounts consist of \$-0- and \$17,559, respectively. During the year-end December 31, 2016 Westown BID recognized bad debt expense of \$1,964 for assessments receivable management determined to be uncollectible. Management determines the need for an allowance for doubtful accounts receivable based on prior collection experience and management's knowledge of the financial position of organizations with balances due. Currently no allowance for uncollectible amounts is deemed necessary.

WESTOWN BUSINESS IMPROVEMENT DISTRICT NO. 5
Milwaukee, Wisconsin

Notes to Financial Statements
December 31, 2016 and 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Income Taxes

Westown BID is considered part of the City of Milwaukee and as such is covered under the City of Milwaukee's tax reporting requirements. Therefore, no provision for income taxes has been included in these financial statements.

G. Subsequent Events

Management of the Westown BID has evaluated all subsequent events through August 29, 2017, the date the financial statements were available to be issued, for possible inclusion as a disclosure in the notes to the financial statements. The Westown BID has identified no subsequent events that require disclosure in the notes to the financial statements.

2. Related Party Transaction

Under an agreement dated April 21, 1992 between the City of Milwaukee, the Westown BID, and Westown Association of Milwaukee, Inc., the Westown BID contracted with The Westown Association of Milwaukee, Inc. to provide all of the services outlined in Section III of the operating plans, as amended from time to time. All board members of the Westown BID are also board members of The Westown Association of Milwaukee, Inc.

Westown BID assessments received from the City of Milwaukee are transferred to Westown Association of Milwaukee, Inc. as compensation for their services and/or reimbursement for expenditures incurred.

During 2016, assessments totaling \$78,870 and interest income of \$17 were transferred to Westown Association of Milwaukee, Inc. Also, Westown BID received \$34,500 of program sponsorships that were transferred to The Westown Association of Milwaukee, Inc. In addition, Westown Association on Milwaukee, Inc. forgave Westown BID of \$1,964 owed for 2014 assessments. These assessments receivable were determined to be uncollectible by management of Westown BID during 2016, and therefore, unavailable to transfer to Westown Association of Milwaukee, Inc.

During 2015, assessments totaling \$76,271 and interest income of \$3 were transferred to Westown Association of Milwaukee, Inc. In addition, Westown BID received \$34,500 of program sponsorships that were transferred to The Westown Association of Milwaukee, Inc.

At December 31, 2016 and 2015, \$501 and \$500, respectively, was still held by the Westown BID and was payable to The Westown Association of Milwaukee, Inc. These amounts represent a surplus from prior years that is kept in the account to minimize bank service charges.

At December 31, 2016 and 2015, \$-0- and \$17,559, respectively, was payable to Westown Association of Milwaukee, Inc. for outstanding assessments. Once funds are collected they are transferred to Westown Association of Milwaukee, Inc.

In accordance with this agreement, all services outlined in Section III of the operating plans were fulfilled by Westown Association of Milwaukee, Inc. for 2016 and 2015.

3. Concentrations of Credit Risk

Cash and cash equivalents are maintained at local financial institutions and, at times, balances may exceed federally insured limits. Westown BID has never experienced any losses related to these balances.

BID #5 (Westtown) Board Member Sheet

Board Organization: 8 members, at least 3 members are owners or occupants of property and/or businesses within the District. Any non-owner or non-occupant appointed to the Board shall be a resident of the City of Milwaukee.

<u>Board Member</u>	<u>Title</u>	<u>Start Date</u>	<u>End Date</u>
Erica-Nicole Harris	Member	07/13/2016	07/13/2019
Joan Bartels Farrell	Member	11/19/2015	11/19/2018
John Constantine	Member	11/17/2015	11/17/2018
John Hennessy	Member	10/01/2015	10/01/2018
Lisa Braun	Member	10/01/2015	10/01/2018
Mahesh Reddy	Member	04/18/2016	04/18/2019
Michael T. Kenney	Member	09/29/2015	09/29/2018
Michael VanDerhoef	Member	11/12/2015	11/12/2018

